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This bill authorizes Champlin to add parcels and adjacent roads and right-of-way to a redevelopment TIF district in the city (Mississippi Crossings district). The following special rules would apply:

- The addition of these parcels would not affect this district’s legal status as a redevelopment district. That is, the addition does not result in the district failing the statutory “blight test” that provides limits on the areas that may be designated as redevelopment districts (based on the percentages of the area’s parcels that are occupied by improvements and of the parcel’s buildings that are substandard).
- Expenditures for development of the properties would be deemed to meet the requirements under general law that apply to redevelopment districts.
- Expenditures for those purposes would be deemed to meet the general law requirements for interfund loans. This would allow amounts paid by the city with other funds to be reimbursed with the district’s tax increments, even though the city had not met the law’s requirements for documenting an interfund loan.
- The five-year rule is extended to 10 years and after that period, increments need not be used (potentially) to decertify the district early.

Background on the 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.