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*****PRESS RELEASE*****

State Auditor Otto Releases Tax Increment Financing (TIF) Legislative Report

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ST. PAUL (2/8/2010) – State Auditor Rebecca Otto released the 2008 Tax Increment Financing (TIF) Legislative Report today. Tax increment financing is a tool created by the Minnesota Legislature to promote economic development, redevelopment, and housing development in areas where it would not otherwise occur.

This fourteenth Annual Legislative Report was compiled from information received from the 443 municipalities and development authorities currently authorized to exercise TIF powers in Minnesota. This report summarizes the data received from approximately 2,048 unaudited TIF reports for the year ended December 31, 2008, and provides a summary of the violations cited in the limited-scope audits concluded by the Office of the State Auditor in 2009.

Highlights from the report include:

Current Trends

- A total of \$10,971,913 in tax increment revenues was returned to county auditors for redistribution as property taxes in calendar year 2008.
- Eighty-seven TIF districts were certified in Minnesota during calendar year 2008, while 115 TIF districts were decertified.
- In 2008, 33% of the TIF districts were located in the Metro Area; 67% were located in Greater Minnesota. However, 82% of the tax increment generated in 2008 was from districts located within the Metro Area.
- In 2008, 70% of the TIF districts in the state were located in third- and fourth-class cities.

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Long-Term Trends:

- When examining trends over the five-year period between 2004 and 2008, the number of economic development districts increased, while the number of housing districts declined. Over the same period, redevelopment districts showed no consistent trend.
- The total number of districts certified dropped sharply from 2001 to 2002 and, after a slight increase in 2003, the number of districts certified has continued to decrease.
- Over the ten-year period covering 1998 through 2008, the number of districts certified has declined approximately 42%.

To view the complete report, which includes an Executive Summary, tables, and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20100208.000>.

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The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.