

REQUEST FOR ACTION

<u>Department Head</u>	<u>City Council Date</u>	<u>Agenda Item</u>
Brian R. Bloch Finance Director	June 15, 2010	5. .

Call for a Public Hearing for a proposed Spending Plan to use excess tax increments in existing Tax Increment Financing Districts.

ACTION REQUESTED

Motion calling for a public Hearing for Tuesday, July 20, 2010 for a proposed Spending Plan to use excess tax increments in exiting Tax Increment Financing Districts.

BACKGROUND

The Minnesota Legislature, during this past session, approved amendments to tax increment financing rules. One of the items changed was the easing of rules on what excess tax increments can be used for. To stimulate construction, laws now allow the City to spend tax increments from existing Tax Increment Financing (TIF) districts to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction of buildings and ancillary facilities, if doing so will create or retain jobs in the state. Construction must begin before July 1, 2011 and would not commence before that date without assistance. The money must be spent by December 31, 2011.

At the end of 2009 the City held excess increments of approximately \$90,000. Projections indicate an additional \$60,000 or so will be collected by the end of 2011. In total the City would have about \$150,000 available to spend under these expanded rules. Without these expanded rules the increments most likely would continue to be collected and remitted to the County at the end of the life of the TIF District and allocated back to the County, School and City in proportion (about 1/3 to each) to their tax rates; and then be available for general operations of the City

FUNDING

N/A.

ATTACHMENTS

None.