

HOUSE RESEARCH

Bill Summary

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This bill provides a series of exemptions from general law for a redevelopment TIF district No. 5 in the city of Wayzata.

Under the bill, the following three special rules would apply:

- **Delayed receipt of first increment.** The bill would allow the city to delay receipt of the first increment by up to nine years. The first receipt of increment is the point from which the duration limit for a TIF district is measured. Thus, this could defer the beginning of the duration limit by up to nine years, although it would not extend the number of years that the district could collect increment. Under general law, an authority may elect to delay receipt of the first increment by up to four years; district No. 5 is explicitly exempted from this rule.
- **Five-year rule.** The bill extends the 5-year rule to 10 years for district No. 5. Under general law, the 5-year rule requires the development authority (e.g., the city or EDA) to complete the TIF plan's in-district activities within 5 years after the district is certified or to issue bonds to finance those activities within 5 years. After the 5-year period, increments allocated to the in-district costs may only be used to pay bonds and contracts entered into during the 5 years. When these bonds and contracts are fully paid off or defeased, the district must be decertified.
- **Blight test.** The bill deems parcels in district No. 5 to meet the blight test for a redevelopment district, if the city or a developer demolished a building on the parcel that it found to be structurally substandard and the city decertifies district No. 5 and requests certification of a new district within 10 years after the demolition. This would allow the city (as an alternative to the special authority under the first two bullets) to decertify the district and create a new redevelopment district with a new 25-year duration limit.