



September 2005
Revised

Tax Increment Financing Division Newsletter

- *Withholding of Tax Increment For Failure to File 2004 Reports*
- *Excess Increment Calculation and TIF Plan Modification*
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Withholding of Tax Increment For Failure to File 2004 Reports

The deadline for submitting 2004 TIF reports was August 1, 2005. The TIF Division mailed letters to the mayor and council members of those cities that still had not submitted their reports by August 15th. The letter advised those cities that, if their reports are not received by November 15, we are required by state law to mail written notice directing their county auditor to withhold distribution of tax increment.

We wish to thank the 95% of authorities that have now submitted their 2004 TIF reports. We encourage the 5% that have not yet filed to call us if you need assistance.

We will announce in our October Newsletter the names of those cities whose reports we have not received by October 1st.

Excess Increment Calculation and TIF Plan Modification

An excess increment calculation must be done as of December 31st of each year. This determination is based on TIF plans and modifications in place as of December 31st of the year for which the calculation is done.

If a modification to a TIF plan budget is reasonable and necessary pursuant to that TIF

district's individual circumstances, now is the time to initiate the modification process (modification must be approved on or before December 31st). The authority must spend or return the excess increment, pursuant to TIF Act constraints, within nine months after the end of the year.

Tip From Authority Recently Audited

While a TIF audit is in progress, the existence of such audit and its elements are confidential and the State Auditor's Office cannot disclose any of its elements to third parties. An audited TIF authority however, may disclose financial information, which is always public, to the county attorney.

Recently, an authority being audited invited their county attorney to discuss TIF financial matters before an audit was complete and the findings were made public. The authority discovered that by apprising the county attorney of financial issues at an early stage of the audit, the relationship between the city and the county was less adversarial. After the State Auditor issued its final non-compliance findings, county legal action and a speedy settlement agreement between the city and the county was possible, resulting in less negative media exposure.

If you have any questions please contact us:

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