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This bill would allow the city of Edina to establish TIF districts to create a "lid" (i.e., a covering or land bridge) over State Highway 100 and develop the surrounding area. The following special rules would apply under the bill:

- The districts would qualify as redevelopment districts without meeting the statutory "blight test" which limits where redevelopment may be created under general law (based on the percentages of the area's parcels that are occupied by improvements and of the parcel's buildings that are substandard). Redevelopment districts are allowed a longer duration (25 years) than districts that meet a lesser blight test (e.g., renewal and renovation districts – 15 years) or that are not required to meet a blight test at all (economic development districts – 8 years).
- Increments from the district could be spent on public parks and social and recreational facilities.
- Extends the five-year rule to eight years and the percentage limits on pooling would not apply if increments are spent on lid development with the geographic area defined in the bill.
- Increments from the districts would not be required to be spent on "blight correction," as is required under general law for redevelopment districts.
- Expenditures on constructing the lid would be explicitly authorized as a permitted use of increments.

The bill would also allow the city to increase the amount of expenditures outside the Grandview 2 TIF District under the pooling rules by up to 25%, for expenditures related to lid development. Qualifies these expenditures as in-district expenditures under the five-year rule.

Background on the five-year rule and pooling limits

Five-year rule. The five-year rule requires 80 percent (75 percent for redevelopment districts) of tax increment revenues derived from a TIF district after the fifth year to be spent to decertify the district.

After the fifth year, money may only be spent to (1) pay bonds or contracts that financed improvements, if bonds were issued before the end of the five-year period or (2) reimburse the developer for costs it paid to make improvements in the district during the first five years. When sufficient money has been set aside, the district is decertified. This is intended to ensure that after a reasonable period of time, tax increments are used only to pay off bonds or development contracts and to put the property back on the tax rolls, rather than undertaking new expenditures or projects.

Pooling limits. The pooling rules under general law limit the amount of increments that may be spent on activities outside the area of the TIF district to statutory percentages. These percentages are the inverse of the percentages that apply under the five-year rule. So if 80 percent of increments are subject to the five-year rule, 20 percent may be spent outside of the district. No time limits apply to the percentage of increments that may be pooled. These percentage limits are a complement to the five-year rule and are intended to prevent use of unlimited amounts of a district's increment on projects or activities outside of the district. In all cases, increments must be spent in the "project area" for district, but the law imposes no significant limits on how large those areas may be or how frequently they can be changed, even well after the TIF district was established.