

**PROPERTY TAX  
Duluth TIF District Establishment  
and Special Rules Authorization**

March 28, 2023

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of S.F. 2539 (McEwen) as proposed to be amended by SCS2539A-1

**Fund Impact**

	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective following local approval.

**EXPLANATION OF THE BILL**

The proposal would allow the economic development authority of the city of Duluth or the city of Duluth to establish one or more redevelopment tax increment financing (TIF) districts within a defined area classified as the Medical Regional Exchange District and East 1<sup>st</sup> Street Corridor. The proposal would provide special rules for the district. The following requirements, definitions, limitations, or restrictions would not apply:

- Requirements for establishing a redevelopment district
- Definition of increment including proceeds from the sale or lease of property and principal and interest received on loans
- Prohibition on increment for general government use
- Restrictions on how increment may be used
- Restrictions on which facilities increment may be used to fund
- Limitations on property acquired by the district
- Requirements for expenditures outside the district
- Five-year rule restrictions
- Limitations on the use of revenues for decertification

All the special rules applied under this proposal would expire after December 31, 2051.

**REVENUE ANALYSIS DETAIL**

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Source: Minnesota Department of Revenue  
Property Tax Division – Research Unit  
<https://www.revenue.state.mn.us/revenue-analyses>

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