

City of Bloomington Tax Increment Policy -

For the purpose of this Policy, the term “City” or “City of Bloomington” includes the City of Bloomington, the Housing and Redevelopment Authority in and for the City of Bloomington (HRA), and the Port Authority for the City of Bloomington (Port Authority).

The City of Bloomington is granted the power to utilize Tax Increment Financing (TIF) pursuant to the Minnesota Tax Increment Financing Act, Minnesota State Statutes 469.174 through 469.1794. The fundamental purpose of TIF is to encourage desirable development or redevelopment that would otherwise not occur *but for* the assistance provided through TIF.

Policy Purpose: To establish the City of Bloomington’s position relating to the use of Tax Increment Financing for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a framework for the review and processing of TIF applications in an equitable and consistent manner.

Objectives: Tax increment financing uses the increased property taxes generated by new real estate development within a tax increment district to pay for certain eligible costs associated with the development. As a matter of adopted policy, the City will consider using TIF to assist private development projects that will achieve one or more of the following objectives:

- To create opportunities for affordable housing, with an array of housing choices that meet the needs of current residents, and attract new residents to the City.
- Projects that improve the quality of life in the City by providing a desirable good or service and address an unmet demand in the community.
- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- Projects that provide value in the forms of needed transportation and other utility infrastructure improvement that would be completed in conjunction with the project.
- To facilitate the development process and to achieve development on sites which would not otherwise be developed *but for* the use of TIF.
- To support neighborhood retail services, commercial nodes, and employment.
- To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, sustainability, and decreasing capital and/or operating costs of local government.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the City that will result in high quality redevelopment and private reinvestment.
- To encourage additional private development in the area, directly or indirectly, through “spin off” development.
- To offset increased costs of redevelopment (such as, contaminated site clean-up) over and above the costs normally incurred in development.
- To promote development consistent with the City’s Comprehensive Plan.

General TIF Policies

1. The City Council is the coordinating governmental unit in the City of Bloomington for the review and fiscal control of all tax increment financing within the City.

2. Each proposed project must satisfy at least one of the objectives set forth above.
3. Tax increment financed projects, and all other capital projects, of the Port Authority and the HRA shall be included in the City's 5-Year Capital Improvement Program each year for prioritizing.
4. The City will not approve any new tax increment district if the resulting total projected captured increment tax capacity (net of the City's estimated contribution to the fiscal disparities pool) of all tax increment districts and abatement districts in the City (including the proposed district, but excluding TIF Project Numbers 1359 and 1369) exceeds 15.0 % of the total projected net tax capacity of all taxable property (including the proposed district) in the City (termed "Tax Capacity Used for Local Rate" by Hennepin County Taxpayer Services). Further, to allow for flexibility in the future this 15.0% shall be considered allocated between the City and the component governmental units within the ranges expressed below:

City	0.0% to 5.0%
Port Authority	0.0% to 5.0%
HRA	0.0% to 5.0%
Total	0.0% to 15.00%

Any proposed alteration of this allocation can only be changed by a super majority (5/6 vote) of a committee comprised of the City's Chief Financial Officer, Port Authority Administrator, Housing & Redevelopment Administrator, City Manager, Community Development Director and the City Attorney.

5. The City will not consider tax increment financing requests for retail, service, industrial, hotel or office development projects that lie outside City approved redevelopment, development, or economic development districts.
6. Types of tax increment financing:
 - a. Tax increment financing will not, unless approved by a 5/7 vote of all members of the City Council, be guaranteed or backed by the full faith, credit, and taxing power of the City, but instead will be payable solely from the related tax increment revenue.
 - b. General obligation backed, or tax levy supplemented, tax increment financing is to be used only in those cases where it is found, by a 5/7 vote of all members of the City Council, that:
 - i. Such G.O. backed financing will not, in the opinion of the Council, place an undue burden on:
 - Tax rates
 - Relative debt load (as expressed in terms of per capita debt, or as a percentage of debt to Assessor's Market Value), and
 - ii. No other, better, financing alternative exists, and
 - iii. There is a very significant rate of return relative to the risk taken or if it is found that there are overriding socioeconomic considerations which are significant to the City overall, as determined by the City Council.
7. As required by State law, each tax increment financing (TIF) proposal will be reviewed with Hennepin County and the Bloomington School District (ISD #271), or any other affected

school district, prior to implementation. Response from these agencies received within 30 days of notification, if any, shall be forwarded to the City Council prior to approval of the plan. The City will take into consideration any official county request to fund county road costs resulting from the tax increment plan. If funds for the project are not sufficient to cover such expenditures, the TIF plan would not proceed.

8. The City reserves the right to approve or reject the use of TIF, the amount of TIF, and the total term, on a case by case basis, taking into consideration established policies, project criteria, and demand on services in relation to the potential benefits from the project.
9. The applicant will pay for all legal and consultant costs associated with the preparation, processing, review and actual use of TIF. The applicant will submit to the City a deposit equal to the total estimated costs for legal and consultant fees. The City will draw upon these funds to pay all related expenses.
10. The applicant will also pay to the City a separate non-refundable application fee to reimburse staff costs and cover all other City related costs associated with the processing of the TIF request.
11. Projects utilizing TIF are responsible for paying their share of Fiscal Disparities contributions from the project.
12. The City's consultant shall prepare the TIF plan and the applicant will provide to the City and its consultant all information necessary to conduct a financial analysis of the proposed project.
13. The applicant will be required to comply with the City's Business Subsidy Policy.

Application Process

1. Applicant submits the completed application along with a non-refundable initial application fee. The applicant will work with City staff to assure all appropriate information is supplied.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Application Review Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the applicant shall submit a deposit for legal and consultant costs. Additional deposits from the applicant may be required to pay all fees and expenses incurred by the City.
5. The process of negotiating a contract for private development commences between the City, Port Authority, and/or the HRA.
6. The Tax Increment Financing Plan, along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultant(s) and sent to the county and the school board.

7. Public Hearing notices are published.
8. Public hearing(s) on the proposed project are held.
9. The City Council grants final approval or denial of the proposal.
10. If the HRA or Port Authority are involved, the applicable board of the HRA or Port Authority must also provide approval of the proposal.

Data Practices Law

The City is a governmental body and is subject to the requirements of Minn. Stat. Chapter 13 (the "Minnesota Government Data Practices Act"). Some of the data provided by the applicant to the City as part of the application for a Tax Increment Financing may be required to be disclosed if requested pursuant to the Minnesota Government Data Practices Act.

Amendments to Tax Increment Financing Act

The references to the Tax Increment Financing Act in this Tax Increment Policy shall include any and all amendments to the Tax Increment Financing Act that are made after this policy is adopted.

(Revised 6/10/1991, 3/16/1992, 3/14/1996, 12/4/17, 1/27/2020)