Office of the State Auditor October 2017

TIF Division Newsletter

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Office of the State Auditor

Tax Increment Financing Division

525 Park Street, Suite 500

Saint Paul, MN 55103

(651) 296-4716

Fax: (651) 297-3689

TIF@osa.state.mn.us

www.auditor.state.mn.us

TIF Plan Modifications for Removing Parcels

The Office of the State Auditor (OSA) has recently seen an increase in new TIF districts created for parcels removed from an existing TIF district. While we do receive TIF plans for the new district, we often do not receive a TIF plan modification for the district from which the parcel was removed.

Minnesota law requires that all TIF plans and plan modifications are required to be submitted to the OSA. The removal of parcels from an existing TIF district is a modification to the TIF plan. Plan modifications must be submitted to the OSA regardless of whether the modification requires a public hearing.

When parcels are removed from an existing district, the authority must submit a TIF Plan Collection Form as well as the modification. In these cases the modification documentation might be a formally-modified TIF plan document or it could be as simple as a resolution passed by the city council.

If you have any questions, please contact us at TIF@osa.state.mn.us.

PAYG and Interfund Loans are TIF Bonds

The TIF Act requires that a TIF plan include the amount of bonds to be issued. Interfund loans and pay-as-you-go (PAYG) notes are defined in the TIF Act as bonds. Sometimes plans submitted to our office have indicated that no bonds are to be issued, but also state that an interfund loan or PAYG note will be used. Both types of financing must be included in the amount of estimated bonds in the TIF plan and on reports submitted to our office.

For more information, see these Statements of Position: Bond Financing of Project Costs, Interfund Loans, and Pay-As-You-Go Obligations.

TIF Videos

TIF Videos are available on the State Auditor's website

Education Series

Introduction to TIF

The History of TIF and Why It Matters

TIF District Types

TIF Pooling

Excess Increments vs. Excess Taxes

Instruction Series

Completing the Pooled Debt Form

Completing the TIF Annual Reporting Form

Completing the TIF Plan Collection Form for New Districts

Completing the TIF Plan Collection Form for Modified Districts

County Road Improvement Costs

When a county board receives a proposed TIF plan, the board may require that the TIF authority include county road improvements in the plan, under certain circumstances.

The board may require an authority to pay all or part of the cost of county road improvements from tax increment if:

(1) The proposed plan or an amendment to the plan contemplates construction of a development that will, in the judgment of the county, substantially increase the use of county roads, requiring construction of road improvements or other road costs; and

(2) The road improvements or other road costs are not scheduled for construction within five years under the county capital improvement plan or another formally-adopted county plan and, in the opinion of the county, would not be needed within the reasonably foreseeable future if the proposed TIF plan were not implemented.

If a county elects to use tax increment to finance county road improvements, it must notify the authority and municipality within 45 days after receiving the proposed TIF plan. The notice must include the estimated cost of the road improvements and a schedule for construction and payment of the cost. If the costs exceed the projected amount of the tax increment, the county and the authority must negotiate an agreement before the TIF plan can be approved.

TIF Division Staff

If you have questions, please contact us:

Jason Nord
Assistant State Auditor/TIF Director
(651) 296-7979
Jason.Nord@osa.state.mn.us

Kurt Mueller
TIF Auditor
(651) 297-3680
Kurt.Mueller@osa.state.mn.us

Lisa McGuire
TIF Auditor
(651) 296-9255
Lisa.McGuire@osa.state.mn.us

Barbara Lerschen
TIF Analyst
(651) 284-4134
Barbara.Lerschen@osa.state.mn.us