

This Document can be made available
in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **668**

02/18/2013 Authored by Lenczewski
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; providing an adjustment to original net
1.3 capacity for certain districts; amending Minnesota Statutes 2012, section
1.4 469.177, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2012, section 469.177, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 1d. **Original net tax capacity adjustment; homestead market value**
1.9 **exclusion.** (a) Upon approval by the municipality, by resolution, the authority may elect
1.10 to reduce the net tax capacity of a qualified district by the amount of the market value
1.11 exclusion under section 273.13, subdivision 35. The amount of the reduction may not
1.12 reduce the original net tax capacity below zero.

1.13 (b) For purposes of this subdivision, a qualified district means a tax increment
1.14 financing district that satisfies both of the following conditions:

1.15 (1) for taxes payable in 2011, the authority received a homestead market value credit
1.16 reimbursement under section 273.1384 for the district of \$10,000 or more; and

1.17 (2) for taxes payable in 2013, the reduction in captured tax capacity resulting from
1.18 the market value exclusion for the district was equal to or greater than 1.75 percent of the
1.19 district's captured tax capacity.

1.20 The calculation of the amount under clause (2) must reflect any adjustments to original
1.21 net tax capacity made under subdivision 1, paragraphs (d) and (e), for the homestead
1.22 market value exclusion.

1.23 (c) The authority must notify the county auditor of its election under this section no
1.24 later than July 1, 2014. Notifications made by July 1, 2013, are effective beginning for

2.1 taxes payable in 2014, and notifications made after July 1, 2013, are effective beginning
2.2 for taxes payable in 2015.

2.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.4 and applies to all tax increment financing districts regardless of when the request for
2.5 certification was made.