

TIF Division Newsletter

2009 TIF Reporting Forms Due August 1, 2010

The 2009 TIF Reporting Forms are to be submitted electronically using the [State Auditor Forms Entry System \(SAFES\)](#). Reporting questions or problems may be directed to Jenna Braband by phone at (651) 296-7001 or by email at TIF@auditor.state.mn.us. For more information on using SAFES, please view the five-minute recorded webinar located on the Office of the State Auditor's website on [How to Use SAFES](#).



Economic Development Districts

An economic development district has the shortest term-of-years of any of the types of TIF districts. Its duration limit is eight years from the receipt of its first increment. Yet an economic development district provides a plethora of authorized uses of tax increment that no other type of district can. Only if the development authority meets the small city exception or elects to use the new temporary authority to create jobs can it use its expanded authority to spend tax increment.

Small City Exception. The small city exception permits small cities to use tax increment from an economic development district for any form of assistance to an unlimited number of commercial facilities, as long as tax increment is not used to assist more than 15,000 square feet of any one facility and each facility assisted is separately owned.

To qualify as a "small city," a city must have a population of 5,000 or less and be located ten miles or more from another city in the state with a population of 10,000 or more. The distance between cities is measured by drawing a straight line from the nearest boundaries of the two cities. The designation of "small city" must be indicated in the TIF plan of the district to be certified. If a city is a small city in the year in which the request for certification of the district is made, the classification applies for the duration of the district.

Temporary Authority to Create Jobs. The 2010 Legislature provided for temporary use of tax increment from an economic development district if the municipality finds that the project will create or retain jobs in the state and the construction of the project would not have commenced before July 1, 2011, without the authority's assistance. The construction of the project must begin no later than July 1, 2011 and the request for certification of the district must be made no later than June 30, 2011. The authority may spend tax increments to provide assistance in any form to private development consisting of construction or rehabilitation of buildings, if the assistance will create or retain jobs. The authority may spend tax increments to make an equity or similar investment in a corporation, partnership, or LLC if doing so will create or retain jobs in the state.

This temporary authority is authorized only after approval by the municipality of a written spending plan that specifically authorized the authority to take these actions. The municipality can approve the spending plan only after a public hearing and published notice in the official newspaper. The authority to spend tax increments expires December 31, 2011.

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