

HOUSE RESEARCH

Bill Summary

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Overview

This bill provides expanded funding for several projects in the South Loop Project Area of the city of Bloomington. It:

- Provides \$7 million in additional state bond funding for the Old Cedar Avenue bridge project and makes all of the bill's provisions contingent upon the city agreeing to do that project.
- Modifies the TIF authority for the Bloomington Central Station (BCS) project – providing an 8-year extension of the TIF district's duration limit, allowing unfreezing of the original tax rate, and extending the 5-year rule from 10 years (under 2008 special legislation) to 15 years.
- Allows the city to move undeveloped parcels between its two Mall of America (MOA) TIF districts, allowing collection of increment from those parcels by an additional three years as a result.
- Allows the city to capture the fiscal disparities taxes from the two MOA TIF districts for taxes payable in 2014 through 2033. The duration of the TIF districts is not extended, except to allow collection of fiscal disparities taxes. To qualify after taxes payable in 2024, \$100 million of additional improvements would need to be constructed on the site of the former Metropolitan Center Arena ("Met Center") by January 1, 2021.

Section

- 1 Public bidding requirement.** Modifies the Bloomington Port Authority's special law exception to general law, competitive bidding requirements. This exception is currently limited to structured parking constructed above, below or adjacent to the development.

Section

These changes expand the exemption to provide it applies regardless of the source of port authority funds used (current law is limited to TIF and revenue bonds) and to extend it to other public improvements beside structured parking.

- 2 Fiscal disparities calculations.** Provides that commercial-industrial tax capacity in the MOA TIF districts is exempt from contributing to the areawide pool. Provides that tax increments in the MOA TIF districts include the tax that would normally be paid to the areawide pool.
- 3, 4, and 6 Old Cedar Avenue bridge bonding.** Amend bonding authorizations and appropriations from 2006, 2008, 2010, and 2011 for the Old Cedar Avenue bridge project to specify that they are for the bridge (rather than a multimodal trail connection in the vicinity of the bridge) and that the appropriations are available through FY 2017.
- 5 Bloomington Central Station TIF, 5-year rule.** Extends the 5-year rule for the Bloomington Central Station (BCS) TIF district from 10 years (under 2008 special legislation) to 15 years.
- 7 Lodging tax base.** Allows the city of Bloomington to extend its local lodging taxes to include the markup on hotel rooms when they are sold by online travel sites. This parallels the similar 2011 change in the state sales tax on lodging. Local lodging taxes administered by DOR also use this tax base.
- 8 Bloomington Central Station TIF; extension and TIF calculation.** Allows the city to extend the duration of the BCS TIF district through 2039 (an eight-year extension) and unfreezes the original tax capacity rate. The latter change will allow the district's increment to be calculated using the current tax rate, not the rate that was in effect when the district was certified.
- 9 MOA TIF district; property transfer and extension.** Allows the port authority and city of Bloomington to elect to transfer several parcels between the MOA TIF districts. This will allow these undeveloped parcels on the northern edge of the district containing the mall to be shifted to the district containing the site of the former Met Center. This would have the effect of extending by three years the ability to collect increments from these parcels.

In addition, this section allows Bloomington to extend the two MOA TIF districts through 2033 (a 17-year extension for the district containing the mall and 14-year extension for the district containing the Met Center site). During the extension, however, increment would be limited to the special fiscal disparities computation provided by section 2; local tax rates for the city, county, school, and special districts would be computed including the captured tax capacity of the TIF districts. The extensions would terminate for taxes payable in 2024, if new improvements, worth at least \$100 million, have not been constructed in District No. 1-G (the district containing the former Met Center) by January 1, 2021.

Section

- 10** **Old Cedar Avenue bridge; bonding authorization.** Authorizes issuance of \$7 million of state bonding to repair, restore or replace the old Cedar Avenue bridge and appropriates the funds for that purpose. This authorization augments the prior bond authorizations and appropriations for the project. The money would be paid to the city of Bloomington as a Met Council grant.
- 11** **Effective date.** Provides that all of the provisions are contingent upon the city entering an agreement with the Metropolitan Council for the Old Cedar Avenue bridge project.