

TIF Division Newsletter



Election to Delay Receipt of First Tax Increment Payment

Of the 2008 TIF Technical Amendments discussed in our June TIF Workshops, the technical amendment that received the most attention and raised the most questions was the “Election to Delay Receipt of First Tax Increment Payment” amendment. The technical amendment has two parts:

1. A development authority may specify in the TIF plan of a tax increment financing district for which the request for certification is made after June 30, 2008, the first year in which it elects to receive increment, up to four years following the year of approval of the district. The amendment does not apply to economic development districts. *Minn. Stat. § 469.175, subd. 1 (b)*.
2. The municipality may, at the time of approval of the initial tax increment financing plan, provide for (1) a shorter maximum duration limit, or (2) an election of the year in which the first increment is to be received. The specified limit applies, unless the authority modifies the plan subject to notice and public hearing requirements. *Minn. Stat. § 469.176, subd. 1 (a) (2)*.

Following are questions asked at the workshops about the technical TIF amendment.

- Q. Does the election to delay receipt of increment have to be done during the adoption of the TIF plan or is it sufficient to notify the county auditor?*
- A. The election of receipt of first increment must be specified in the TIF plan and approved by resolution of the governing body of the municipality. If the authority does not specify in the TIF plan the year increment is to be first received, the TIF plan may be modified to do so, subject to notice and a public hearing.
- Q. What is meant by the term “election”? Is it sufficient to indicate in the TIF plan that the authority intends to receive its first increment within the first four years following the year of approval of the district?*
- A. No. The TIF Act refers to the election as a “specified limit”. The TIF plan must state the specific year in which the authority elects to receive its first increment.
- Q. As a county auditor, how will I know the specific year in which an authority elects to receive its first increment?*
- A. The TIF plan must be submitted to the county auditor. The county needs to check the TIF plan to see if the authority has elected a year for receipt of first tax increment payment. Authorities should communicate directly with their county auditors on this issue.

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