

TIF Division Newsletter



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Updated Procedure for Submitting TIF Plans

The Office of the State Auditor (OSA) has updated the process for submitting new TIF plans and TIF plan modifications. Separate forms for both new and modified TIF districts can be found on the [State Auditor's Form Entry System \(SAFES\)](#). All new or modified TIF districts are required to complete the appropriate form and submit it using SAFES, along with a PDF of the corresponding plan. If the authority has not yet authorized a representative to file its forms, they may do so by completing the [SAFES Authorization Form](#).

After the new or modified TIF district form has been completed, the user can log into SAFES to submit it. The new or modified TIF form and the PDF of the corresponding plan must be uploaded at the same time. TIF plans must be submitted as PDF documents and only one PDF document may be submitted. If the authority has multiple documents to submit (i.e. approving resolutions, meeting minutes, TIF plans, etc.), all documents must be scanned together or otherwise combined into one PDF document.

Detailed instructions on how to complete and submit the form and the PDF document can be found on the OSA website under Tax Increment Financing (TIF) Forms, [Resources for Completing Forms](#). Please call or e-mail us at TIF@osa.state.mn.us with any questions or concerns.

TIF Plan Issues

OSA staff is now contacting some development authority representatives or their assigned agents where the data submitted is unclear or difficult to interpret. Areas of particular concern are:

1. The cost of the project in a post-2009 TIF plan or TIF plan modification should include only estimated costs, including administrative costs, to be paid with tax increment. Interest is to be included but as a financing cost, not as a project cost. Non-tax increment costs are not to be included. If the plan lists estimated tax increment costs as the proposed cost of the project and then has a separate category of "other costs," these other costs will likely be interpreted as being non-tax increment costs.¹

¹ Minn. Stat. § 469.175, subd. 1 (a) (5) (1).

2. The estimated tax increment to be spent cannot exceed the estimated tax increment to be generated by the development activity. OSA examiners compare the projected tax increment to be generated against the estimated tax increment costs. Development authorities or their agents will be contacted if the estimated TIF plan costs exceed the increment to be generated.²
3. Inter-fund loans and pay-as-you-go (PAYG) notes are defined in the TIF Act as bonds.³ Some TIF plans indicate that no bonds are to be issued, but then proceed to state that an inter-fund loan or PAYG note will be used. These types of financings must be included as bonds in the TIF plan.
4. The TIF Act requires that a TIF plan include the amount of the bonds to be issued.⁴ The amount of the bonds should be stated only once, even if two or more financing sources are used. For example, if an inter-fund loan is used initially and the principal amount of the inter-fund loan is repaid through the issuance of a GOTI bond, the principal amount of the debt remains the same. The inter-fund loan and GOTI bond are not to be added together.
5. The TIF Act requires that cost of the project and the amount of the bonds to be issued are to be stated separately. Bond proceeds represent the method by which the project costs will be financed. The cost of the project and the bond proceeds are not to be added together.
6. The amount of tax increment the TIF plan authorizes to be spent is a single number. Some plans provide a different authorized amount in different sections of the plan. The OSA has made a reasoned decision as to which number represents the amount of tax increment that is authorized to be spent. That number is pre-populated on the form. If the OSA has pre-populated the wrong number, it is the responsibility of the development authority to notify the OSA as soon as possible to request a correction.

Timetable for TIF Districts Reporting Forms

The OSA is preparing the annual reporting forms for TIF districts. These forms should be pre-populated and available on SAFES by June 1, 2012. Development authorities are encouraged to review the 2011 TIF reports to make sure all pre-populated information is accurate.

² Minn. Stat. § 469.175, subd. 1 (a) (5) (i).

³ Minn. Stat. § 469.174, subd. 3.

⁴ Minn. Stat. § 469.175, subd. 1 (a) (5) (ii).