HOUSE RESEARCH

Bill Summary

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Overview

This bill allows the city of Roseville to create tax increment financing (TIF) districts in a defined geographic area over the next ten years (enactment through 12/31/2013). These districts would be allowed several exemptions to restrictions under general law.

- ► The 5-year rule would be extended to 9 years.

- ► Unlimited pooling would be permitted, if the spending was done within the geographic area defined in the bill.

- ► Increment would be calculated using the current tax, rather than the original tax rate.

- ► The districts would be subject to a 20 year duration limit, as compared with a 25 year limit under general law for a redevelopment district.

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1   **Roseville, TIF.** Allows the city of Roseville to elect that special rules apply to TIF soils condition or redevelopment districts created in a geographic area of the city defined under this section. The following special rules would apply to these TIF districts:

- ► The 5-year rule is extended to 9 years.

- ► Pooling restrictions would not apply to spending on activities within the defined geographic area. The "pooling rules" impose percentage limits (25 percent for redevelopment and 20 percent for soils condition districts) on the amount of

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increment that may be spent outside the area of the TIF district. This provision would allow unlimited amounts of the increment to be spent outside of the district, if the improvements or activities were within the bill's defined area.

► The original local tax rate does not apply. Under general law, increment is calculated using the local tax rates in effect in the year the district is certified. Increases in the tax rates generate revenues for the city, county, and school district (depending upon which of them raised their rates), not the development authority. This bill would allocate all of this revenue to the development authority (city).

► If the city elects to apply these rules to a district, a 20 year duration limit will apply, as compared with a 25 year limit under general law for a redevelopment districts.

Effective date: Upon local approval by the city and Ramsey County