

2.1 footage of the building has not been occupied during the previous 12-month period. For
2.2 purposes of this paragraph, square footage that is leased is considered to be occupied.

2.3 Subd. 2. **Findings.** Prior to authorizing a reduction in value under subdivision 3, the
2.4 agency must make the following findings:

2.5 (1) the building is a vacant property as defined in subdivision 1;

2.6 (2) the building owner likely will be unable to lease or otherwise put the building to
2.7 productive use unless an incentive is provided under subdivision 3;

2.8 (3) the owner and one or more tenants have entered or will enter into a lease for,
2.9 at least, the duration of reduction under subdivision 3 and the lease is conditioned upon
2.10 receipt of the incentive under this section; and

2.11 (4) the incentive will yield net public benefits to the affected taxing jurisdictions.

2.12 Subd. 3. **Incentive to lease vacant buildings.** (a) After determining that the
2.13 building meets the requirements of this section and making the findings required in
2.14 subdivision 2, the agency may, by resolution, approve a reduction in the estimated market
2.15 value of the vacant property of an amount not to exceed the lesser of:

2.16 (1) 50 percent of the building's estimated market value; or

2.17 (2) the amount it determines is necessary to successfully lease the vacant portion
2.18 of the building.

2.19 (b) Prior to approval of the incentive under paragraph (a), the agency, building
2.20 owner, and tenant shall enter into a development agreement that specifies:

2.21 (1) the amount of the reduction in estimated market value for each year;

2.22 (2) the number of years to which the reduction applies;

2.23 (3) the terms of the lease or leases covering the property; and

2.24 (4) any other provisions that the agency determines appropriate.

2.25 (c) The reduction under this section takes effect for the first taxes payable year that
2.26 begins six months or more after the agency notifies the assessor of the reduction that
2.27 applies under this section.

2.28 Subd. 4. **Maximum duration; termination.** The maximum duration of a valuation
2.29 reduction under this section is five property taxes payable years. The valuation reduction
2.30 terminates at the end of the earlier of the five-year period or the term provided in the
2.31 development agreement.

2.32 **EFFECTIVE DATE.** This section is effective beginning for property taxes assessed
2.33 in 2011 and payable in 2012.