

**Tax Increment Financing Proposals  
2023 Legislative Session**

<u>S.F.</u>	<u>City</u>	<u>District Type</u>	<u>Dates</u>	<u>Legislative Request</u>	<u>History</u>	<u>Notes</u>	<u>2022 CCR</u>
SF 135 Pratt	Shakopee	Various	n/a	<p>Shakopee seeks authorization to establish various districts (until December 31, 2026) in a defined area under special rules. Before establishing a district, the city must find that 70% of the defined area has peat or geotechnical deficiencies, landfills, dumps, quarries, floodways, substandard buildings, or that substantial fill is needed for commercial development.</p> <p>Any type of district can be established under this authorization, other than an economic development or housing district, and if established, the following special rules apply:</p> <ol style="list-style-type: none"> <li>1. The 5 and 6-year rules are extended by five years;</li> <li>2. The pooling percentage is increased to 80% provided increment is spent within the defined project area; and</li> <li>3. A new 20- year “soil deficiency district” may be established if 80% of the area has soil or terrain difficulties with estimated correction costs exceeding fair market value of the property. Increment may be spent on parcel acquisition, terrain or soil deficiency correction and related public improvements, and administrative expenses.</li> </ol> <p>Effective upon city approval.</p>	Similar authorizations were enacted for Apple Valley in 2013 and Maple Grove and Savage in 2014.		Included identical proposal.

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<b>SF 158 Klein</b>	<b>West Saint Paul</b>	Redevelopment	n/a	<p>West Saint Paul seeks authorization to establish one or more redevelopment districts within a defined area. If established, the following rules apply:</p> <ol style="list-style-type: none"> <li>1. The district is exempt from the “blight test” requirement for establishing redevelopment districts; and</li> <li>2. The district is exempt from requirement that 90% of increment be used to finance costs of correcting conditions that allowed for redevelopment district designation.</li> </ol> <p>Effective upon local approval.</p>	n/a		This is a new proposal for 2023.

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<b>SF 198 w/ A-1 Latz</b>	<b>Hopkins</b>	Redevelopment  TIF #2 -11 Super-Valu Excelsior Crossing	<u>Certified:</u> 4/5/1999  <u>Requirement Decertification:</u> 12/31/2029	Hopkins seeks the following changes to existing special law:  1. Increase the total permitted pooling by five percent, from 25% to 28%; and  2. Increase, from 20% to 25%, permitted pooling for housing or redevelopment activities.  Effective upon local approval.	<b>2003</b> – legislature authorized a four-year duration extension (to 2029), prohibited pooling except for administrative expenses, and extended the 5-year rule to 9 years.  <b>2008</b> – legislature authorized pooling for housing activities provided that expenditures do not exceed 20% of the total tax increment from the district.  <b>2019</b> – legislature expanded eligible pooling by allowing blight correction in addition to housing projects, limited administrative expensed to 10%, and limited total amount of pooling to 25%.	Under general law, 25% of increment generated from redevelopment districts may be pooled/ spent on activities outside the district.	Included identical proposal.

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SF 257 w/ A-3 Westlin	Plymouth	Redevelopment	n/a	<p>Plymouth seeks authorization to establish one or more redevelopment districts within a defined area. If established, the following special rules apply:</p> <ol style="list-style-type: none"> <li>1. The district is exempt from the “blight test” requirement for establishing redevelopment districts;</li> <li>2. The district is exempt from the requirement that 90% of increment be used to finance costs of correcting conditions that allowed for redevelopment district designation;</li> <li>3. The 5 and 6-year rules are extended by five years;</li> <li>4. Increment generated may be used on improvements to Hennepin County Road 47, outside the project area, and such expenditures are deemed in-district expenses.</li> </ol> <p>The authority to approve a district expires on December 31, 2030.</p> <p>Effective upon city approval.</p>	n/a		<p>Included, but <i>only</i> the following:</p> <ol style="list-style-type: none"> <li>1. Authorized the city to establish just one district;</li> <li>2. Exempted districts from “blight test”</li> <li>3. Exempted districts from requirement that 90% of increment be used to finance costs of correcting conditions that allowed for redevelopment district designation; and</li> <li>4. Limited pooling for County Road 47 to not more than 75% of total increment.</li> </ol> <p>*Did not include extensions of the 5 and 6-year rules.</p>

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<b>SF 260 w/ A-1 Port</b>	<b>Savage</b>	Soils Condition  TIF District #11	<u>Certified:</u> 6/30/2016  <u>Requirement Decertification</u> 12/31/2039	Savage seeks authorization to:  1. Extend the five-year rule by an additional four years; and  2. Allow the district four additional years to enlarge the geographic area of the district.  Effective upon city approval.	In 2014, the legislature authorized Savage to establish multiple TIF districts in a gravel pit (similar to Maple Grove and Savage’s 2014 authorization, and this year’s request for Shakopee).	Under current law, the geographic area of a TIF district can be reduced, but not enlarged, after five years following the date of certification of the district.	Included, but only authorized a three-year extension.
<b>SF 474 Mitchell</b>	<b>Woodbury</b>	Housing  TIF District #13  Quarry Ridge Senior Housing  Stonecrest of Woodbury	<u>Certified:</u> 11/28/2000  <u>Requirement Decertification</u> 12/31/2026	Woodbury seeks approval to:  1. Spend increment generated from TIF District #13 for maintenance, and facility and infrastructure upgrades to the city’s Central Park community center; and  2. Extend the duration of TIF District #13 by five years.  The request to expend increment on Central Park is effective upon city approval. The request to extend the duration of the district is effective upon city, county, and school district approval.		Under current law, housing districts are 25-year districts.  Increment from a housing district can only be used for: (1) financing costs of housing projects; (2) costs of public improvements directly related to the housing project; and (3) administrative expenses.	Included identical proposal.

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<b>SF 1216 Putnam</b>	n/a	Economic Development	n/a	<p>SF 1216 proposes a general law change to the definition of ‘small city.’ Under current law, a small city is defined as any home rule charter or statutory city with a population of 5,000 or less and located 10 miles or more from a MN home rule charter or statutory city with a population of 10,000 or more.</p> <p>SF 1216 reduces, from 10 to 5 miles, the distance required between both cities.</p> <p>No effective date is provided.</p>		<p>Economic development districts are 8-year districts and used to expand employment &amp; preserve or enhance local tax base.</p> <p>Increment can be used to assist manufacturing, warehousing, storage and distribution, research and development, telemarketing, tourism, and workforce housing.</p> <p>Increment cannot be used for commercial development unless the development is 15,000 square feet or less and located in a small city. A “small city” is any city with a population of 5,000 or less and located 10 miles or more from a Minnesota city with a population of at least 10,000.</p>	This is a new proposal for 2023.

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SF 1251 w/ A-1 Kunesh	Fridley	Redevelopment  TIF No. 20	<u>Certified:</u> 11/5/2013  <u>Requirement Decertification:</u> 12/31/2038	Fridley seeks authorization to transfer increment from TIF District No. 20 to the city's HRA. Only authorized 'pooling' increment may be transferred. If transferred, increment may only be used to: (1) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing; or (2) match other funds from federal, state, or private resources for housing projects.  The authority to transfer increment expires 12/31/2027.  Transferred increment is subject to annual reporting requirements, and by February 1, 2025, and 2027, the city must issue reports to the legislature containing detailed information on each program financed with increment.  Effective upon local approval.	In 2021, the legislature authorized the cities of Minnetonka, Richfield, and St. Louis Park to transfer increment to the city's housing trust fund for designated allowable uses.		Included identical proposal, but 2023 proposal extends authority by one year.

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SF 1436 Nelson	n/a	Economic Development	n/a	<p>SF 1436 proposes a general law change that would allow increment generated from an economic development district to be spent on a multilevel commercial facility in a small city provided that the square feet of the first floor only does not exceed 15,000 square feet. “First floor” is defined as the floor at street level.</p> <p>Effective for districts for which the request for certification was made after December 31, 2021.</p>		<p>Economic development districts are 8-year districts and used to expand employment and preserve or enhance local tax base.</p> <p>Increment generated from districts can be used to assist manufacturing, warehousing, storage and distribution, research and development, telemarketing, tourism, and workforce housing.</p> <p>Increment cannot be used for commercial development unless the development is 15,000 square feet or less and located in a small city. A “small city” is any city with a population of 5,000 or less and located 10 miles or more from a Minnesota city with a population of at least 10,000.</p>	Included identical proposal.



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<b>SF 1708 Wiklund</b>	<b>Bloomington</b>	Redevelopment  TIF No. 1-I Bloomington Central Station	<u>Certified:</u>  4/12/2005  <u>Requirement Decertification:</u>  12/31/2039	The city of Bloomington requests the following changes to TIF No. 1-I:  1. Extend the 5-year rule by an additional five years, to 26 years; and  2. Extend the duration limits of undeveloped parcels through December 31, 2049. An undeveloped parcel means any parcel that does not have a building on it.  Effective upon approval by city, county, & school district.	<b>2008</b> – legislature extended the 5-year rule to 10 years.  <b>2013</b> – legislature:  1. Extended 5-year rule to 15; 2. Extended district duration by 8 years (to 2039); and 3. Unfroze the original tax capacity rate.  <b>2019</b> – legislature extended 5-year rule to 21 years.		This is a new proposal for 2023.
<b>SF 1776 w/ A-1 McEwen</b>	<b>Duluth</b>	Redevelopment	n/a	Duluth seeks to amend special legislation enacted in 2019 to:  1. Allow the establishment of more than one redevelopment district; and 2. Extend the duration of districts by 10 years.  Effective upon city approval except the duration extension requires city, county, and school district approval.	n/a		This is a new proposal for 2023.
<b>SF 1952 Kupec</b>	n/a	n/a	n/a	SF 1952 proposes a general law change by providing an automatic five-year extension of the 5 and 6-year rule for any tax increment financing district located in a nonmetropolitan county.  No effective date is provided.	n/a		This is a new proposal for 2023.

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<b>SF 1953 Kupec</b>	n/a	Housing	n/a	SF 1953 proposes a general law change relating to the requirements for housing TIF districts by providing that current law income limitations for owner-occupied and rental housing apply only if the district is located in a metropolitan county.  No effective date is provided.	n/a	For owner-occupied property, 95% of the units must be initially purchased and occupied by individuals whose family income is less than or equal to 115% of the greater of: (1) the area median income; or (2) the statewide median income.  Rental developments must meet one of two tests:  20-50: 20% of the units are occupied by individuals whose incomes are less than 50% or less of the area median income.  40-60: 40% of the units are occupied by individuals whose income are 60% or less of the area median income.	This is a new proposal for 2023.

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<b>SF 2184 Bahr</b>	<b>Ramsey</b>	Redevelopment TIF District No. 14 (COR)	<u>Certified:</u> 6/23/2011  <u>Requirement Decertification:</u> 12/31/2040	Ramsey seeks authorization to extend the five and six-year rules by an additional three years.  Effective upon city approval.	<b>2010</b> – legislature authorized establishment of the district subject to special rules, including extending 5-year rule by additional five years.  <b>2020</b> –city failed to alert Anoka County in 2014 of development on four parcels, so parcels were removed by the county pursuant to 4-year “knockdown rule.” The city filed a lawsuit, and a February 2020 Hennepin County District Court order restored the four parcels.  <b>2021</b> – legislature extended the five and six-year rules by an additional two years.		This is a new proposal for 2023.

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<p><b>SF 2539 W/ A-1 McEwen</b></p>	<p>Duluth</p>	<p>Redevelopment</p>	<p>n/a</p>	<p>Duluth seeks authorization to establish one or more redevelopment districts within a defined area. If established, the following special rules apply:</p> <ol style="list-style-type: none"> <li>1. The district is exempt from the “blight test” requirement for establishing redevelopment districts;</li> <li>2. The district is exempt from the requirement that 90% of increment be used to finance costs of correcting conditions that allowed for redevelopment district designation;</li> <li>3. The district is exempt from prohibition on using increment for public parks, or facilities used for social, recreational or conference purposes;</li> <li>4. The district is exempt from limitation on authority’s acquisition of more than 25% of the acreage in a project using TIF bonds;</li> <li>5. The district is exempt from any pooling limitations;</li> <li>6. The district is exempt from including as increment the proceeds from sale or lease of property purchased with increment and principal and interest received on loans;</li> <li>7. The district is exempt from prohibition on using increment for government buildings;</li> <li>8. The district is exempt from the 5 and 6-year rules;</li> </ol> <p>The special rules expire after December 31, 2051, except that after that date, the 6-year rule begins.</p> <p>Effective upon city approval and filing requirements.</p>	<p>n/a</p>		<p>This is a new proposal for 2023.</p>
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