

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 17
Version: As introduced

DATE: February 9, 1999

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Subject: Nisswa TIF

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Overview

This bill allows a 15 year extension of a TIF district by the city of Nisswa. The duration exemption is exempted from the state aid reduction.

- 1 Nisswa TIF.** Authorizes the city of Nisswa to extend the duration limit of its TIF district No. 1-2 to December 31, 2014. This district is an economic development district. The plan was approved on April 4, 1990. As a result, the district must terminate on April 4, 2000 (ten years after approval of the plan). Since this is before the first payment of property taxes in 2000, the district would receive no increment in 2000. The bill would allow the district to collect increment for 15 additional years -- for calendar years 2000 through 2014.
The bill exempts the duration extension from the state aid reduction during the extension period. Absent this exemption, the general law would require the "state school aid costs" (i.e., the additional school aid that is paid because TIF value is not considered in calculating aid entitlements) to be borne either by the city (through a reduction in the city's LGA or HACA) or by the school district (through higher property taxes and lower state aid). If this statute applied, the city would elect which method will apply. A special law generally would not take effect, however, without the school district approving it.
- 2 Effective date.** Effective upon local approval by the city of Nisswa. The bill does provide for local approval by the school district and county as required by Minnesota Statutes 1998, section 469.1782, subdivision 2, for duration extensions.