

HOUSE RESEARCH

Bill Summary

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Subject: Tax increment financing (TIF) – extending 2010 Jobs Bill provisions

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Overview

This bill reinstates the temporary TIF authority provided under the 2010 Jobs Bill. This authority expired in 2012. The bill would extend both elements of this authority as follows:

- The expanded authority to create economic development districts for commercial (retail and office) projects in areas not meeting the redevelopment district blight tests through the current calendar year.
- The expanded authority to spend surplus and excess increments through June 30, 2014.

Section

1 Economic development districts. Reinstates the expired 2010 Jobs Bill's economic development district authority, as extended by the 2011 Tax Policy Bill. This authority was in effect after its passage on April 1, 2010 through July 1, 2012. This section would provide the authority through December 31, 2013.

This authority allows economic development districts to be used for any type of TIF 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 January 1, 2014, without the assistance.
- Construction of the project begins no later than January 1, 2014.

Section

- The request for certification is made by December 31, 2013.

Under current law, economic development districts can only be used for (1) manufacturing, (2) warehousing, (3) research and development, and (4) tourism in selected counties.

The primary effect of this authority would be to allow economic development districts to be used for retail and office developments. The bill does not revive the authority to use these districts for market rate housing as was provided under the 2010 Jobs Bill. The authority to use it for affordable housing expired on July 1, 2011, and for market rate housing on January 1, 2012.

The section also strikes an obsolete reference to “qualified border retail developments.” The substantive definition for this was previously repealed; it was enacted for one development which has already occurred.

- 2 Use of surplus increments.** Reinstates the 2010 Jobs Bill’s expanded authority to spend excess and surplus tax increments, notwithstanding the pooling limits, 5-year rule, and so forth. This authority was in effect after its passage on April 1, 2010 through December 31, 2012. This authority applies to construction of new or substantial rehabilitation of existing buildings, if:

- Construction begins before January 1, 2014.
- The development will create new jobs (including construction jobs).
- The development would not have occurred without provision of the assistance.
- Spending is completed by June 30, 2014.

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).

The section also reinstates the authority to use these increments for housing, which expired on January 1, 2012.