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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 732

02/01/2017 Authored by Smith
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; tax increment financing; modifying special rules for the Maple
1.3 Grove tax increment financing district; amending Laws 2014, chapter 308, article
1.4 6, section 9.

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

1.6 Section 1. Laws 2014, chapter 308, article 6, section 9, is amended to read:

1.7 Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.

1.8 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.9 the meanings given them.

1.10 (b) "City" means the city of Maple Grove.

1.11 (c) "Project area" means all or a portion of the area in the city commencing at a point
1.12 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section
1.13 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way
1.14 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock
1.15 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,
1.16 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of
1.17 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees
1.18 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance
1.19 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue
1.20 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter
1.21 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west
1.22 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55
1.23 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section

2.1 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence  
 2.2 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,  
 2.3 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said  
 2.4 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence  
 2.5 South along the east line of said Outlot A and its southerly extension to the south right-of-way  
 2.6 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way  
 2.7 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of  
 2.8 Section 24; thence South along said east line to the north line of the South Half of the  
 2.9 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way  
 2.10 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of  
 2.11 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west  
 2.12 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot  
 2.13 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North  
 2.14 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east  
 2.15 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south  
 2.16 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State  
 2.17 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the  
 2.18 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of  
 2.19 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way  
 2.20 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary  
 2.21 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence  
 2.22 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning  
 2.23 and there terminating, provided that the project area includes the rights-of-way for all present  
 2.24 and future highway interchanges abutting the area described in this paragraph, and may  
 2.25 include any additional property necessary to cause the property included in the tax increment  
 2.26 financing district to consist of complete parcels.

2.27 (d) "Soil deficiency district" means a type of tax increment financing district consisting  
 2.28 of a portion of the project area in which the city finds by resolution that the following  
 2.29 conditions exist:

2.30 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in  
 2.31 the district require substantial filling, grading, or other physical preparation for use; and

2.32 (2) the estimated cost of the physical preparation under clause (1), but excluding costs  
 2.33 directly related to roads as defined in Minnesota Statutes, section 160.01, and local  
 2.34 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses

3.1 (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before  
3.2 completion of the preparation.

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

3.7 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
3.8 rules under this subdivision, the city must find by resolution that parcels consisting of at  
3.9 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
3.10 are characterized by one or more of the following conditions:

3.11 (1) peat or other soils with geotechnical deficiencies that impair development of  
3.12 commercial buildings or infrastructure;

3.13 (2) soils or terrain that require substantial filling in order to permit the development of  
3.14 commercial buildings or infrastructure;

3.15 (3) landfills, dumps, or similar deposits of municipal or private waste;

3.16 (4) quarries or similar resource extraction sites;

3.17 (5) floodway; and

3.18 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
3.19 subdivision 10.

3.20 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
3.21 relevant condition if at least 70 percent of the area of the parcel contains the relevant  
3.22 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
3.23 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
3.24 parcel.

3.25 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
3.26 extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision  
3.27 4, does not apply to any district.

3.28 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
3.29 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
3.30 increments paid by properties in any district, measured over the life of the district, may be  
3.31 expended on activities outside the district but within the project area.

3.32 (f) For a soil deficiency district:

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

4.3 (2) increments may be used only to:

4.4 (i) acquire parcels on which the improvements described in item (ii) will occur;

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

4.7 (iii) pay for the administrative expenses of the authority allocable to the district; and

4.8 (3) any parcel acquired with increments from the district must be sold at no less than  
4.9 their fair market value.

4.10 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
4.11 district but within the project area, are deemed to satisfy the requirements of Minnesota  
4.12 Statutes, section 469.176, subdivision 4j.

4.13 (h) The authority to approve tax increment financing plans to establish tax increment  
4.14 financing districts under this section expires June 30, 2020.

4.15 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use  
4.16 increments from a soil deficiency district to acquire parcels and for other infrastructure costs  
4.17 either inside or outside of the district, but within the project area, if the acquisition or  
4.18 infrastructure is for a qualified development. For purposes of this paragraph, a development  
4.19 is a qualified development only if all of the following requirements are satisfied:

4.20 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken  
4.21 primarily to serve the development;

4.22 (2) the city has a binding, written commitment and adequate financial assurances from  
4.23 the developer that the development will be constructed; and

4.24 (3) the development does not consist of retail trade or housing improvements.

4.25 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
4.26 of the city of Maple Grove and its compliance with the requirements of Minnesota Statutes,  
4.27 section 645.021.