

**PROPERTY TAX  
Clarifying Uses of  
Unobligated TIF Increment**

April 9, 2025

Department of Revenue

Analysis of H.F. 2006 (Joy) as proposed to be amended by H2006A2

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

**Fund Impact**

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

Effective beginning the day following final enactment.

**EXPLANATION OF THE BILL**

Under current law, there are rules regarding the transfer of unobligated tax increment financing (TIF) increment. The proposal would clarify that transferred increment includes interest earned on transferred increment. It would also allow municipalities to extend the date by which transferred increment may be used if they amend a written spending plan prior to December 31, 2025.

Under current law, transferred increment may be used to provide assistance to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities if it will create or retain jobs in the state. Construction must commence before December 31, 2025. The proposal would also extend this deadline to December 31, 2027.

Under current law, transferred increment must be spent by December 31, 2025. The proposal would extend that date to December 31, 2027 if authorized by an amended spending plan. It would also expand the uses allowed for transferred increment to include being loaned, invested, or otherwise irrevocably committed. The proposal also defines what is included in the requirement to return increment to the district.

**REVENUE ANALYSIS DETAIL**

- The proposed changes to the general TIF provisions would have no impact on the state general fund.

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

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