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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **706**

02/18/2013 Authored by Nelson, Schoen and FitzSimmons
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to tax increment financing; extending temporary authority; amending
Minnesota Statutes 2012, section 469.176, subdivisions 4c, 4m.

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

Section 1. Minnesota Statutes 2012, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment
from an economic development district may not be used to provide improvements, loans,
subsidies, grants, interest rate subsidies, or assistance in any form to developments
consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and
facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including
processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding
retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities; or

(6) ~~qualified border retail facilities; or~~

~~(7) space necessary for and related to the activities listed in clauses (1) to (6)~~ (5).

(b) Notwithstanding the provisions of this subdivision, revenues derived from tax
increment from an economic development district may be used to provide improvements,
loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
square feet of any separately owned commercial facility located within the municipal
jurisdiction of a small city, if the revenues derived from increments are spent only to

assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district.

(c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) Notwithstanding the requirements of paragraph (a) and the finding requirements of section 469.174, subdivision 12, tax increments from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all the following conditions are met:

(1) the municipality finds that the project will create or retain jobs in this state, including construction jobs, and that construction of the project would not have commenced before ~~July 1, 2012~~ January 1, 2014, without the authority providing assistance under the provisions of this paragraph;

(2) construction of the project begins no later than ~~July 1, 2012~~ January 1, 2014;

(3) the request for certification of the district is made no later than ~~June 30, 2012~~ December 31, 2013; and

(4) for development of housing under this paragraph, the construction must begin before January 1, 2012.

The provisions of this paragraph may not be used to assist housing that is developed to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law, if construction of the project begins later than July 1, 2011.

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

Sec. 2. Minnesota Statutes 2012, section 469.176, subdivision 4m, is amended to read:

Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding the restrictions in any other subdivision of this section or any other law to the contrary, except the requirement to pay bonds to which the increments are pledged and the provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in this state, including

construction jobs, and that the construction commences before ~~July 1, 2012~~ January 1, 2014, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirements of clause (1) financially feasible.

(b) The authority may undertake actions under the authority of this subdivision only after approval by the municipality of a written spending plan ~~that specifically authorizes the authority to take the actions.~~ The spending plan must contain a detailed description of each action to be undertaken. The municipality shall approve the spending plan only after a public hearing after published notice in a newspaper of general circulation in the municipality at least once, not less than ten days nor more than 30 days prior to the date of the hearing.

(c) The authority to spend tax increments under this subdivision expires ~~December 31, 2012~~ June 30, 2014.

~~(d) For a development consisting of housing, the authority to spend tax increments under this subdivision expires December 31, 2011, and construction must commence before July 1, 2011, except the authority to spend tax increments on market rate housing developments under this subdivision expires July 31, 2012, and construction must commence before January 1, 2012.~~

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all tax increment financing districts, regardless of when the request for certification was made. The amendments to paragraph (b) apply to projects approved after the day following final enactment.