



June 2005

## Tax Increment Financing Division Newsletter

- ***JOBZ and TIF***
- ***Online Reporting System Availability***
- ***This Month's TIF Tip***
- ***TIF Technical Amendments***

### **JOBZ and TIF**

*State Auditor's Alert:* Job Opportunity Building Zones (JOBZ) and TIF should **not** be used in the same geographic region simultaneously!

The JOBZ program allows parcels in a JOBZ designated area to be *tax-exempt* for a period of up to eight years. TIF districts, in reliance on *taxable property* within the district, capture tax increment revenues from parcels in the TIF district. Despite the fact that JOBZ and TIF may be legally used together, their simultaneous use makes very little practical sense. Creation of a JOBZ designated area in a TIF district could result in financially burdening the TIF district because there is no captured tax increment revenues to repay TIF bond debt obligations, when JOBZ designated parcels become tax-exempt.

### **Online Reporting System Availability**

The TIF Division unveiled its new Online Reporting System in mid-May.

To date, eleven authorities submitted electronic TIF reports using the new Online Reporting System, the Cities of Bird Island and Two Harbors being the first two to do so.

Special thanks to Ehlers and Associates for

working with us to link their QuickTIF software package to our new Online Reporting System, for this year's filing.

If your TIF authority has any new TIF districts and the districts are not listed on the Online Reporting System, please contact Marsha Pattison. Her contact information is listed below.

### **This Month's TIF Tip**

TIF authorities must segregate tax increment in a special account - keep tax increment revenues and expenditures isolated from all other kinds of revenues and expenditures from the time the TIF authority receives its first tax increment installment, until it is spent.

Commingling of tax increment and non-tax increment revenues often results in the inability of a TIF authority to demonstrate compliance with the TIF Act.

### **TIF Technical Amendments**

The TIF technical amendments were passed by the legislature and signed into law by the Governor on June 3<sup>rd</sup>. A summary of the amendments is available on our website at [www.auditor.state.mn.us](http://www.auditor.state.mn.us).

*If you have any questions please contact us:*

**Tom Carlson**

651-284-3543 [Thomas.M.Carlson@state.mn.us](mailto:Thomas.M.Carlson@state.mn.us)

**Kurt Mueller**

651-297-3680 [Kurt.Mueller@state.mn.us](mailto:Kurt.Mueller@state.mn.us)

**Lisa McGuire**

651-296-9255 [Lisa.McGuire@state.mn.us](mailto:Lisa.McGuire@state.mn.us)

**Suk Shah**

651-296-7001 [Suk.Shah@state.mn.us](mailto:Suk.Shah@state.mn.us)

**Marsha Pattison**

651-296-4716 [Marsha.Pattison@state.mn.us](mailto:Marsha.Pattison@state.mn.us)

**Alex Shleifman**

651-297-8342 [Alex.Shleifman@state.mn.us](mailto:Alex.Shleifman@state.mn.us)