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S.F. No. 5254 – City of Brooklyn Park; Authorizing Special Tax Increment Financing and Property Tax Abatement Rules; Authorizing the Creation of Value Capture District; Providing a Sales Tax Exemption for Construction Materials (as proposed to be amended by A-1)

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Section 1. City of Brooklyn Park; TIF Authority; Village Creek Area. Brooklyn Park requests authority to establish one or more redevelopment districts (until December 31, 2044) in a defined area subject to the following special rules:

1. Exempts the district from the “blight test” requirement for establishing redevelopment districts;
2. Exempts the district from the requirement that 90% of increment be used to finance blight correction; and
3. Allows increment to be expended on acquiring and improving public streets and public spaces, including public art and landscaping and commercial and residential rehabilitation and façade improvements; and
4. Exempts the district from including as increment the proceeds from the sale or lease of property to the extent the property was purchased with tax increment;
5. Exempts the district from the requirement that no more than 25 % or 10%, depending on the district type, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued to which tax increment from the property acquired is pledged;

6. Exempts the district from prohibition on using increment for areas used as a public park or facilities used for social, recreational, or conference purposes.
7. Exempts the district from the 5 and 6-year rules, and all pooling requirements.

Effective upon city approval.

Section 2. City of Brooklyn Park; TIF Authority; 610/Zane Area. Brooklyn Park requests authority to establish one or more redevelopment districts (until December 31, 2044) in a defined area subject to the following special rules:

1. Exempts the district from the “blight test” requirement for establishing redevelopment districts;
2. Exempts the district from the requirement that 90% of increment be used to finance blight correction;
3. Allows increment to be expended on: building or property improvements that enhance environmental sustainability, commercial and residential building rehabilitation and façade improvements, increased costs of building materials resulting from higher quality building materials, an purchase of rights-of-ways, easements, and the construction of new infrastructure, including roadways, trails, sidewalks, storm sewer infrastructure and management, sanitary sewer infrastructure, water main infrastructure, installation of a new water tower, street pedestrian lighting, private utility burial, public plazas, bike facilities, landscaping and irrigation, and public art;
4. Provides that ‘increment’ does not include proceeds from the sale or lease of property to the extent the property was purchased with tax increment;
5. Exempts the district from the requirement that no more than 25 % or 10%, depending on the district type, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued to which tax increment from the property acquired is pledged;
6. Exempts the district from prohibition on using increment for areas used as a public park or facilities used for social, recreational, or conference purposes; and
7. Exempts the district from the 5 and 6-year rules, and all pooling requirements.

Effective upon city approval.

Section 3. City of Brooklyn Park; TIF Authority; Biotech Area. Brooklyn Park requests authority to establish one or more redevelopment districts (until December 31, 2044) in a defined area subject to the following special rules:

1. Exempts the district from the “blight test” requirement for establishing redevelopment districts;

2. Exempts the district from the requirement that 90% of increment be used to finance blight correction;
3. Allows increment to be expended on: building or property improvements that enhance environmental sustainability, commercial and residential building rehabilitation and façade improvements, increased costs of building materials resulting from higher quality building materials, an purchase of rights-of-ways, easements, and the construction of new infrastructure, including roadways, trails, sidewalks, storm sewer infrastructure and management, sanitary sewer infrastructure, water main infrastructure, installation of a new water tower, street pedestrian lighting, private utility burial, public plazas, bike facilities, landscaping and irrigation, and public art;
4. Provides that ‘increment’ does not include proceeds from the sale or lease of property to the extent the property was purchased with tax increment;
5. Exempts the district from the requirement that no more than 25 % or 10%, depending on the district type, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued to which tax increment from the property acquired is pledged;
6. Exempts the district from prohibition on using increment for areas used as a public park or facilities used for social, recreational, or conference purposes; and
7. Exempts the district from the 5 and 6-year rules, and all pooling requirements.

Effective upon city approval

Section 4. City of Brooklyn Park; TIF Authority; District Nos. 18 and 20. Allows increment to be collected for 25 years for TIF District Nos 18 and 20, and all increment shall be transferred to the city’s economic development authority account or used by the city for TIF District No. 3 and spent in accordance with the district’s tax increment financing plan. Increment from TIF District Nos. 18 and 20 would not be returned to Hennepin County for redistribution as is required under current law. Effective upon city approval.

Section 5. City of Brooklyn Park; Value Capture District. Authorizes Brooklyn Park to establish a value capture district including parcels within one-half mile on each side of the METRO Blue Line Light Rail. Notice and a public hearing are required before the district may be established. For purposes of calculating tax revenues from the district, the county auditor shall treat the district as if it were a tax increment financing district. The duration of the district is limited to the lesser or: (1) 25 years of tax revenues; or (2) an amount of time the city determines necessary to collect tax revenues sufficient to pay for authorized costs. In addition to paying administrative costs of the district, the city may expend tax revenues within the project area on any expenditure authorized under the tax increment financing laws, and on any of the following: acquiring and improving public streets and public spaces, including sidewalks, trails, lighting, pedestrian and bike features, plantings, stormwater management, public and private utility burial, public plazas, and public art, acquiring property, site preparation and providing public financing for transit-oriented development and antidisplacement programs, projects or strategies, improving, creating, or supporting arts and cultural facilities, commercial and residential building rehabilitation and façade improvements, assistance in any form to support antidisplacement programs, projects, or strategies, and planning, design, community engagement, maintenance, and professional service costs related to the district.

Effective upon local approval.

Section 7. City of Brooklyn Park; Special Property Tax Abatement Rules. Authorizes Brooklyn Park to use property tax abatements to finance costs of public infrastructure projects, and exempts the city from the current law 15-year duration limit and the current law requirement that the total amount of property taxes abates shall not exceed the greater of: (1) 10% of the net tax capacity of the city for the taxes payable year to which the abatement applies; or (2) \$200,000. Effective upon city approval.

Section 8. City of Brooklyn Park; Sales Tax Exemption for Construction Materials. Provides a sales and use tax exemption for materials and supplies used or consumed in and equipment incorporated into the following projects in the city of Brooklyn Park:

- (1) improvements to the Brooklyn Park Senior Center;
- (2) renovation and expansion of the Zanewood Recreation Center;
- (3) improvements to the community activity center;
- (4) construction of a PFAS treatment facility;
- (5) construction of a water softening facility;
- (6) replacement of roofs and HVAC systems in city hall and public works buildings;
- (7) construction and rehabilitation of trails, underpass projects, and wayfinding projects; and
- (8) projects within the BioTech Innovation District as identified in the city's development plan.

The tax must be paid upfront and is refunded under provisions of current law. Refunds must not be issued until after June 30, 2024. Effective retroactively for sales and purchases made after February 28, 2023, and before April 1, 2030.