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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 1879

March 8, 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 the city of Columbia Heights; authorizing creation of a tax increment
1.3 financing district.

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

1.5 Section 1. **COLUMBIA HEIGHTS; TAX INCREMENT FINANCING DISTRICT.**

1.6 Subdivision 1. Definitions. (a) "Housing revitalization district" means a single tax
1.7 increment financing district established by the city of Columbia Heights and the Columbia
1.8 Heights Economic Development Authority consisting of all the property included in the
1.9 boundaries of tax increment financing district A3/C7.

1.10 (b) "Home rehabilitation program" means a program to provide grants or loans to
1.11 finance costs of rehabilitation of single family and duplex dwellings located anywhere
1.12 in the city that are:

1.13 (1) classified as homestead under Minnesota Statutes, chapter 273; and

1.14 (2) occupied by persons or families whose income is less than or equal to the income
1.15 requirements for qualified mortgage revenue bond projects under section 143(f) of the
1.16 Internal Revenue Code.

1.17 (c) "Home replacement program" means a program to pay eligible replacement
1.18 costs associated with removal of substandard housing located anywhere in the city and
1.19 the development of replacement housing.

1.20 (d) "Eligible replacement costs" means acquisition of substandard housing through
1.21 voluntary purchase from willing sellers, relocation expenses, demolition, and site
1.22 improvements related to construction of replacement housing.

1.23 (e) "Replacement housing" means residential developments containing fewer than
1.24 five units.

2.1 (f) "Substandard housing" means residential property containing fewer than
2.2 five units, whether or not classified as homestead, that is characterized by inadequate
2.3 maintenance, dilapidation, physical damage, unsanitary conditions, or abandonment.

2.4 (g) "Downtown dump remediation" means removal or remediation, as those terms
2.5 are defined in Minnesota Statutes, section 469.174, subdivision 18, of the property within
2.6 the housing revitalization district described as follows: the South 180 feet of the North
2.7 330 feet of Block 4, Walton's Rearrangement of Lots 33 and 34, Block 6, Reservoir Hills,
2.8 except the East 165 feet thereof, according to the recorded plat thereof, and situate in
2.9 Anoka County, Minnesota; and Block 4, Walton's Rearrangement of Lots 33 and 34, Block
2.10 6, Reservoir Hills, excepting therefrom however, the two following described tracts: Tract
2.11 1, the North 330 feet thereof; Tract 2, commencing at the southwest corner of Block 4,
2.12 Walton's Rearrangement of Lots 33 and 34, Block 6, Reservoir Hills; thence northerly
2.13 along the west line of said Block 4, 100 feet; thence easterly parallel with the south line of
2.14 said Block 4, 183 feet; thence southerly parallel with the west line of said Block 4, 100
2.15 feet to a point within said south boundary line; thence westerly along the south line of
2.16 said Block 4, 183 feet to the point of beginning, according to the plat thereof on file or
2.17 of record in the office of the County Recorder, Anoka County, Minnesota; and that part
2.18 of Block numbered 4, of Walton's Rearrangement of Lots 33 and 34, Block 6, Reservoir
2.19 Hills, described as follows: commencing at the southwest corner of Block 4, Walton's
2.20 Rearrangement of Lots 33 and 34, Block 6, Reservoir Hills; thence northerly along the
2.21 west line of said Block 4, 100 feet; thence easterly parallel with the south line of said
2.22 Block 4, 183 feet; thence southerly parallel with the west line of said Block 4, 100 feet to a
2.23 point within said south boundary line; thence westerly along the south line of said Block
2.24 4, 183 feet to the point of beginning, Anoka County, Minnesota.

2.25 Subd. 2. **Establishment of housing revitalization district.** The city and authority
2.26 may establish the housing revitalization district notwithstanding the inclusion of that
2.27 property in tax increment financing district A3/C7 at the time of approval of the tax
2.28 increment financing plan. To establish the housing revitalization district, the city and
2.29 authority shall adopt a tax increment financing plan and otherwise comply with the
2.30 requirements of Minnesota Statutes, section 469.175, except that the determinations set
2.31 forth in Minnesota Statutes, section 469.175, subdivision 3, paragraph (b), clauses (1)
2.32 and (2), item (ii), are not required.

2.33 Subd. 3. **Special rules.** (a) The housing revitalization district is subject to the
2.34 provisions of Minnesota Statutes, sections 469.174 to 469.1799, except as otherwise
2.35 provided in this act.

3.1 (b) The original net tax capacity of the housing revitalization district is the same
3.2 as the original net tax capacity of the A3/C7 district as of the date of approval of the tax
3.3 increment financing plan for the housing revitalization district, subject thereafter to all
3.4 adjustments pursuant to Minnesota Statutes, section 469.177, subdivisions 1 and 7, but not
3.5 subject to the adjustments under Minnesota Statutes, section 469.177, subdivision 4.

3.6 (c) For the purposes of Minnesota Statutes, section 469.177, subdivision 1a, the
3.7 original local tax rate is the rate in effect for taxes payable in 2010.

3.8 (d) The city may elect the method of computation under Minnesota Statutes, section
3.9 469.177, subdivision 3, paragraph (a) or (b), and all other provisions of Minnesota
3.10 Statutes, section 469.177, subdivision 3, apply, except that the first calculation and
3.11 payment of tax increment from the housing revitalization district shall be based on the
3.12 net capacity assessed in 2009 for taxes payable in 2010.

3.13 (e) Increments from the housing revitalization district may be expended only to pay
3.14 or reimburse the costs of a home rehabilitation program, a home replacement program,
3.15 and downtown dump remediation, whether such costs are incurred before or after the
3.16 establishment of the district.

3.17 (f) Minnesota Statutes, section 469.1763, does not apply to the housing revitalization
3.18 district.

3.19 (g) No tax increment from the housing revitalization district shall be paid to the city
3.20 or authority after 25 years from the date of receipt by the authority of the first increment in
3.21 accordance with paragraph (d).

3.22 (h) Minnesota Statutes, section 469.176, subdivision 6, does not apply to the housing
3.23 revitalization district.

3.24 Subd. 4. **Expiration.** The authority to approve a tax increment financing plan to
3.25 establish the housing revitalization district under this act expires on December 31, 2008.

3.26 Subd. 5. **Applicability of other laws.** (a) References in Minnesota Statutes to
3.27 tax increment financing districts created and tax increment generated under Minnesota
3.28 Statutes, sections 469.174 to 469.1799, include the housing revitalization district subject
3.29 to this act.

3.30 (b) For the purposes of Minnesota Statutes, section 469.1782, this act does not
3.31 extend the duration of an existing district or allow establishment of a new district with a
3.32 longer duration limit than that permitted by general law.

3.33 **Sec. 2. EFFECTIVE DATE.**

3.34 This act is effective upon compliance by the city of Columbia Heights with
3.35 Minnesota Statutes, section 645.021.