

HOUSE RESEARCH

Bill Summary

FILE NUMBER: TIF. Ratifies the expenditures of increments from one TIF district (or four districts, the bill is ambiguous on this point) in the city of Faribault that were made before May 1, 1998.

This district was **DATE:** February 17, 1999

Version: As introduced

Authors: Boudreau

Subject: Faribault TIF

Analyst: Joel Michael, 651-296-5057

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Overview

This bill ratifies the legality of the expenditures made by the city of Faribault from a pre-1982 TIF district before May 1, 1998. In addition, it grants the city unrestricted authority to pool increments from this district for the remainder of its existence. The exact remaining duration of the district is unclear, but it likely runs until at least 2008.

1 Faribault, TIF. Ratifies the expenditures of increments from one TIF district (or four districts, the bill is ambiguous on this point) in the city of Faribault that were made before May 1, 1998. This district was established before June 30, 1982 and, thus, did not have explicit pooling authority. (See below for background information on this issue.) However, the ratification is not limited to possible pooling violations, but it also ratifies any other expenditure for a non-permitted purpose. In addition, the section permits the city to spend future increments from this pre-1982 district on activities located outside of the area of the district.

Background information. The 1979 TIF Act explicitly required increment to be spent in accordance with a TIF plan for the improvement and development of the district. This limited spending to development or redevelopment of the district. Pooling or spending of increments for development or redevelopment of other areas (i.e., outside the district) was not explicitly authorized. The 1982 Legislature allowed unlimited pooling of increments, but these changes were effective only for districts for which the request for certification was made after June 30, 1982. Thus, these pre-1982 districts have no specific statutory authority to spend increments on developments outside of the district. In 1990, the legislature imposed percentage limits on the amount of increments that could be spent outside of the district. These limits apply to newly certified districts and areas of existing districts.

2 Effective date. Provides the act is effective upon local approval by the city.