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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 2251

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Authored by Lenczewski and Slocum

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; providing a reimbursement mechanism for
1.3 the city of Bloomington related to siting of the north-south airport runway.

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

1.5 Section 1. REIMBURSEMENT; CITY OF BLOOMINGTON.

1.6 (a) The port authority of the city of Bloomington may apply to the Metropolitan
1.7 Airports Commission, as provided in this section, for compensation for its reduced tax
1.8 increment revenues resulting from a delay in construction of an expansion of the Mall
1.9 of America development as a result of the decision to expand the Minneapolis-St. Paul
1.10 International Airport.

1.11 (b) For purposes of this section, the following terms have the meanings given:

1.12 (1) "Airport" means the Minneapolis-St. Paul International Airport.

1.13 (2) "Commission" means the Metropolitan Airports Commission.

1.14 (3) "Office" means the Office of Administrative Hearings.

1.15 (4) "Port authority" means the port authority of the city of Bloomington.

1.16 (c) The commission shall pay compensation to the port authority, if absent actions
1.17 taken by the state and the commission to expand the airport by constructing the north-south
1.18 runway, construction of the expansion of the Mall of America would have occurred within
1.19 the period starting January 1, 1993, and ending 12 months after final completion of the
1.20 land exchange authorized by Laws 1996, chapter 464, article 1, section 8. The amount of
1.21 compensation must be determined as provided in paragraph (f).

1.22 (d) If the commission denies the port authority's application for compensation, the
1.23 port authority may initiate a contested case proceeding under Minnesota Statutes, section
1.24 14.57, to compel payment by the commission. The office shall determine whether the port

2.1 authority is entitled to compensation for a delay in construction of an expansion and
2.2 the amount of compensation. In making this determination, the office shall consider
2.3 any relevant factors and evidence presented by the parties including, but not limited to,
2.4 the following:

2.5 (1) market conditions for the development;

2.6 (2) the readiness and willingness of the owners or others to develop the property,
2.7 as evidenced by their development plans;

2.8 (3) the availability and cost of financing to the owners or other potential developers;

2.9 (4) the feasibility of the developers proceeding with their plans;

2.10 (5) actions of the state and the commission that prevented their development plans;

2.11 and

2.12 (6) when the state or commission made public the decision to expand the airport
2.13 and when the developer received credible or reliable information regarding the planned
2.14 airport expansion.

2.15 (e) For purposes of the proceedings under this section, the burden of proof is on the
2.16 port authority and the standard of proof is by the preponderance of the evidence. The port
2.17 authority and the commission must share equally the cost of the proceedings.

2.18 (f) The measure of compensation to the port authority must be determined based
2.19 on the property tax value of the delayed development that would have been captured
2.20 and generated tax increments for the port authority for each year through the taxes
2.21 payable year beginning on the first day of the second January after completion of the land
2.22 exchange authorized by Laws 1996, chapter 464, article 1, section 8. The compensation
2.23 equals the tax increment that would have been generated by the development for each year
2.24 of the delay. The compensation must be reduced by the value of the property provided
2.25 by the commission to the developer, less the value of any property transferred by the
2.26 landowner or developer to the commission under the land exchange authorized by Laws
2.27 1996, chapter 464, article 1, section 8. If the office determines that actions by the state and
2.28 the commission were not both necessary and sufficient causes for the delay in construction
2.29 of the development, the commission is not liable to pay any compensation.

2.30 (g) If compensation is awarded to the port authority under this section, it is payable
2.31 in equal installments over a term of years equal to the number of years of the delay agreed
2.32 to by the commission or found by the office. The payments must be deposited in the port
2.33 authority's tax increment fund or funds for the tax increment financing districts containing
2.34 the Mall of America and the former met center property and must be used in the same
2.35 manner as tax increments for those districts. If the commission does not have available
2.36 funds permitted to be used to pay compensation as required by this act, the commission

3.1 may levy an amount sufficient to pay the compensation under Minnesota Statutes, section
3.2 473.667, subdivision 9.

3.3 (h) The authority to make application for compensation under this section expires
3.4 December 31, 2009.

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