

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 919

DATE: February 28, 2007

Version: As introduced

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Subject: TIF - Elgin, Eyota, Byron, and Oronoco - small city status

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Overview

This bill grants the cities of Elgin, Eyota, Bryon, and Oronoco small city status under the tax increment financing (TIF) law, as long as their populations remain at or below 5,000.

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- 1 TIF for Elgin, Eyota, Byron, and Oronoco.** Provides that these four cities qualify as "small cities" under the TIF act without regard to the mileage restrictions under general law. General law requires a city to be located 10 miles or more from the nearest border of a city with a population of 10,000 or more to qualify as a "small city."

Background information. As a result of annexations by the city of Rochester, these four cities no longer satisfy the 10-mile distance requirement. This bill would permanently allow them to qualify unless their population increases over the 5,000 limit.

Qualifying as a "small city" under the TIF Act enables the city to use economic development TIF districts for small commercial developments - i.e., retail, office space, and similar developments. These developments cannot exceed 15,000 square feet. However, the city can do multiple districts, if each development is separately owned. Economic development districts can be used at any location, i.e., they are not restricted to difficult to develop parcels containing "blight." Cities that do not qualify as "small cities" may only use economic development TIF districts for more "footloose" type industries - e.g.,

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manufacturing, research and development, and warehousing.

Effective: Day following final enactment and upon local approval for each of the cities.