

Subject Burnsville; tax increment financing districts authorized

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Date February 27, 2020

Overview

This bill authorizes special rules for the city of Burnsville to create redevelopment TIF districts within the limited area of the Burnsville Center mall and adjacent rights-of-way.

Summary

Section	Description
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1 City of Burnsville; TIF Authority.

Subd. 1. Establishment. Authorizes the city or development authority to establish one or more redevelopment districts within the parcels that comprise the Burnsville Center mall.

Subd. 2. Special rules. Allows the following special rules to apply to any district established under subdivision 1:

- exempts from the required blight findings for establishing a redevelopment district;
- exempts from the requirement that increment be spent on correction of blight conditions; and
- allows that increment used on the construction of a bridge, tunnel, or other connector across adjacent rights-of-way is deemed an expenditure within the district.

This section is effective upon local approval and compliance with filing requirements for special laws.

Background on general TIF rules

Redevelopment districts. Under current law, a blight finding within the district area must be found before a redevelopment district can be established. The blight finding

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is based on a percentage of the area's parcels that are occupied by improvements and of the parcels' buildings that are substandard.

To that end, redevelopment districts are allowed a longer duration (25 years) than districts that have a lesser blight requirement (i.e., renewal and renovation districts – 15 years), or districts that do not have a blight finding requirement (i.e., economic development districts – 8 years).

Pooling limits. Under current law for redevelopment districts, the pooling rules limit (to statutory percentages) the amount of increments that may be spent on activities outside the area of the TIF district. The statutory percentage limits state that since 75 percent of increments are subject to the five-year rule and spent within the district, 25 percent may be spent outside of the district.

These limits 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 within the "project area" for a district, but the law imposes no significant limits on how large those areas may be or how frequently their boundaries may be changed, even after the TIF district was established.



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