

HOUSE RESEARCH

Bill Summary

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This bill modifies the local approval method for the portion of the 2014 special law that authorized the city of Eagan to extend its Cedar Grove TIF district.

Under the 2014 special law and as required by general law (Minn. Stat. § 469.1782, subd. 2) for extension of the duration of TIF districts, approval of the special law required approval by the city, county, and school district that contained the TIF district. Both the city and county approved the law, but the school failed to take action. As a result, the special law authorizing extension of the district did not take effect. (Portions of the special law unrelated to the duration extension did take effect, because the city approved them.)

This bill would allow the extension to take effect if one or more of the three local units approve the 2014 special law (provided the city approves). If either the county or school district do not approve the extension, the increment that is attributable to their levies would be paid to them, rather than the city. This would hold them harmless from the effect of the extension on their ability to tax the TIF district's property, which is the reason the general law requires their approval. In the case of the school district, the school would be required to report the amount of revenue it receives to the Department of Education, so that its state aid could be recomputed. The school would receive the revenue from its unequalized levies, but the amount attributable to school levies that are equalized by state aid would trigger recalculation of the school's aid. This may result in a reduction in the state aid although it would not affect the school's total revenue (i.e., the increment received may substitute for state aid).

Effective date: Local approval by city.