



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	E.J. Moberg
Meeting Date:	Tuesday, December 27, 2022
Category:	PUBLIC HEARING
Type:	ACTION
Subject:	Public Hearing – Written Spending Plan and Resolution that Authorizes Providing Assistance and Transfer of Unobligated Tax Increments
Background Information:	<p>As part of the omnibus tax bill enacted in July 2021, state statute 469.176 was amended, giving Minnesota communities temporary flexibility to use unobligated increment from existing tax increment districts to help stimulate private development that would not otherwise commence without the assistance before December 31, 2025.</p> <p>The bill states that municipalities may provide loans, interest rate subsidies, or assistance in any form (including an equity or similar investment in a private project) to private development, as long as it consists of new construction or substantial rehabilitation of buildings and ancillary facilities AND if doing so will create or retain jobs in the State (including construction jobs).</p> <p>What is unobligated increment? Unobligated increment includes:</p> <ul style="list-style-type: none"> » Increment from any districts, regardless of when the request for certification was made, and unobligated as of the date of final enactment of the legislation, (July 1, 2021) » Increment not required for the payment of bonds, pay-as-you-go notes, interfund loans, binding contracts or other obligations during the six months following the transfer of the increment out of the district » Increment that is not improperly retained, received, spent, or transferred <p>Authorities are required to develop a written spending plan that details the use of the unobligated increment and authorizes the transfer(s) (if a municipality does not have an authority, it can develop the plan), approve a resolution authorizing the transfer(s), and send a copy of the spending plan to the Office of the State Auditor. The municipality must then approve the spending plan after holding a public hearing. This requires publishing the hearing notice in a newspaper of general circulation in the municipality AND placing it on the municipality’s website at least 10 days, but not more than 30 days prior to the public hearing date.</p> <p>How long is this option available? The temporary authority to transfer the unobligated increment expires on December 31, 2022 and the transferred increment must be spent by December 31, 2025.</p> <p>The public hearing was published in the official newspaper on Friday, December 16th and on the City website for Tuesday, December 27th at 5:30 pm.</p> <p>City staff have been working with BakerTilly to assist us:</p> <ul style="list-style-type: none"> • Determine the amount of unobligated increment available for use

	<ul style="list-style-type: none"> • Develop a spending plan as required in the legislation • Consult with our TIF attorney <p>If approved, city staff will provide a copy of the spending plan approved to the Office of the State Auditor.</p>
Fiscal Impact:	The recommendation is to allocate \$500,000 of unobligated tax increments from participating TIF Districts.
Alternative/ Variations:	Do not approve the spending plan or the resolution and leave the monies as part of the tax increment financing fund for future use.
Recommendations:	After holding a public hearing, approve the written spending plan that authorizes the development authority to provide the assistance or make the investment that makes the development qualify and approve the use of this temporary transfer authority by resolution.