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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **1064**

02/09/2017 Authored by Peterson, Christensen and Masin
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 tax increment financing
1.3 authority for the city of Burnsville; amending Laws 2008, chapter 154, article 9,
1.4 section 21, subdivision 2.

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

1.6 Section 1. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to
1.7 read:

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

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

1.17 (1) peat or other soils with geotechnical deficiencies that impair development of
1.18 residential or commercial buildings or infrastructure;

1.19 (2) soils or terrain that requires substantial filling in order to permit the development of
1.20 commercial or residential buildings or infrastructure;

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

1.22 (4) quarries or similar resource extraction sites;

2.1 (5) floodway; and

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

2.4 (c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be
2.5 characterized by the relevant condition if at least 70 percent of the area of the parcel contains
2.6 the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to
2.7 be characterized by substandard buildings if the buildings occupy at least 30 percent of the
2.8 area of the parcel.

2.9 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
2.10 extended to ten years for any district, and section 469.1763, subdivision 4, does not apply
2.11 to any district.

2.12 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph
2.13 (a), not more than 80 percent of the total revenue derived from tax increments paid by
2.14 properties in any district (measured over the life of the district) may be expended on activities
2.15 outside the district but within the project area.

2.16 (f) For a soil deficiency district:

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

2.19 (2) except as otherwise provided in this subdivision, increments may be used only to:

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

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

2.23 (iii) pay for the administrative expenses of the authority allocable to the district.

2.24 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
2.25 district but within the project area, are deemed to satisfy the requirements of paragraph (f)
2.26 and Minnesota Statutes, section 469.176, subdivisions 4b, 4c, and 4j.

2.27 (h) Increments from any district may not be used to pay the costs of landfill closure or
2.28 public infrastructure located on the following parcels within the plat known as Burnsville
2.29 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

2.30 (i) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is
2.31 extended to nine years.

3.1 (j) The city may specify in the tax increment financing plan for any district the first year
3.2 in which it elects to receive increment, which may be up to eight years following approval
3.3 of the district.

3.4 (k) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, paragraph (c),
3.5 the city may waive any increment received in 2016 and, if so, it shall not be used in
3.6 determining the duration limit for any district created under this section.

3.7 (l) The authority to approve tax increment financing plans to establish tax increment
3.8 financing districts under this section expires on ~~December 31, 2018~~ March 20, 2023.

3.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
3.10 of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section
3.11 645.021.