

HOUSE RESEARCH

Bill Summary

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Subject: City of Mankato, special TIF authority

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Overview

This bill exempts a TIF district in the city of Mankato from the general law limits on pooling of increments, the 5-year rule, and the requirement that interfund loans must be authorized by a resolution before expenditures are made.

Section

1 City of Mankato; special TIF authority. Provides exemptions from the general law rules under the tax increment financing (TIF) act for a district in the city of Mankato. These exceptions include:

- **Pooling limitations.** The district would be exempt from the limitations on pooling of increments – i.e., the percentage limits on spending increments on activities located outside of the district. Under general law, a redevelopment district (as this district is) may spend up to 25 percent of its increments (less administrative costs) on activities outside of the area of the district.
- **5-year rule.** The 5-year rule would not apply to the district. The 5-year rule requires the development authority to complete the district's in-district activities within 5 years after certification of the district.
- **Interfund loans.** The district would be allowed to repay interfund loans (e.g., amounts advanced by the city or a development authority) without a prior authorizing resolution that specifies the loan terms. This will allow the district to reimburse the city for costs it may have incurred, related to the project, but before the expenditures were authorized under the TIF plan.

Effective date: Upon local approval by the city.