

HOUSE RESEARCH

Bill Summary

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Authors: Nornes

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Analyst: Joel Michael, 651-296-5057

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Overview

This bill ratifies the legality of the expenditures made by the city of Fergus Falls from five TIF districts before April 23, 1998. In addition, the bill grants the city unrestricted authority to pool increments from two pre-1982 districts for the remainder of their lives.

- 1 Fergus Falls, TIF.** Ratifies the expenditures of increments from five TIF districts in the city of Fergus Falls that were made before April 23, 1998. Two of these districts were established before June 30, 1982 and, thus, did not have explicit pooling authority. See the background information on this issue below. The ratification applies to any expenditure for a non-permitted purpose. In addition, the section permits the city to spend future increments from the two pre-1982 districts on activities located outside of the area of the districts.

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 authority is effective upon local approval by the city of Fergus Falls.