

HOUSE RESEARCH

Bill Summary

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Subject: City of Maplewood – tax increment financing (TIF) authority

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This bill authorizes the city of Maplewood to establish TIF districts within an area of the city defined by reference to a property tax parcel number, which presumably consists of all or part of the corporate campus of the 3M Company. If the city so elects, these TIF districts will be subject to special law rules that differ from those under general TIF law.

The city would have through December 31, 2018 to approve TIF plans and “establish” districts under this authority. (It is unclear if “establish” means the city has requested certification, the district has been certified, or something else.)

The following special rules or exemptions from general law would apply to districts certified in the defined project area:

- **Blight test exemption.** Redevelopment districts could be established without meeting the blight test. Ninety percent of increments from the district, unlike a general law redevelopment district, would not be required to be spent on correction of blight.
- **Pooling exemption.** So long as increments are spent within the defined project area, restrictions on pooling increments (that is, spending on activities outside of the TIF district) do not apply.
- **5-year rule exemption.** The 5-year rule, which requires spending to be completed within 5 years of certification of the district, does not apply.
- **1-year knockdown rule.** Parcels in a district would be subject to a one-year knockdown rule – that is, if construction does not start on a parcel within one year after its certification for inclusion in the TIF district, the parcel would be dropped from the district and could only be reinstated when construction actually begins. Under general law, a 4-year period applies.

- **Restriction on use of increments for government buildings.** Increments may be used to construct a city emergency operating center for fire protection and emergency medical services in the project area. Under general law, tax increments may not be used to construct buildings used to conduct the general business of a city, county or school district.
- **State general tax capture.** The bill appears intended to allow the capture of the state general tax (that is, the state tax on commercial-industrial properties) on the first 412,000 square feet of new buildings. However, the bill fails to refer to the correct provisions of statutes to clearly accomplish this and it is unclear whether the intent is to capture these taxes in a way that reduces state revenues or to exclude the captured value from computation of the state tax rate, thus ensuring the state receives its full levy (revenues). The latter approach would be consistent with the mechanics that are used for local TIF.