A bill for an act

relating to tax increment financing; excluding county levies in computing increment and making conforming changes; amending Minnesota Statutes 2010, sections 469.175, subdivision 2; 469.176, subdivision 4h; 469.1762; 469.177, subdivision 1a; repealing Minnesota Statutes 2010, sections 469.175, subdivision 1a; 469.176, subdivision 4i.

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

Section 1. Minnesota Statutes 2010, section 469.175, subdivision 2, is amended to read:

Subd. 2. **Consultations; comment and filing.** (a) Before formation of a tax increment financing district, the authority shall provide the ~~county auditor and~~ clerk of the school board with the proposed tax increment financing plan for the district and the authority's estimate of the fiscal and economic implications of the proposed tax increment financing district. The authority must provide the proposed tax increment financing plan and the information on the fiscal and economic implications of the plan to ~~the county auditor and~~ the clerk of the school district board at least 30 days before the public hearing required by subdivision 3. The information on the fiscal and economic implications may be included in or as part of the tax increment financing plan. The ~~county auditor and~~ clerk of the school board shall provide copies to the members of the ~~boards~~ school board, as directed by ~~their respective boards~~ the board. The 30-day requirement is waived if the ~~boards of the county and school district submit~~ school board submits written comments on the proposal and any modification of the proposal to the authority after receipt of the information.

(b) For purposes of this subdivision, "fiscal and economic implications of the proposed tax increment financing district" includes:

(1) an estimate of the total amount of tax increment that will be generated over the life of the district;

(2) a description of the probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes;

(3) the estimated amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same;<u> and</u>

~~(4) the estimated amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same; and~~

~~(5)~~<u> (4)</u> additional information regarding the size, timing, or type of development in the district requested by the ~~county or the~~ school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district. If a ~~county or~~ school district has not adopted standard questions in a written policy on information requested for fiscal and economic implications, a ~~county or~~ school district must request additional information no later than 15 days after receipt of the tax increment financing plan and the request does not require an additional 30 days of notice before the public hearing.

<u>**EFFECTIVE DATE.** This section is effective for tax increment financing districts and amendments adding area to any existing tax increment financing district for which the request for certification is made after June 30, 2011.</u>

Sec. 2. Minnesota Statutes 2010, section 469.176, subdivision 4h, is amended to read:

Subd. 4h. **County costs.** ~~(a)~~ Tax increments may be used to pay for the county's actual administrative expenses under sections 469.174 to 469.179. The county may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the county auditor must submit to the authority a record of costs incurred by the county auditor related to administration of the authority's tax increment financing districts.

~~(b) Tax increments may be used to pay county road costs as provided in section 469.175, subdivision 1a.~~

EFFECTIVE DATE. This section is effective for tax increment financing districts for which the request for certification is made after June 30, 2011.

Sec. 3. Minnesota Statutes 2010, section 469.1762, is amended to read:

469.1762 ARBITRATION OF DISPUTES OVER COUNTY COSTS.

If the county and the authority or municipality are unable to agree on ~~either (1) the need for or cost of road improvements under section 469.175, subdivision 1a, or (2)~~ the amount of county administrative costs under section 469.176, subdivision 4h, and the county or municipality demands arbitration, the matter must be submitted to binding arbitration in accordance with sections 572B.01 to 572B.31 and the rules of the American Arbitration Association. Within 30 days after the demand for arbitration, the parties shall each select an arbitrator or agree upon a single arbitrator. If the parties each select an arbitrator, the two arbitrators shall select a third arbitrator within 45 days after the demand for arbitration. Each party shall pay the fees and expenses of the arbitrator it selected and the parties shall share equally the expenses of the third arbitrator or an arbitrator agreed upon mutually by the parties.

EFFECTIVE DATE. This section is effective for tax increment financing districts for which the request for certification is made after June 30, 2011.

Sec. 4. Minnesota Statutes 2010, section 469.177, subdivision 1a, is amended to read:

Subd. 1a. **Original local tax rate.** (a) At the time of the initial certification of the original net tax capacity for a tax increment financing district or a subdistrict, the county auditor shall certify the original local tax rate that applies to the district or subdistrict. The original local tax rate is the sum of all the local tax rates that apply to a property in the district or subdistrict. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the district's or subdistrict's original tax capacity. The resulting tax capacity rate is the original local tax rate for the life of the district or subdistrict.

(b) Effective for districts for which the request for certification is made after June 30, 2011, the original local tax rate and any other tax rate or amount used to calculate the amount of tax increment does not include any rate or amount attributable to a county levy. The provisions of this paragraph do not apply to any district for which the county is the municipality under section 469.175, subdivision 3.

EFFECTIVE DATE. This section is effective for tax increment financing districts and amendments adding area to any existing tax increment financing district for which the request for certification is made after June 30, 2011.

Sec. 5. **REPEALER.**

Minnesota Statutes 2010, sections 469.175, subdivision 1a; and 469.176, subdivision 4i, are repealed.

EFFECTIVE DATE. This section is effective for tax increment financing districts for which the request for certification is made after June 30, 2011.