



St. Cloud Redevelopment District Sales & Use Tax Exemption

Bill Summary

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St. Cloud (SF2727)

This bill is doing the following:

- Provides a sales tax exemption for materials and supplies used in and equipment incorporated into a private redevelopment project located on various city owned and privately owned parking lots that are underutilized in downtown St. Cloud.
 1. The exemption is intended to be limited to \$13,000,000 and only applies if the redevelopment returns the property to the property tax rolls (i.e. no TIF assistance or tax abatement assistance).
 2. Effective for purchases made between July 1, 2025 and December 31, 2040.
 3. The tax is paid at the time of purchase and refunded.
 4. Provides for the refund of taxes paid upfront on a redevelopment project. The person eligible for the refund is the owner or developer of the project.
 5. Eligible project sites span multiple counties (Stearns and Benton) (this is not necessarily disallowed and not strange since St. Cloud borders multiple counties)

Background/Purpose:

- The Redevelopment District Sales and Use Tax Exemption is among several tools that will be used to stimulate private capital investment in downtown St. Cloud. The market rents aren't sufficient to support new development that strengthens the downtown core.
- The identified parcels are catalyst redevelopment sites aligned with the City's Comprehensive Plan. The anticipated districts contain privately or publicly owned or surface parking lots. This exemption will stimulate redevelopment of these vacant underutilized sites.
- Development of the catalyst redevelopment sites will result in leveraged private investment and increased property tax base for the State of Minnesota thereby ensuring downtown St. Cloud is a vibrant and thriving regional center in the state.
- The affected counties and school districts have been consulted and are in support of the city's use of the requested special law as a tool that will stimulate new development and leverage significant private investment in the community.
- The requested special law provides the city a tool that will enhance the ability to take underutilized tax-exempt property and make it taxable.