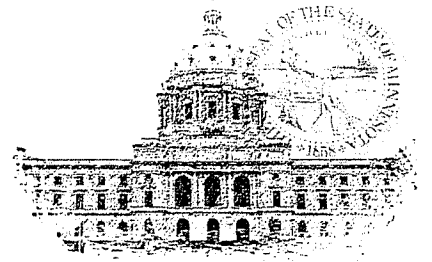


Rep. Ann Lenczewski

NEWS RELEASE



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HOUSE TAX CHAIR DETAILS COMPREHENSIVE JOBS LEGISLATION

St. Paul, MN – Rep. Ann Lenczewski released details of a jobs bill designed to boost employment across multiple sectors of Minnesota’s economy. The 10-point plan will target investment in high tech, manufacturing and green businesses as well as increased flexibility for communities working to jump-start development that has currently stalled.

“This is a key piece of our overall jobs agenda for Minnesota,” said Rep. Lenczewski. “Our charge as members of the House Jobs Task Force was to listen to the ideas of Minnesotans and find solutions legislators and the governor can support. We believe this proposal achieves those goals.”

The provisions in the bill are targeted to the immediate challenges facing Minnesota. The Angel Investment and Historic Rehabilitation tax credits will drive investment in private-sector ventures. Another provision would allow communities across the state more flexibility in the use of Tax Increment Financing (TIF). The legislation would provide greater TIF flexibility for developers at the Mall of America without increasing the burden on property taxpayers. Some pieces of the legislation would be funded through a tax conformity initiative involving real estate investments also known as REIT.

“We received some very specific critiques of Minnesota’s job creation strategy,” said Rep. Lenczewski. “When we heard loan guarantee programs were not workable, we went back to the drawing board and came up with TIF Surplus for Development. It is aimed at moving projects forward despite the credit crunch.”

House Speaker Margaret Anderson Kelliher formed the bipartisan House Jobs Task Force in August. She praised the work of the three chairs and its members to identify economic development solutions that will work for Minnesota.

“This legislation is a high priority and will receive early review in the committee process,” said Kelliher. “Our Capital Investment Chair, Rep. Alice Hausman, will have a bonding bill ready to go on the first day of session. We will receive a third proposal from Rep. Tom Rukavina focused on jobs programs administered by the Department of Employment and Economic Development. I want to thank these leaders and all members of the task force for their hard work.”

House Majority Leader Tony Sertich said the plan includes a focus on helping small businesses.

“Small business growth will help lead this economic recovery,” Sertich said. “I am pleased this legislation includes the tax incentives that will help them create jobs in a tough economy.”



Creating Jobs in Minnesota

LEVERAGING PRIVATE INVESTMENT

- ✓ **Angel Investment Credit:** 25% tax credit for investment in high tech, manufacturing, or green businesses with fewer than 100 employees and less than \$2 million in gross receipts.
- ✓ **Historic Rehabilitation Credit:** Refundable tax credit for rehabilitation of certified historic projects. Federal tax credit is currently 20%; this incentive allows another 20% on state taxes for a combined credit equal to 40%.
- **Paid for with REIT Conformity:** The credits (the only provisions with a state cost) are paid for by conforming to federal taxation of REIT income. The revenue gain is estimated to be approximately \$10 million/yr.

FLEXIBILITY FOR LOCAL GOVERNMENTS TO MOVE ECONOMIC DEVELOPMENT PROJECTS FORWARD

- **Boosting Equity to Move Private Development Forward:** Allows surplus TIF increments from existing districts to be used to help finance private development that would otherwise not have enough equity to receive bank financing. This proposal represents an alternative to a loan guarantee program.
- **Tools to Promote Energy Efficiency:** Allows property owners to voluntarily request a special assessment from the city in order to finance capital improvements that boost energy efficiency on their private property.
- **Expanded use of TIF for Economic Development:** Provides temporary authority to create new TIF districts for any development project, as long as the project would not have otherwise begun before July 1, 2011 and the municipality finds the project will create new jobs.
- **TIF to Encourage Transit-Friendly Dense Development:** Creates a new type of TIF district, called a Compact TIF District, to encourage compact, transit-friendly redevelopment.
- **TIF to Revitalize Housing in Blighted Areas:** Housing Replacement Districts allow cities to use TIF to rehab houses that have been blighted by foreclosure.
- **Industrial Revenue Bonds for Green Buildings:** This section allows a city or county to issue industrial revenue bonds to finance the cost of certified green buildings. These bonds would be paid with revenues from the project, not by the city or county taxpayers.

BUILDING MALL OF AMERICA PHASE II WITHOUT INCREASING BURDEN ON PROPERTY TAXPAYERS

- **Flexibility Added for Phase II Build out:** Provides greater flexibility for development of all phases of the Mall of America while protecting property taxpayers from additional tax burden. Proceeds from the local taxes authorized in the 2008 Tax Bill could be used for Phase I or II. The proposal does not involve the Fiscal Disparities pool and will not impact Local Government Aid distribution. Also, allows Bloomington and the Mall of America to renegotiate the terms of the public assistance formula, which specifies that amount of public assistance that the developer was entitled to receive based on investment in the project. Finally, allows state revenue bonds (approved in the 2008 legislation) to be used for either Phase I or Phase II. Current law only allows for use in Phase II.