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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 1808

March 7, 2007

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

March 20, 2007

Committee Recommendation and Adoption of Report:

Re-referred to the Committee on Taxes without further recommendation

1.1 A bill for an act
1.2 relating to taxation; providing that tax increment financing plan modification
1.3 procedures do not apply to certain acquisitions of property; amending Minnesota
1.4 Statutes 2006, section 469.175, subdivision 4.

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

1.6 Section 1. Minnesota Statutes 2006, section 469.175, subdivision 4, is amended to read:

1.7 Subd. 4. **Modification of plan.** (a) A tax increment financing plan may be modified
1.8 by an authority.

1.9 (b) The authority may make the following modifications only upon the notice and
1.10 after the discussion, public hearing, and findings required for approval of the original plan:

1.11 (1) any reduction or enlargement of geographic area of the project or tax increment
1.12 financing district that does not meet the requirements of paragraph (e);

1.13 (2) increase in amount of bonded indebtedness to be incurred;

1.14 (3) a determination to capitalize interest on the debt if that determination was not a
1.15 part of the original plan;

1.16 (4) increase in the portion of the captured net tax capacity to be retained by the
1.17 authority;

1.18 (5) increase in the estimate of the cost of the project, including administrative
1.19 expenses, that will be paid or financed with tax increment from the district; or

1.20 (6) designation of additional property to be acquired by the authority, except when
1.21 the property:

1.22 (i) consists of one or more parcels under common ownership;

1.23 (ii) is acquired from a willing seller; and

1.24 (iii) is acquired for purposes of development as a housing project.

2.1 (c) If an authority changes the type of district to another type of district, this change
2.2 is not a modification but requires the authority to follow the procedure set forth in sections
2.3 469.174 to 469.179 for adoption of a new plan, including certification of the net tax
2.4 capacity of the district by the county auditor.

2.5 (d) If a redevelopment district or a renewal and renovation district is enlarged,
2.6 the reasons and supporting facts for the determination that the addition to the district
2.7 meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2),
2.8 or subdivision 10a, must be documented.

2.9 (e) The requirements of paragraph (b) do not apply if (1) the only modification is
2.10 elimination of parcels from the project or district and (2)(A) the current net tax capacity
2.11 of the parcels eliminated from the district equals or exceeds the net tax capacity of
2.12 those parcels in the district's original net tax capacity or (B) the authority agrees that,
2.13 notwithstanding section 469.177, subdivision 1, the original net tax capacity will be
2.14 reduced by no more than the current net tax capacity of the parcels eliminated from the
2.15 district. The authority must notify the county auditor of any modification that reduces or
2.16 enlarges the geographic area of a district or a project area.

2.17 (f) The geographic area of a tax increment financing district may be reduced, but
2.18 shall not be enlarged after five years following the date of certification of the original net
2.19 tax capacity by the county auditor or after August 1, 1984, for tax increment financing
2.20 districts authorized prior to August 1, 1979.

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