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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 602

02/01/2021 Authored by Jordan, Koegel, Feist, Agbaje and Bernardy
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy
03/01/2021 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to transportation; modifying Minneapolis streetcar financing to allow for
1.3 bus rapid transit financing; amending Laws 2013, chapter 143, article 9, section
1.4 20.

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

1.6 Section 1. Laws 2013, chapter 143, article 9, section 20, is amended to read:

1.7 Sec. 20. **CITY OF MINNEAPOLIS; STREETCAR TRANSIT PROJECT**
1.8 **FINANCING.**

1.9 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
1.10 the meanings given them.

1.11 (b) "City" means the city of Minneapolis.

1.12 (c) "County" means Hennepin County.

1.13 (d) "District" means the areas certified by the city under subdivision 2 for collection of
1.14 value capture taxes.

1.15 (e) "Project area" means the area including one city block on either side of a ~~streetcar~~
1.16 transit line designated by the city to serve the downtown and adjacent neighborhoods of the
1.17 city.

1.18 (f) "Transit line" includes any of the following: a busway and a guideway, as the terms
1.19 are defined in Minnesota Statutes, section 473.4485, subdivision 1, and regular route bus
1.20 service.

2.1 Subd. 2. **Authority to establish district.** (a) The governing body of the city may, by
2.2 resolution, establish a value capture district consisting of some or all of the taxable parcels
2.3 located within one or more of the following areas of the city, as described in the resolution:

2.4 (1) the area bounded by Nicollet Avenue on the west, 16th Street East on the south, First
2.5 Avenue South on the east, and 14th Street East on the north;

2.6 (2) the area bounded by Spruce Place on the west, 14th Street West on the south, LaSalle
2.7 Avenue on the east, and Grant Street West on the north;

2.8 (3) the area bounded by Nicollet Avenue or Mall on the west, Fifth Street South on the
2.9 south, Marquette Avenue on the east, and Fourth Street South on the north;

2.10 (4) the area bounded by First Avenue North on the west, Washington Avenue on the
2.11 south, Hennepin Avenue on the east, and Second Street North on the north; and

2.12 (5) the area bounded by Fifth Street North East on the west, Central Avenue North East
2.13 on the southeast, Sixth Street North East on the east, Hennepin Avenue East on the south,
2.14 and First Avenue North East on the north.

2.15 (b) The city may establish the district and the project area only after holding a public
2.16 hearing on its proposed creation after publishing notice of the hearing and the proposal at
2.17 least once not less than ten days nor more than 30 days before the date of the hearing.

2.18 Subd. 3. **Calculation of value capture district; administrative provisions.** (a) If the
2.19 city establishes a value capture district under subdivision 2, the city shall request the county
2.20 auditor to certify the district for calculation of the district's tax revenues.

2.21 (b) For purposes of calculating the tax revenues of the district, the county auditor shall
2.22 treat the district as if it were a request for certification of a tax increment financing district
2.23 under the provisions of Minnesota Statutes, section 469.177, subdivision 1, and shall calculate
2.24 the tax revenues of the district for each year of its duration under subdivision 5 as equaling
2.25 the amount of tax increment that would be computed by applying the provisions of Minnesota
2.26 Statutes, section 469.177, subdivisions 1, 2, and 3, to determine captured tax capacity and
2.27 multiplying by the current tax rate, excluding the state general tax rate. The city shall provide
2.28 the county auditor with the necessary information to certify the district, including the option
2.29 for calculating revenues derived from the areawide tax rate under Minnesota Statutes, chapter
2.30 473F.

2.31 (c) The county auditor shall pay to the city at the same times provided for settlement of
2.32 taxes and payment of tax increments the tax revenues of the district. The city must use the
2.33 tax revenues as provided under subdivision 4.

3.1 Subd. 4. **Permitted uses of district tax revenues.** (a) In addition to paying for reasonable
3.2 administrative costs of the district, the city may spend tax revenues of the district for property
3.3 acquisition, improvements, and equipment to be used for operations within the project area,
3.4 along with related costs, for:

3.5 (1) planning, design, and engineering services related to the construction of the ~~streetcar~~
3.6 transit line;

3.7 (2) acquiring property for, constructing, and installing a ~~streetcar~~ the transit line;

3.8 (3) acquiring and maintaining equipment and rolling stock and related facilities, such
3.9 as maintenance facilities, which need not be located in the project area;

3.10 (4) acquiring, constructing, or improving transit stations; and

3.11 (5) acquiring or improving public space, including the construction and installation of
3.12 improvements to streets and sidewalks, decorative lighting and surfaces, and plantings
3.13 related to the ~~streetcar~~ transit line.

3.14 (b) The city may issue bonds or other obligations under Minnesota Statutes, chapter
3.15 475, without an election, to fund acquisition or improvement of property of a capital nature
3.16 authorized by this section, including any costs of issuance. The city may also issue bonds
3.17 or other obligations to refund those bonds or obligations. Payment of principal and interest
3.18 on the bonds or other obligations issued under this paragraph is a permitted use of the
3.19 district's tax revenues.

3.20 (c) Tax revenues of the district may not be used for the operation of the ~~streetcar~~ transit
3.21 line.

3.22 Subd. 5. **Duration of the district.** A district established under this section is limited to
3.23 the lesser of (1) 25 years of tax revenues, or (2) the time necessary to collect tax revenues
3.24 equal to the amount of the capital costs permitted under subdivision 4 or the amount needed
3.25 to pay or defease bonds or other obligations issued under subdivision 4, whichever is later.

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