

HOUSE RESEARCH

Bill Summary

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Overview

This bill allows the city of Medford to use economic development TIF districts to assist commercial developments (e.g., retail and office) of 30,000 square feet or less that are separately owned. Under general law, small cities can use economic development TIF districts for separately owned commercial facilities of 15,000 square feet or less. Medford, however, does not qualify as a small city because it is located within 10 miles or less of a city with a population of 10,000 or more (i.e., Owatonna in Medford's case).

Section

1 **City of Medford, TIF.** Allows the city of Medford to establish economic development districts for commercial facilities of 30,000 square feet or less, if the facilities are separately owned. Increments from these districts must be used as provided by general law for economic development districts.

Background information. Under general law, economic development TIF districts cannot be used for purely commercial developments (e.g., retail and office facilities); they are limited to manufacturing, warehousing, research and development, and telemarketing facilities. However, "small cities" may use economic development districts for separately owned commercial developments of up to 15,000 square feet. A small cities must (1) have a population of 5,000 or less *and* (2) be located 10 miles or more from a city with a population of 10,000 or more. Medford has a population of less than 5,000, but does not meet the 10 mile rule (it is located less than 10 miles from Owatonna).

Thus, the bill grants the city of Medford essentially two exemptions from general law:

It allows Medford to qualify as "small city," even though it does not meet the "10"10 mile rule."

It increases the permitted size of commercial developments from 15,000 square feet to 30,000 square feet.

- 2 **Effective date.** Provides the bill is effective upon local approval and applies to both new districts and to additions to existing district made after the day following final enactment.