

1.1 A bill for an act

1.2 relating to taxation; providing public accountability for taxpayer subsidies of  
1.3 private business; prohibiting new tax increment financing districts; proposing  
1.4 coding for new law in Minnesota Statutes, chapter 469; repealing Minnesota  
1.5 Statutes 2006, sections 469.1812; 469.1813; 469.1814; 469.1815.

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

1.7 Section 1. [469.1795] TERMINATION OF TAX INCREMENT FINANCING  
1.8 AUTHORITY; BUSINESS SUBSIDIES RESTRICTED.

1.9 Subdivision 1. Additional activity prohibited. After May 31, 2007,  
1.10 notwithstanding any other law to the contrary, the following actions are prohibited:

1.11 (1) certification of a new tax increment financing district; and

1.12 (2) modification of an existing tax increment financing plan to extend the duration  
1.13 of a district, expand the activities to be financed within the district, or incur additional  
1.14 expenses not included in the plan before May 31, 2007.

1.15 Subd. 2. Business subsidies. As used in this subdivision, "business subsidy" means  
1.16 a grant; contribution of property, infrastructure, or services; a loan at rates below those  
1.17 commercially available to the recipient; a reduction or deferral of a tax or fee; a guarantee  
1.18 of a payment under a loan, lease, or other obligation; or a preferential use of government  
1.19 facilities given to a business. A statutory or home rule charter city or a county may not  
1.20 provide a business subsidy except as authorized by law or except for activities that could  
1.21 have been financed by tax increment under sections 469.174 to 469.1791, subject to  
1.22 the limitations in those provisions. If the city or county proposes to provide a business  
1.23 subsidy, it must conduct a public hearing on the issue after published notice of the proposal  
1.24 and the hearing in a newspaper of general circulation in the municipality.

2.1            Subd. 3. **Subsidies from other jurisdictions' levies.** For purposes of this  
2.2 subdivision, a home rule charter or statutory city or a county that provides a business  
2.3 subsidy under subdivision 2 is referred to as a "host municipality." A host municipality  
2.4 may request that the county or city, or the school district, or both, within the boundaries of  
2.5 which is located the business that receives the subsidy, provide a share of the subsidy. If  
2.6 the governing body of the political subdivision that received the request, at a public hearing  
2.7 after published notice, votes to provide a share of the subsidy, it shall transmit to the host  
2.8 municipality a portion of the proceeds of its levy, not to exceed the tax increment that  
2.9 would have been attributable to that political subdivision's levy on the parcel that contains  
2.10 the business that receives the subsidy. The money must be used by the host municipality  
2.11 to provide the business subsidy, subject to the limitations in sections 469.174 to 469.1791.

2.12            Sec. 2. **REPEALER.**

2.13            Minnesota Statutes 2006, sections 469.1812; 469.1813; 469.1814; and 469.1815, are  
2.14 repealed. Tax abatements granted under authority of those repealed sections prior to June  
2.15 1, 2007, may continue according to the terms of those sections but no new abatements  
2.16 may be granted on or after the effective date of this section.

2.17            Sec. 3. **EFFECTIVE DATE.**

2.18            Sections 1 and 2 are effective June 1, 2007.