TIF Division Newsletter

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Office of the State Auditor

Tax Increment Financing

Division

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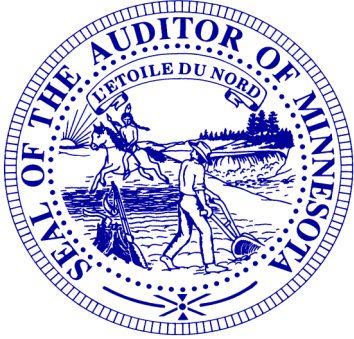
New TIF Information Form for Counties

The 2016 TIF District Information Form has been emailed to each county. The form is due on Friday, March 31st.

The form has been redesigned for 2016 to combine the County TIF Information Request and TIF Enforcement Deduction forms. County officials worked with the Office of the State Auditor (OSA) to make the form more efficient and easier to complete. The form includes drop-down menus, new form instructions, an optional alternate format for file submission, and simplified county and Department of Revenue codes.

The information collected on the new form will be used to prepare the 2016 TIF reporting forms that will be filed by authorities in 2017. We appreciate your cooperation in returning the completed forms to our office by March 31. If you have any questions regarding the form, please contact us at (651) 296-7979 or TIF@osa.state.mn.us.

The Four-Year Knockdown Rule

By February 1 of the fifth year following certification, a TIF authority must submit evidence to the county auditor that development activity in accordance with the TIF plan has occurred on parcels in a TIF district. County auditors must then review this evidence and enforce the Four-Year Knockdown Rule if no activity has occurred on a parcel.

If, after four years from the date of certification, the required development activities (i.e., demolition, rehabilitation, renovation or other site preparation) have not taken place on a parcel, the county auditor must ensure no additional tax increment is taken from the parcel <u>and</u> exclude the original net tax capacity of the parcel from the TIF district.   *continued*

The Four-Year Knockdown Rule (continued)

Installation of utility service, including sewer and water systems, does not qualify as development activity for purposes of this rule.

If subsequent development activity takes place, the authority must certify to the county auditor that development activity has taken place on the respective parcels. The authority may request that the most recent net tax capacity of the parcel be added back to the original net tax capacity of the TIF district.

For additional information regarding the four-year rule, please see the OSA's Statement of Position entitled Four-Year Knockdown Rule.

County Administrative Expenses

Tax increment may be used to reimburse a county for actual administrative expenses incurred under the TIF Act. The county may require reimbursement by February 15th of the year following the year in which expenses were incurred. To obtain reimbursement for the administrative costs, the county auditor must provide to the authority a record of the costs for the administration of the authority's TIF districts incurred by the county auditor.

For more information regarding administrative expenses, please see the OSA's Statement of Position entitled TIF Administrative Expenses.

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