



February 17, 2025

Re: SF 7 – Eligibility modification for redevelopment districts

Chair Rest and Members of the Seante Tax Committee:

The League of Minnesota Cities appreciates the opportunity to comment on SF 7. We first want to thank the Chair for her ongoing work on Tax Increment Financing (TIF) and the acknowledgement that this 50-year-old local-government development tool needs updating.

While we support the bill's application of the current renewal and renovation (R and R) district's criteria for redevelopment districts, and increasing the timeline under which they currently apply, we believe that cities would have made the choice to establish an R and R district if they needed the softer criteria and that this change doesn't provide much new opportunity for establishment beyond current law.

We also have concerns about the bill's reduction in duration limits for redevelopment districts. We acknowledge that it is good news that the majority redevelopment districts decertifying early, but this is not the case for all districts, many of which need and plan for the full duration to provide enough increment to achieve their development goals.

The league of Minnesota Cities has long advocated for an approach to the modernization of TIF that includes a permanent extension the 5-year rule to 10 years, and a change to the current blight test to say "50% "rather than "more than 50%." This would be of great assistance to cities under current development conditions and would drastically reduce the need for individual city legislation.

Thank you again for you and your committee's willingness to make TIF moderation a priority this session, to help reduce the large numbers of local requests for exceptions from TIF rules, and a willingness to hear concerns from Minnesota cities about SF 07.

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League of Minnesota Cities