

# TIF Division Newsletter



## Outstanding 2009 TIF Reporting Forms

The deadline for submitting 2009 TIF Reports was August 1, 2010. If the reports are not received by October 1, the Office of the State Auditor (OSA) is required to notify the county in which the development authority is located to withhold all tax increment payments until the required reports have been received by the OSA.

Currently, five of the 443 development authorities required to file have not yet submitted their reports. Reporting questions or problems can be directed to Jenna Braband at (651) 296-7001 or to [TIF@auditor.state.mn.us](mailto:TIF@auditor.state.mn.us).

## County Administrative Expenses

Tax increment may be used to pay for the actual expenses of a county for administrative services required by the TIF Act. The county may require payment of the expenses by February 15th of the year following the year in which the expenses were incurred. To obtain payment for the administrative costs, the county auditor must provide to the authority a record of the costs incurred by the county auditor for the administration of the authority's TIF districts.

The amount of administrative costs to the county is not required to be identified in the TIF plan and is not included when determining the ten percent administrative expense limit. For more information regarding administrative expenses, please see our Statement of Position entitled [TIF Administrative Expenses](#).

## The Four-Year Knockdown Rule

An authority must submit evidence to the county auditor that development activity has begun on parcels in a TIF district within four years from the date of certification and was done in accordance with the TIF plan.<sup>1</sup> If demolition, rehabilitation, renovation or other site preparation has not taken place on a parcel, then the county auditor must exclude the original net tax capacity of the parcel from the TIF district. Installation of utility service, including sewer and water systems, does not qualify as development activity.

If subsequent qualifying activity takes place, the authority must certify to the county auditor that qualifying activity has taken place on the respective parcels and may request that the most recent net tax capacity of the parcel be added back to the original net tax capacity of the TIF district.

For additional information regarding the four-year rule, please see our Statement of Position entitled [Four-Year Knockdown Rule](#).

<sup>1</sup> In 2009, the Legislature extended the four-year rule to six years for districts certified on or after January 1, 2005, and before April 20, 2009.

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