HOUSE RESEARCH

Bill Summary

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     Authors: Abeler

     Subject: City of Ramsey - Tax Increment Financing (TIF)

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This bill modifies the 2010 special TIF law enacted for the city of Ramsey. It corrects the boundary description in the 2010 law to add an eastern boundary for the district. In addition, it expands the exemptions from general law TIF rules that apply to this district:

- The requirement that 90 percent of redevelopment district increments be spent to correct blight would not apply. The 2010 law provided exceptions from this requirement for various expenditures (e.g., the transit station and related infrastructure), while this bill provides a complete exemption.

- Increments are specifically authorized to be used for costs incurred prior to establishing the TIF district for: (1) land that the city or its housing and redevelopment authority acquired and (2) public improvements installed in the district.

- The 4-year knock-down rule would not apply. This rule requires some type of development activity to occur on or adjacent to each parcel within four years of certification of the district, if the parcel is to remain in the district. Once development occurs, parcels are reinstated in the district, but with the current value used to compute the original tax capacity.

- The limitations on prior planned improvements would not apply. Under this rule, the value of improvements for which building permits were issued within 18 months before approval of the TIF plan is added to the district's original tax capacity. This prevents these improvements (which were contemplated before the plan for the district was finalized) from generating tax increment, rather than general taxes for all of the taxing districts.