

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 726

**DATE:** March 21, 2005

**Version:** As introduced

**Authors:** Bernardy and others

**Subject:** City of Mounds View - TIF

**Analyst:** Joel Michael, 651-296-5057

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](http://www.house.mn/hrd).

---

### Overview

This bill allows the city of Mounds View to establish multiple redevelopment TIF districts in an area that is now primarily occupied by a golf course. This area is expected to be the site for development of a large office and research campus for Medtronic, Inc. These TIF districts would be deemed to meet the blight test. The city would have about 15 years to create the districts. The districts would be exempt from the pooling restrictions, the 5-year rule, and certification of the original tax capacity rate. Increments would be limited to uses for development of the site or providing sewer and water services for the site.

### Section

- 1 Mounds View TIF.** Authorizes the city of Mounds View to create multiple redevelopment districts on a 72-acre site consisting primarily of a municipal golf course. These TIF districts could be established without meeting the requirements under general law that the area of redevelopment districts qualify under a blight test or contain railroad or tank farm properties. Under general law, it is likely that the city could only establish an economic development district (8-year duration limit and certain use limits apply) or a housing district (25 year duration, but increments may only be used for housing purposes). By contrast, redevelopment districts have a 25-year duration limit and can be used to assist most types of developments.

Special rules will apply to this district:

## **Section**

- The 5-year rule will not apply. The 5-year rule requires the development authority to complete the district's development activities within 5 years after approval of the TIF plan.
- The limitation on spending redevelopment district increments to blight correction does not apply. This is necessary, since the site likely does not have conditions that would qualify as blight.
- The pooling limitations do not apply. This would allow the city to spend an unlimited amount of a district's increments on activities located outside of the district. However, increments could only be spent on activities within the defined area-so they could not be used elsewhere in the city. Increments can be spent outside of the defined area for sewer and water improvements that are related to development of the site.
- The original tax capacity rate limitation does not apply to the district. Under general law, tax increment is computed using the lesser of the local tax rates in effect at the time of certification or the current tax rate. If local tax rates rise (e.g., because the taxing districts increased their levies), this feature of the law will increase tax increments and reduce county, school district, and city general fund revenues.
- The bill specifically provides that the blight test does not limit the establishment of redevelopment districts under the bill.

Authority to establish districts in the defined area continues through December 31, 2019.

Effective upon local approval by the city of Mounds View.