

Subject Wayzata Exception to Pooling Limits for a Tax Increment Financing District

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Summary

Wayzata Tax Increment Financing District No. 6 is a redevelopment district that was certified in 2018 and is scheduled to be decertified in 2045.

For redevelopment districts, between 65 percent and 75 percent of the revenues derived from a district must be spent on activities within the district—the area generating TIF revenue. The exact percentage depends on whether the authority elects to set aside a percentage of its revenues—up to ten percent—for allowed housing purposes. Six years after the district first begins collecting increment, it must decertify once the amount of in-district increment it has collected is enough to pay off the district’s in-district development debt.

This bill would modify a 2021 law that allowed Wayzata to spend increment from District No. 6 on a lakefront walkway along Lake Minnetonka and on “community transient lake public access infrastructure,” while having those expenditures count as within the district for District No. 6. This bill would expand the activities that would be considered within the district to include additional lakefront projects in Wayzata.

All other things being equal, a redevelopment district will tend to remain active for a longer period before decertifying if a higher percentage of its increment is allocated for purposes other than repayment of in-district development debt.