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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2237**

March 19, 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 taxation; providing a sales tax exemption for construction materials
1.3 and equipment used to construct improvements in a tax increment financing
1.4 district in the city of Bloomington; extending the duration of a tax increment
1.5 financing district in the city of Bloomington and modifying its boundaries;
1.6 providing for the issuance of certain state obligations; appropriating money;
1.7 amending Minnesota Statutes 2006, section 297A.71, by adding a subdivision;
1.8 Laws 1996, chapter 464, article 1, section 8, subdivision 3.

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

1.10 Section 1. Minnesota Statutes 2006, section 297A.71, is amended by adding a
1.11 subdivision to read:

1.12 Subd. 40. **Retail facility and related improvement expansion.** Building materials
1.13 and supplies used or consumed in, and equipment incorporated into, the construction or
1.14 improvement of a retail facility and related improvements within Tax Increment District
1.15 No. 1-G in the city of Bloomington are exempt.

1.16 **EFFECTIVE DATE.** This section is effective for sales after June 30, 2007, and
1.17 before July 1, 2011.

1.18 Sec. 2. Laws 1996, chapter 464, article 1, section 8, subdivision 3, is amended to read:

1.19 Subd. 3. **Special rules.** (a) Tax increment may not be captured by the port authority
1.20 from the tax increment financing district on the met center property after December 31 of
1.21 the year in which tax increments, assessments, and other revenues from the district and
1.22 the accumulated increments from the district consisting of the Kelly property exceed
1.23 the permitted expenditures under paragraph (d). The provisions of this paragraph apply
1.24 beginning with the first calendar year after the conditions precedent in subdivision 2

2.1 are satisfied and construction has begun on improvements on the met center site. No
2.2 increments may, in any event, be collected from the tax increment financing district on the
2.3 met center site after December 31, ~~2018~~ 2025.

2.4 (b) The provisions of Minnesota Statutes, section 273.1399, do not apply to the tax
2.5 increment financing district on the met center property.

2.6 (c) The governing body of the city of Bloomington must elect the method of
2.7 computation of tax increment specified in Minnesota Statutes, section 469.177, subdivision
2.8 3, paragraph (b), in the tax increment financing district on the met center property.

2.9 (d) Tax increments, assessments, and other revenues derived from the tax increment
2.10 district on the met center property and any accumulated tax increments from the tax
2.11 increment financing district on the Kelly property may be used to finance only the
2.12 following:

2.13 (1) amounts that the city or port authority must pay to reimburse or otherwise
2.14 pay the developer for public improvements because of counted value resulting from
2.15 investment in property at the met center site under section 9.2(05) of the restated contract
2.16 for purchase and private redevelopment of land, by and among the city of Bloomington,
2.17 the port authority of the city of Bloomington, and the Mall of America Company, dated
2.18 May 31, 1988;

2.19 (2) interest and other financing costs the city or port authority pays or incurs on, but
2.20 that are not included in, the amounts under clause (1);

2.21 (3) interest and principal on qualified bonds to the extent that other available
2.22 revenues and increments from other sources that are pledged to pay the bonds are
2.23 insufficient. In determining whether other available revenues or increments are
2.24 insufficient, spending of these revenues for only the following items reduce available
2.25 revenues (all other revenues are deemed to be available):

2.26 (A) payment of debt service on bonds and obligations issued and sold before March
2.27 31, 1996;

2.28 (B) payments under binding written contracts in effect on March 31, 1996, to which
2.29 the increments or other revenues are pledged; and

2.30 (C) reasonable administrative expenses, subject to the limits under Minnesota
2.31 Statutes, section 469.176, subdivision 3; and

2.32 (4) reasonable administrative expenses as provided under Minnesota Statutes,
2.33 sections 469.174 to 469.178. The amounts permitted under clauses (1) and (2) must be
2.34 used to determine the limit or administrative expenses under Minnesota Statutes, section
2.35 469.176, subdivision 3.

2.36 For the purposes of paragraph (d), "qualified bonds" means:

3.1 (i) bonds or other obligations issued and sold before March 31, 1996, to which
 3.2 increments from the tax increment financing district consisting of the Kelly property are
 3.3 pledged; and

3.4 (ii) bonds or other obligations that refund bonds described in (i), if the refunding
 3.5 bonds do not increase the present value of the debt service payments secured by the
 3.6 increments and are secured by a pledge of the same increments and other revenues as
 3.7 secured by the bonds to be refunded.

3.8 For purposes of determining the qualifying ratio percent for counted value under
 3.9 the formula in section 9.2(05) of the restated contract under clause (1), investment in
 3.10 property at the met center site is deemed to be after or in addition to all the investment at
 3.11 other sites covered by the restated contract.

3.12 **Sec. 3. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING**
 3.13 **DISTRICT.**

3.14 **Subdivision 1. Addition of parcels to Tax Increment District No. 1-G.**

3.15 Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4,
 3.16 or any other law to the contrary, the governing bodies of the Port Authority of the city
 3.17 of Bloomington and the city of Bloomington may elect to eliminate certain real property
 3.18 from Tax Increment District No. 1-C within Industrial Development District No. 1 Airport
 3.19 South in the city of Bloomington, Minnesota, and expand the boundaries of Tax Increment
 3.20 District No. 1-G to include real property, which is described as follows:

3.21 (1) PARCEL A: Outlot A, MALL OF AMERICA 5TH ADDITION, according to
 3.22 the recorded plat thereof, Hennepin County, Minnesota;

3.23 (2) PARCEL B: Lots 1 and 2, Block 1, MALL OF AMERICA 6TH ADDITION,
 3.24 according to the record plat thereof, Hennepin County, Minnesota;

3.25 (3) PARCEL C: That part of Lindau Lane lying westerly of 24th Avenue South and
 3.26 lying easterly of State Highway No. 77;

3.27 (4) PARCEL D: Those parts of Lots 1, 2, and 3, Block 1, MALL OF AMERICA
 3.28 3RD ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota,
 3.29 which lie northerly of a line described as commencing at the most westerly northwest
 3.30 corner of said Lot 1; thence on an assumed bearing of South 4 degrees 10 minutes 55
 3.31 seconds West, along the west line of said Lot 1, a distance of 58.60 feet to the point of
 3.32 beginning of the line to be described; thence South 89 degrees 59 minutes 29 seconds East
 3.33 a distance of 205.48 feet; thence South 62 degrees 16 minutes 23 seconds East a distance
 3.34 of 169.47 feet; thence North 445 degrees 01 minute 28 seconds East a distance of 249.76
 3.35 feet; thence South 89 degrees 59 minutes 39 seconds East a distance of 88.47 feet; thence

4.1 South 45 degrees 09 minutes 10 seconds East a distance of 225.13 feet; thence South 89
4.2 degrees 59 minutes 52 seconds East a distance of 303.62 feet; thence South 0 degrees 00
4.3 minutes 08 seconds West a distance of 10.00 feet; thence North 89 degrees 57 minutes
4.4 47 seconds East a distance of 55.90 feet; thence North 0 degrees 06 minutes 52 seconds
4.5 West a distance of 10.01 feet; thence North 89 degrees 59 minutes 04 seconds East a
4.6 distance of 332.04 feet; thence North 44 degrees 57 minutes 59 seconds East a distance of
4.7 251.28 feet; thence South 45 degrees 05 minutes 41 seconds East a distance of 267.55
4.8 feet; thence North 73 degrees 11 minutes 28 seconds East a distance of 145.63 feet; thence
4.9 South 89 degrees 59 minutes 38 seconds East a distance of 217.21 feet to the east line of
4.10 said Lot 1 and said line there terminating;

4.11 (5) PARCEL E: That part of Lot 1, Block 1, MALL OF AMERICA 3RD
4.12 ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota,
4.13 described as commencing at the most southerly southwest corner of said Lot 1; thence
4.14 on an assumed bearing of South 88 degrees 03 minutes 50 seconds East, along the south
4.15 line of said Lot 1, a distance of 847.28 feet to the point of beginning of the parcel to be
4.16 described; thence North 0 degrees 01 minutes 05 seconds West a distance of 307.69 feet;
4.17 thence North 89 degrees 59 minutes 32 seconds East a distance of 163.77 feet; thence
4.18 North 0 degrees 00 minutes 36 seconds East a distance of 10.17 feet; thence South 89
4.19 degrees 59 minutes 24 seconds East a distance 55.93 feet; thence South 0 degrees 02
4.20 minutes 42 seconds West a distance of 10.21 feet; thence South 89 degrees 59 minutes 24
4.21 seconds East a distance of 242.25 feet; thence South 0 degrees 00 minutes 36 seconds
4.22 West a distance of 54.87 feet; thence South 62 degrees 14 minutes 23 seconds East a
4.23 distance of 22.55 feet; thence South 45 degrees 05 minutes 26 seconds East a distance
4.24 of 263.33 feet; thence South 0 degrees 12 minutes 39 seconds East a distance of 62.13
4.25 feet to said south line of Lot 1; thence westerly along said south line of Lot 1, a distance
4.26 of 668.64 feet to the point of beginning;

4.27 (6) PARCEL F: That part of Lot 1, Block 1, MALL OF AMERICA 3RD
4.28 ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota,
4.29 described as beginning at the most westerly southwest corner of said Lot 1; thence on an
4.30 assumed bearing of North 4 degrees 10 minutes 55 seconds East, along the west line of
4.31 said Lot 1, a distance of 490.00 feet; thence South 89 degrees 59 minutes 26 seconds East
4.32 a distance of 69.49 feet; thence South 0 degrees 00 minutes 34 seconds West a distance of
4.33 488.70 feet; thence North 89 degrees 59 minutes 26 seconds West a distance of 105.14
4.34 feet to the point of beginning;

4.35 (7) PARCEL G: That part of Lot 1, Block 1, MALL OF AMERICA 3RD
4.36 ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota,

5.1 described as commencing at the most westerly southwest corner of said Lot 1; thence on
 5.2 an assumed bearing of North 4 degrees 10 minutes 55 seconds East, along the west line
 5.3 of said Lot 1, a distance of 873.70 feet; thence South 89 degrees 58 minutes 59 seconds
 5.4 East a distance of 273.87 feet to the point of beginning of the parcel to be described;
 5.5 thence continuing South 89 degrees 58 minutes 59 seconds East a distance of 130.00 feet;
 5.6 thence South 0 degrees 01 minute 01 second West a distance of 216.53 feet; thence South
 5.7 85 degrees 23 minutes 04 seconds East a distance of 1.70 feet; thence South 0 degrees
 5.8 01 minute 01 second West a distance of 87.63 feet; thence South 83 degrees 20 minutes
 5.9 10 seconds West a distance of 1.68 feet; thence South 0 degrees 01 minute 49 seconds
 5.10 East a distance of 216.46 feet; thence North 89 degrees 58 minutes 59 seconds West a
 5.11 distance of 130.21 feet; thence North 0 degrees 01 minute 01 second East a distance of
 5.12 520.95 feet to the point of beginning, which lies above an elevation of 894.2 feet, Mean
 5.13 Sea Level Datum NGVD 1929 adjustment;

5.14 (8) PARCEL H: That part of Lot 1, Block 1, MALL OF AMERICA 3RD
 5.15 ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota,
 5.16 described as commencing at the most westerly southwest corner of said Lot 1; thence on
 5.17 an assumed bearing of North 4 degrees 10 minutes 55 seconds East, along the west line of
 5.18 said Lot 1, a distance of 873.70 feet; thence South 89 degrees 58 minutes 59 seconds East a
 5.19 distance of 403.87 feet; thence North 89 degrees 56 minutes 58 seconds East a distance of
 5.20 61.26 feet to the point of beginning of the parcel to be described; thence South 89 degrees
 5.21 56 minutes 58 seconds West a distance of 61.26 feet; thence South 0 degrees 01 minute 01
 5.22 second West a distance of 216.53 feet; thence South 85 degrees 23 minutes 04 seconds
 5.23 East a distance of 1.70 feet; thence South 0 degrees 01 minute 01 second West a distance
 5.24 of 87.63 feet; thence South 83 degrees 20 minutes 10 seconds West a distance of 1.68 feet;
 5.25 thence South 0 degrees 01 minute 49 seconds East a distance of 216.46 feet; thence North
 5.26 89 degrees 56 minutes 58 seconds East a distance of 61.15 feet to a line bearing South 0
 5.27 degrees 00 minutes 24 seconds West from the point of beginning; thence North 0 degrees
 5.28 00 minutes 24 seconds East a distance of 520.95 feet to the point of beginning;

5.29 (9) PARCEL I: That part of Lot 1, Block 1, MALL OF AMERICA 3RD ADDITION,
 5.30 according to the recorded plat thereof, Hennepin County, Minnesota, described as
 5.31 commencing at the most westerly southwest corner of said Lot 1; thence on an assumed
 5.32 bearing of North 4 degrees 10 minutes 55 seconds East, along the west line of said Lot 1, a
 5.33 distance of 873.70 feet; thence South 89 degrees 58 minutes 59 seconds East a distance
 5.34 of 403.87 feet; thence North 89 degrees 56 minutes 58 seconds East a distance of 61.26
 5.35 feet; thence South 0 degrees 00 minutes 24 seconds West a distance of 5.54 feet to the
 5.36 point of beginning of the parcel to be described; thence continuing South 0 degrees 00

6.1 minutes 24 seconds West a distance of 300.00 feet; thence South 89 degrees 59 minutes 36
 6.2 seconds East a distance of 123.79 feet; thence North 0 degrees 00 minutes 24 seconds East
 6.3 a distance of 299.98 feet; thence North 89 degrees 58 minutes 55 seconds West a distance
 6.4 of 123.79 feet to the point of beginning, which lies above an elevation of 877.6 feet, Mean
 6.5 Sea Level Datum NGVD 1929 adjustment;

6.6 (10) PARCEL J: That part of Lot 4, Block 1, MALL OF AMERICA 3RD
 6.7 ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota, which
 6.8 lies above an elevation of 878.0 feet, Mean Sea Level Datum NGVD 1929 adjustment; and

6.9 (11) PARCEL K: That part of Lot 1, Block 1, MALL OF AMERICA 3RD
 6.10 ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota,
 6.11 described as beginning at the most southerly southeast corner of said Lot 1; thence on an
 6.12 assumed bearing of North 86 degrees 49 minutes 30 seconds West, along the south line of
 6.13 said Lot 1, a distance of 117.87 feet; thence North 0 degrees 01 minute 27 seconds East a
 6.14 distance of 293.98 feet; thence North 89 degrees 59 minutes 41 seconds East a distance of
 6.15 213.38 feet to the east line of said Lot 1; thence southerly and westerly along said east and
 6.16 south lines of Lot 1, a distance of 357.03 feet to the point of beginning.

6.17 Subd. 2. **Original tax capacity of Tax Increment District No. 1-G.** Upon inclusion
 6.18 of the real property described above in the Tax Increment District No. 1-G, the Hennepin
 6.19 County auditor must increase the original tax capacity of Tax Increment No. 1-G by \$.....

6.20 Subd. 3. **Use of increments.** All tax increments from Tax Increment District No.
 6.21 1-G must be used for infrastructure costs.

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

6.24 **Sec. 4. MALL OF AMERICA PHASE II PARKING FACILITY.**

6.25 Subdivision 1. **Appropriation.** \$181,000,000 is appropriated from the bond
 6.26 proceeds fund to the commissioner of employment and economic development for a grant
 6.27 to the city of Bloomington to predesign, design, construct, furnish, and equip a parking
 6.28 facility for the Mall of America Phase II.

6.29 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the
 6.30 bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state
 6.31 in an amount up to \$181,000,000 in the manner, upon the terms, and with the effect
 6.32 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
 6.33 Constitution, article XI, sections 4 to 7.