OFFICE OF THE STATE AUDITOR

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TIF Division Newsletter

2012 SAFES Authorization Forms

If your development authority uses an auditor or consultant to submit the authority's annual TIF reports, a signed authorization form must be submitted to the Office of the State Auditor (OSA). Remember that the authorization is valid only through the end of each calendar year. A new User Authorization Form is required each year. The form must be completed and signed by both the authority representative and the auditor or consultant and then submitted to the OSA.

Confirmation of Decertified TIF District Form

Authorities must complete and submit a Confirmation of Decertified TIF District Form for all TIF districts that have been decertified, if forms have not previously been submitted. Decertification is the termination of a TIF district, which occurs when the county auditor removes all parcels from a district. The district can no longer receive tax increment. The form acts as a check to make sure the county, development authority or city, Department of Revenue (Revenue), and the OSA agree on the decertification date.

Agreement on the decertification date is important. If county records show a shorter term of years for a TIF district than the city records show, the county could terminate a district while bonds are still outstanding, leaving the city without resources to pay debt service on the bonds. If county records show a longer term of years than the authorized decertification date, an authority may unknowingly receive and expend tax increment received after the decertification date. Money equal to the amount received after the decertification date must then be returned to the county for redistribution.

The correction of errors provision of the TIF Act can be used to correct an error or mistake in the decertification date, but it takes substantial time and energy. The provision requires participation by the county, the city or development authority, Revenue and the OSA. The confirmation form prevents a decertification error or mistake from happening in the first place.

The Jobs Stimulus Program and Business Loans: Revolving Loan Programs

An approved use of tax increment revenues in the TIF Jobs Stimulus Program spending plans is a business loan program.[1] The Jobs Stimulus Program gives temporary expanded authority to use available and uncommitted tax increment revenue for immediate job creation, particularly for private development construction jobs. The immediacy of the program requires that construction commence no later than July 1, 2012, with this authority expiring on December 31, 2012. A business loan program terminates by law no later than July 1, 2012.

Some TIF plans, particularly plans approved prior to 1990, include economic development revolving loan programs.[2] If a district has been decertified but continues to have tax increment revenues in a revolving loan fund, the district must continue to submit to the OSA annual TIF reports as long as the loan fund exists and has outstanding loans.

[1] Minn. Stat. §469.176, subd. 4m. A loan must be paid out no later than December 31, 2012, for projects where construction commenced before July 1, 2012.

[2] Minn. Stat. § 469.192.

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