

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 23

(SENATE AUTHORS: REST)

DATE

D-PG

01/16/2025

62

Introduction and first reading

Referred to Taxes

OFFICIAL STATUS

1.1

A bill for an act

1.2

relating to taxation; property; tax increment financing; clarifying uses of unobligated

1.3

increment; amending Minnesota Statutes 2024, section 469.176, subdivision 4n.

1.4

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5

Section 1. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

1.6

Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other

1.7

provision of this section or any other law to the contrary, except the requirements to pay

1.8

bonds to which increments are pledged, the authority may elect, by resolution, to transfer

1.9

unobligated increment for one or more of the following purposes:

1.10

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to

1.11

private development consisting of the construction or substantial rehabilitation of buildings

1.12

and ancillary facilities, if doing so will create or retain jobs in the state, including construction

1.13

jobs, and the construction commences before December 31, 2025, and would not have

1.14

commenced before that date without the assistance; or

1.15

(2) to make an equity or similar investment in a corporation, partnership, or limited

1.16

liability company that the authority determines is necessary to make construction of a

1.17

development that meets the requirement of clause (1) financially feasible.

1.18

(b) For each calendar year for which transfers are permitted under this subdivision, the

1.19

maximum transfer equals the excess of the district's unobligated increment which includes

1.20

any increment not required for payments of obligations due during six months following

1.21

the transfer on outstanding bonds, binding contracts, and other outstanding financial

1.22

obligations of the district to which the district's increment is pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing.

(d) Increment that is improperly retained, received, spent, or transferred is not eligible for transfer under this subdivision.

(e) An authority making a transfer under this subdivision must provide to the Office of the State Auditor a copy of the spending plan approved and signed by the municipality.

(f) The authority to transfer increments under this subdivision expires on December 31, 2022. All transferred increments must be spent, loaned, or invested by December 31, 2025. Increment not spent, loaned, or invested by December 31, 2025, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2025, or that are subsequently received by the authority or municipality. If the district has already been decertified when increment is returned under this paragraph, the increment shall be treated as excess increment and distributed as provided in subdivision 2, paragraph (c), clause (4).

EFFECTIVE DATE. This section is effective the day following final enactment.