

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 956

DATE: March 15, 2007

Version: As introduced

Authors: Lenczewski and others

Subject: Eliminating Bloomington's repayment to fiscal disparities pool

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Overview

HF 956 eliminates the city of Bloomington's obligation to repay the fiscal disparities pool for additional distributions received from the pool between 1988 and 1999. The additional distributions were used for interest payments on bonds issued for highway improvements related to the Mall of America site development. Current law requires the city of Bloomington to repay the pool through supplemental annual contributions over a ten-year period beginning in 2009.

Section

- 1** **Use of proceeds.** Technical section eliminating a cross-reference.
- 2** **Area wide tax rate.** Technical section eliminating a cross-reference.
- 3** **Certification of values.** Technical section eliminating a cross-reference.
- 4** **Repealer.** Repeals statutory provision requiring the city of Bloomington to make additional payments to the fiscal disparities pool over a ten-year period from 2009 to 2018 as repayment for additional distributions received from 1988 to 1999.

Background: As the Mall of America project was being considered in the mid-1980s, MnDOT plans called for improvements to be made to Hwy. 77 in the vicinity of the Mall site sometime in the mid-1990s. An agreement was reached between the state and the city of Bloomington to issue bonds to make the improvements ten years early. The state was to pay the principal at the time the improvements were scheduled to be made, and the interest

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payments were to be made by the fiscal disparities pool. The interest payments from the fiscal disparities pool (\$48.6 million) were considered to be a "loan" to the city of Bloomington - in return, Bloomington was to repay the pool over a ten-year period beginning in 2000. The legislature has delayed the start of the repayment twice, so that it is now scheduled to begin with taxes payable in 2009.