

TIF Division Newsletter



2008 TIF Technical Amendments

Following are highlights of the technical amendments to the Tax Increment Financing Act, enacted as part of the first Omnibus Tax Bill of 2008, Chapter 154. These amendments are effective June 30, 2008, unless otherwise stated.

1. The “coverage” portion of the blight test for redevelopment TIF districts and renewal and renovation TIF districts was modified. The TIF Act previously allowed demolition and removal of substandard buildings within 3 years of filing the request for certification (CRD) of a parcel to be included in a TIF district. These removed buildings were included in the blight coverage test.

The law now permits previously demolished improvements, such as streets, utilities, parking lots, or similar structures, to be part of the blight coverage test. For buildings and improvements to qualify, (i) the parcel must be occupied by substandard buildings or improvements within three years of filing the CRD, (ii) the authority must find by resolution, prior to demolition, that the parcel is intended to be included in a TIF district, and (iii) such buildings and improvements must be removed by the authority or removed by a developer under a development agreement. *Minn. Stat., § 469.174, subd. 10 and 10a.*

2. The receipt of first TIF payments can be delayed up to four years from approval of a district’s TIF plan. (This election to delay does not apply to economic development districts.) There is generally a 2-year delay between approval of the TIF plan and the collection of the first increment. This amendment provides two additional years of delay. The election must be in the TIF plan. The municipality in which the district is located must approve the election. *Minn. Stat., § 469.175, subd. 1 (b).*
3. The county auditor is required to certify the original net tax capacity of a TIF district within 30 days after receipt of the request for certification and receiving sufficient information to identify the parcels included in the district. *Minn. Stat., § 469.177, subd. 1*
4. The definition of “qualified housing district” was repealed and the term “qualified housing” deleted from the TIF Act, effective the day following final enactment. Final enactment was March 7, 2008. All housing districts are exempt from the “but-for” finding that the housing will increase the TIF district’s market value and from the prohibition on including green acres and similar parcels in a district. These exemptions previously applied only to qualified housing districts. The limitation restricting the expenditure of increment from a housing district for non-housing purposes was clarified. The TIF Act previously allowed the square footage for non-housing use to 20 percent of the total square footage of the buildings receiving assistance. Now, an addition to the original building constructed more than 3 years after the construction of the original building is treated as a separate building for purposes of the test. *Minn. Stat., § 469.1761, subd. 1 (c)*

TIF Staff

Arlin Waelti (651) 296-7979
Arlin.Waelti@state.mn.us

Marsha Pattison (651) 296-4716
Marsha.Pattison@state.mn.us

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

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

Suk Shah (651) 296-7001
Suk.Shah@state.mn.us

Travis McGlothlen (651) 297-8342
Travis.McGlothlen@state.mn.us

Michael Kolles (651) 284-3543
Michael.Kolles@state.mn.us

Leanne Pfeninger (651) 282-2386
Leanne.Pfeninger@state.mn.us

Office of the State Auditor
 Tax Increment Financing Division
 525 Park St., Suite 500
 St. Paul, MN 55103

Phone: (651) 296-4716

Fax: (651) 297-3689

tifdivision@auditor.state.mn.us

www.auditor.state.mn.us

To read the statutory language and a summary of all TIF technical amendments, please click on <https://www.revisor.leg.state.mn.us/laws/?id=154&year=2008&type=0> (Article 9) or http://www.house.leg.state.mn.us/hrd/bs/85/HF3201.html#_Toc191455907 (Article 9).