

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H. F. 728
Version: As Introduced
DATE: March 10, 1999
Authors: Haas and others
Subject: Urban Shopping District Using Tax Increment Financing in City of Brooklyn Park
Analyst: Wendy Simons, 651-296-5052

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill authorizes the Brooklyn Park economic development authority to establish a new tax increment financing (TIF) district that would be called an "urban shopping district." The urban shopping district would differ from a redevelopment district in that the term for capturing tax increments is 20 years instead of 25 years and the original net tax capacity of the district is zero. A local contribution of at least five percent of the public costs for the urban shopping district would preempt a reduction in Homestead Agricultural Credit Aid (HACA) and Local Government Aid (LGA).

- 1 Definitions.** Defines terms for the purpose of the bill, including the geographical boundaries of the urban shopping area which would be included in the tax increment financing district. Defines the original net tax capacity of the district to be zero.
- 2 Establishment of urban shopping district.**
 - Subd. 1. Creation.** Allows the Brooklyn Park economic development authority to establish a tax increment financing district consisting of the urban shopping district as defined in section 1.
 - Subd. 2. Tax increment.** Specifies which sections of statute regarding computation of tax increment apply in the district. Excludes the section of statute deducting 0.25 percent of the increment for the state auditor's TIF-related reporting and examination costs. Also excludes the section of statute requiring the county auditor to decertify a TIF district when its duration is finished or the district has been found to be in noncompliance.
 - Subd. 3. Urban shopping district plan.** Lists the requirements for the urban shopping district development plan.
 - Subd. 4. Procedure.** Specifies which sections of statute regarding the establishment and modification of a tax increment financing plan apply in the district. Excludes the "but for" determination.
 - Subd. 5. Local contribution.** Requires that at least five percent of the public costs of the tax

increment district be paid from sources other than tax increments.

- 3** **Limitations.** Provides for tax increment to be paid to the economic development authority for 20 years. Lists the purposes for which the tax increment may be spent. Requires that tax increments received by the economic development authority in excess of the costs for implementing the district be deposited in the authority's housing account.
- 4** **Applicability of other laws.** Provides that laws regarding tax increment financing districts apply to the urban shopping district to the extent specified in the bill. It appears that this section would exempt the district from complying with statutory requirements in sections 469.176 to 469.1766, including duration limits and the five-year rule for expenditures in the district.
- 5** **Effective date.** Provides for the bill to be effective the day following final enactment and upon local approval by the city of Brooklyn Park.