

**PROPERTY TAX
Minnetonka TIF Five-Year
Rule Extended**

March 11, 2025

Department of Revenue

Analysis of S.F. 736 (Cwodzinski) as proposed to be amended by SCS0736A-1

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective following local approval.

EXPLANATION OF THE BILL

Under current law, the four-year knock-down rule require development activity to occur on a parcel within four years after its creation or the parcel will be dropped from the tax increment financing (TIF) district. The five-year rule essentially requires development activity for a TIF district to be finished within a five-year period after the certification of the district. After this period has expired, increments may only be spent to pay off obligations that were incurred during the five-year period or for permitted expenditures under pooling. The six-year rule requires districts to be decertified when sufficient increment has been received to pay for these obligations.

The proposal would extend the four-year knock-down rule to nine years, the five-year rule to ten years, and the six-year rule to eleven years for the Opus TIF District established in 2021 in the city of Minnetonka.

REVENUE ANALYSIS DETAIL

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

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