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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3758

03/31/2016 Authored by Drazkowski
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 tax increment financing; clarifying the permitted use of certain
1.3 increments; amending Minnesota Statutes 2014, section 469.1763, subdivision 4.

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

1.5 Section 1. Minnesota Statutes 2014, section 469.1763, subdivision 4, is amended to read:

1.6 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the
1.7 sixth year following certification of the district, if the applicable in-district percent of the
1.8 revenues derived from tax increments paid by properties in the district received in that
1.9 year exceeds the amount of expenditures ~~that have been made~~ for costs permitted under
1.10 subdivision 3 that were paid in that year, an amount equal to the difference between the
1.11 in-district percent of the revenues derived from tax increments paid by properties in the
1.12 district received in that year and the amount of expenditures ~~that have been made~~ for costs
1.13 permitted under subdivision 3 that were paid in that year must be used and only used to
1.14 pay or defease the following or be set aside to pay the following:

1.15 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

1.16 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

1.17 (3) credit enhanced bonds to which the revenues derived from tax increments are
1.18 pledged, but only to the extent that revenues of the district for which the credit enhanced
1.19 bonds were issued are insufficient to pay the bonds and to the extent that the increments
1.20 from the applicable pooling percent share for the district are insufficient; or

1.21 (4) the amount provided by the tax increment financing plan to be paid under
1.22 subdivision 2, paragraphs (b), (d), and (e).

1.23 (b) The district must be decertified and the pledge of tax increment discharged
1.24 when the outstanding bonds have been defeased and when sufficient money has been set

2.1 aside to pay, based on the increment to be collected through the end of the calendar year,
2.2 the following amounts:

2.3 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3)
2.4 and (4);

2.5 (2) the amount specified in the tax increment financing plan for activities qualifying
2.6 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds
2.7 qualifying under paragraph (a), clause (1); and

2.8 (3) the additional expenditures permitted by the tax increment financing plan for
2.9 housing activities under an election under subdivision 2, paragraph (d), that have not been
2.10 funded with the proceeds of bonds qualifying under paragraph (a), clause (1).

2.11 **EFFECTIVE DATE.** This section is effective for districts for which the request
2.12 for certification was made after April 30, 1990, for increments used after December 31,
2.13 2015. The changes in this section are a clarification and confirmation of the legislature's
2.14 intention in enacting the original provisions of the statute and must not be construed to
2.15 imply a contrary meaning of the statute for increments used in prior years.