

HOUSE RESEARCH

Bill Summary

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Subject: Tax increment financing (TIF) - extension of 2010 provisions
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Overview

This bill extends by two years the special TIF authority granted in the 2010 jobs bill (Laws 2010, chapter 216) for expanded use of economic development districts and surplus increments.

- 1 Economic development districts.** Extends by two additional years the 2010 jobs bill's economic development district authority from July 1, 2011, through July 1, 2013.

Chapter 216 allows economic development districts to be used for any type of project if the following conditions are met:

- The municipality finds the project will create new jobs in the state, including construction jobs, and the project otherwise would not have begun before July 1, 2011, without the assistance
- Construction of the project begins no later than July 1, 2011
- The request for certification is made by June 30, 2011

This section would extend each of these dates by two years. Under prior law and resuming July 1, 2011, economic development districts could only be used for (1) manufacturing, (2) warehousing, (3) research and development, and (4) tourism in selected counties.

- 2 Use of surplus increments.** Extends by two additional years, the 2010 job bill's expanded authority to spend excess and surplus tax increments, notwithstanding the pooling limits, 5-year rule, and so forth. This authority applies to construction of new or substantial rehabilitation of existing buildings, if:

- Construction begins before July 1, 2011
- The development will create new jobs (including construction jobs)
- The development would not have occurred without provision of the assistance

This authority includes the ability to make equity investments in the development, for example, if it is necessary to obtain financing. The municipality (usually the city) must approve and must hold a public hearing with published notice (following the same rules as apply to approving a new TIF plan).

This section extends each of those dates by two years.