

469.042 AGREEMENT ON TAX INCREMENTS, EQUIVALENTS; BOND PLEDGE.

Subdivision 1. **General.** Any city or other state public body within the limits of which a project of an authority is wholly or partially located may agree with the authority with respect to payment by the authority of sums in lieu of taxes for any year or period of years in accordance with the provisions of section 469.040, but for no longer than the period of tax exemption provided for under that section. If property owned by the authority in a redevelopment project area is leased or otherwise made available by the authority to a private individual, firm, or corporation which previously owned the same or other property within the area, not for development in connection with the project but for temporary use pending relocation of the former owner's residence or business, the authority may agree to payment of sums in lieu of taxes for any year or period of temporary use. The payments shall not exceed the amount of the annual rentals or other payments it receives for the use. During the use the property and the authority shall be exempt from all taxes and special assessments as provided in section 469.040, and the provisions of section 272.01, subdivision 2 and of section 273.19 shall not apply to the property or to that use. In connection with any redevelopment project, an authority may make further agreements respecting taxes as provided below.

Subd. 2. **Original net tax capacity.** Upon or after approval of a redevelopment project of any housing and redevelopment authority under section 469.028, the auditor of the county in which it is situated shall upon request of the authority certify the net tax capacity of all taxable real property within the project area as then most recently determined, which is referred to in this section as the "original net tax capacity." The auditor shall certify to the authority each year thereafter the amount by which the original net tax capacity has increased or decreased, and the proportion which any such increase bears to the total net tax capacity of the real property for that year or the proportion which any such decrease bears to the original net tax capacity. This subdivision and subdivision 3 shall not apply to any redevelopment project, certification of which is requested subsequent to August 1, 1979.

Subd. 3. **Tax increments.** In each subsequent year the county auditor shall include no more than the original net tax capacity of the real property in the net tax capacity upon which the auditor computes the local tax rates of all taxes levied by the state, the county, the city or town, the school district and every other taxing district in which the project area is situated. The auditor shall extend all local tax rates so determined against the entire net tax capacity of the real property for that year. In each year for which the net tax capacity exceeds the original net tax capacity, the county treasurer shall remit to the authority, instead of the taxing districts, that proportion of all taxes paid that year on the real property in the project area which the excess net tax capacity bears to the total net tax capacity. The amount so remitted each year is referred to in this section

as the "tax increment" for that year. Tax increments received with respect to any redevelopment project shall be segregated by the authority receiving them in a special account on its official books and records until the public redevelopment cost of the project, including interest on all money borrowed therefor, has been fully paid, and the city or other public body in which the project is situated has been fully reimbursed from the tax increments or revenues of the project for any principal and interest on general obligation bonds which it has issued for the project and has paid from taxes levied on other property within its corporate limits. The payment shall be reported to the county auditor, who shall thereafter include the entire net tax capacity of the project area in the net tax capacities upon which local tax rates are computed and extended and taxes are remitted to all taxing districts.

Subd. 4. **Tax increment financing.** The authority may pledge and appropriate any part or all of the tax increments received for any redevelopment project, and any part or all of the revenues received from lands in the project area while owned by the authority, for the payment of the principal of and interest on bonds issued in aid of the project pursuant to sections 469.034, 469.041, or 469.152 to 469.165, by the authority or by the governing body of the municipality or other state public body within whose corporate limits the project area is situated. Any such pledge for the payment of bonds issued by the governing body shall be made by written agreement executed on behalf of the authority and the governing body and filed with the county auditor. The estimated collections of the tax increments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 3. When such an agreement is made and filed, the bonds may be issued by the governing body in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Bonds shall not be issued nor tax increments or other revenues pledged pursuant to this subdivision subsequent to August 1, 1979.

History: 1987 c 291 s 42; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11