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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1054**

February 15, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to tax increment financing; authorizing the city of Burnsville to establish
1.3 districts subject to special rules; repealing Laws 1998, chapter 389, article 11,
1.4 section 18.

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

1.6 Section 1. **BURNSVILLE; NORTHWEST QUADRANT TAX INCREMENT**
1.7 **FINANCING.**

1.8 Subdivision 1. **Definitions.** (a) For the purposes of this section, the words and
1.9 phrases defined have the meanings given them in this subdivision.

1.10 (b) "City" means the city of Burnsville.

1.11 (c) "Project area" means the area in the city bounded on the south, southeast, and
1.12 southwest by the southerly right-of-way line of Minnesota Trunk Highway 13; on the east
1.13 by the easterly right-of-way line of Interstate Highway I-35W; on the north and northwest
1.14 by the Minnesota River; and on the west by the westerly corporate limits of the city,
1.15 together with a single parcel to the east of said Interstate Highway I-35W described as
1.16 the North 1370 feet of the West 1075 feet of the NW Quarter of Section 34 Township 27
1.17 Range 24 in the city of Burnsville, Dakota County, except the North 50 feet thereof;
1.18 provided that the project area includes the rights-of-way for all present and future highway
1.19 interchanges abutting the area described in this paragraph.

1.20 (d) "Soils deficiency district" means a type of tax increment financing district
1.21 consisting of a portion of the project area in which the city finds by resolution that the
1.22 following conditions exist:

1.23 (1) unusual terrain or soil deficiencies for 80 percent of the acreage in the district
1.24 require substantial filling, grading, or other physical preparation for use; and

2.1 (2) the estimated cost of the physical preparation under clause (1), but excluding
 2.2 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and
 2.3 local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1,
 2.4 clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land
 2.5 before completion of the preparation.

2.6 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
 2.7 financing plan for a district, the rules under this section apply to a redevelopment district,
 2.8 renewal and renovation district, soils condition district, or a soils deficiency district
 2.9 established by the city or a development authority of the city in the project area.

2.10 (b) The five-year rule under Minnesota Statutes, section 469.1763, subdivisions 3
 2.11 and 4, is extended to ten years for any district.

2.12 (c) The limitations on spending tax increment outside of the district under Minnesota
 2.13 Statutes, section 469.1763, subdivision 2, do not apply, but increments may only be
 2.14 expended on improvements or activities within the project area.

2.15 (d) For a soil deficiency district:

2.16 (1) increments may be collected through 20 years after the receipt by the authority of
 2.17 the first increment from the district; and

2.18 (2) except as otherwise provided in this subdivision, increments may be used only to:

2.19 (i) acquire parcels on which the improvements described in clause (ii) will occur;

2.20 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
 2.21 additional cost of installing public improvements directly caused by the deficiencies; and

2.22 (iii) pay for the administrative expenses of the authority allocable to the district.

2.23 (e) Increments spent for any infrastructure costs (whether inside a district or outside
 2.24 a district but within the project area) are deemed to satisfy the requirements of paragraph
 2.25 (d) and Minnesota Statutes, section 469.176, subdivisions 4b and 4j.

2.26 (f) The authority to approve tax increment financing plans to establish tax increment
 2.27 financing districts under this section expires on December 31, 2027.

2.28 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
 2.29 Statutes, section 645.021, subdivision 3.

2.30 **Sec. 2. REPEALER.**

2.31 Laws 1998, chapter 389, article 11, section 18, is repealed.

2.32 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
 2.33 Statutes, section 645.021, subdivision 3. The balance of tax increments derived from
 2.34 tax increment financing district no. 2-1 as of the effective date of this section must be

- 3.1 returned to the county for distribution in accordance with Minnesota Statutes, section
- 3.2 469.176, subdivision 2.