



March 2006

Tax Increment Financing Division Newsletter

- ***TIF Reports Available for Downloading on May 1, 2006***
- ***A TIF Report Must Be Filed the Year a TIF District is Certified***
- ***2005 TIF Amendments Will Affect TIF Reporting***

TIF Reports available for downloading on May 1. The 2005 TIF Reports (TIF Reports) will be available for authorities to download as of May 1, 2006, with all reports this year being filed on-line. Our office continues to double-check TIF Report information to make the filing of reports easier and to assure the information is accurate.

A TIF Report must be filed the year a TIF district is certified. There has been confusion as to when TIF Reports are required to be filed. A TIF Report must be filed in the year the county certifies the original net tax capacity. Be sure the TIF Report includes the original and current net tax capacity. The report must be filed, even though a TIF district may not yet have received tax increment revenues. Reports must continue to be filed until the TIF district is decertified and has a zero fund balance.

2005 TIF Amendments will affect TIF reporting. Of the TIF amendments enacted in 2005, amendments to the excess increment subdivision of the TIF Act¹ will have the greatest impact on TIF Reports. Authorities are now required to calculate excess increments for pre-1979 districts.

¹ Minn. Stat. § 469.176, subd. 2

- Excess increment in pre-1979 districts equals the amount of tax increment revenues on hand on December 31, 2005, less the principal and interest obligations due on (i) outstanding bonds issued prior to April 1, 1990, (ii) bonds issued to refund such bonds, or (iii) advances or payments made by the municipality or authority after June 1, 2002 to pay bonds issued prior to April 1, 1990, unless already prepaid pursuant to the pre-1979 districts subdivision of the TIF Act.² Excess increment is determined annually as of December 31st.

² Minn. Stat. § 469.176, subd. 1c

- For all TIF districts, including pre-1979 districts, excess increment revenues can be transferred to eliminate deficits in pre-2001 districts resulting from class rate changes or elimination of the state-determined general education property tax levy of the Minnesota Property Tax Reform Act, the subdivision otherwise referred to as the pooling for deficits subdivision.³

³ Minn. Stat. § 469.1763, subd. 6

- For all TIF districts, excess increment revenues must be reserved, as authorized by law, or returned to the county for redistribution within a nine-month time period. For all districts with excess increment as of December 31, 2005, the deadline is October 1, 2006.

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