

# TIF Division Newsletter



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## Five/Six/Ten Year Rule Question

### Question:

The Legislature amended the Five-Year Rule<sup>1</sup> to extend to ten years the time which certain actions must take place in order for expenditures to be considered “in district” for redevelopment districts and for renewal and renovation districts certified after June 30, 2003, and before April 20, 2009. The Six-Year Rule<sup>2</sup> was not amended. Can a redevelopment district or renewal and renovation district certified after June 30, 2003, and before April 20, 2009, enter into new “in district” obligations after five years without violating the Six-Year Rule?

### Answer:

The Six-Year Rule’s restrictions on the use of increment to pay costs or obligations incurred under the Five-Year Rule remains unchanged for all districts except for redevelopment districts and renewal and renovation districts certified after June 30, 2003, and before April 20, 2009. For these districts, expenditures made to pay costs or obligations incurred up to ten years after certification may be “in district” obligations.

The requirement to decertify when obligations have been paid or money has been set aside to pay the obligations<sup>3</sup> is effectively extended to the eleventh year if new “in district” costs are incurred.

## Important Notice About Windows XP

On April 8, 2014, Microsoft will no longer support the Windows XP operating system or any of the programs in its Office 2003 software suite, which includes Word 2003 and Excel 2003. Specifically, Microsoft will not offer bug or security fixes to users of these products from that date forward.

*(continued)*

<sup>1</sup> Minn. Stat. § 469.1763, subd. 3.

<sup>2</sup> Minn. Stat. § 469.1763, subd. 4.

<sup>3</sup> Minn. Stat. § 469.1763, subd. 4(b).

TIF recorded on-line training videos will be coming soon!

Look for the first videos to be posted in November on our website at:

[www.auditor.state.mn.us](http://www.auditor.state.mn.us)

The recorded training videos will include: (1) an education series covering basic to complex TIF subjects; (2) an instruction series covering TIF reporting; and (3) a special topics series covering special issues related to TIF.

This lack of technical support will create a serious security issue for computers running Windows XP and/or Office 2003. Computer security experts believe that hackers are targeting that date to unleash a wide variety of malware, which can include computer viruses, “Trojan Horses”, or “worms”, which can invade a computer’s system and cause serious damage.

The Office of the State Auditor (OSA) strongly recommends that any local government offices with computers running Windows XP, Office 2003, or any prior versions update your computers to a supported operating system and software before April 8, 2014.

*It is important to note that because of the security issues that may occur due to the lack of technical support for Windows XP and Office 2003, the OSA’s State Auditor’s Form Entry System (SAFES) will no longer accept documents saved in the default file format created by Office 2003, which includes Excel files with the extension “.xls”, after April 8, 2014.*

More information on this issue is available on the [Microsoft website](#).

**TIF Jobs Stimulus Program Survey**

The TIF Division recently sent surveys to all authorities that reported participation in the Jobs Stimulus Program. “Participation” included: 1) creating an economic development district using the expanded authority,<sup>4</sup> or 2) creating a spending plan authorizing the use of the available tax increment from existing TIF districts.<sup>5</sup>

The purpose of this survey is to help monitor compliance and to collect information related to the program which will be included in our annual legislative report. Please complete the form and send it back to us before October 31, 2013.

If you participated in the Jobs Stimulus Program and did not receive a survey, or if you have any questions, please contact the TIF Division. For additional information on this program, please refer to our Statement of Position [TIF Jobs Stimulus Program](#).

(continued)

<sup>4</sup> Minn. Stat. § 469.176, subd. 4c(d).

<sup>5</sup> Minn. Stat. § 469.176, subd. 4m.

**What Exactly is Tax Increment?**

Recently there have been some questions surrounding the definition of tax increment.

The TIF Act defines tax increments or tax increment revenues to include: (1) the property taxes paid by the captured value of the TIF district; (2) the proceeds from the sale or lease of property purchased with tax increments; (3) principal and interest received on loans or other advances made by the authority with tax increments; (4) interest or other investment earnings on or from tax increments; and (5) repayments or return of tax increments made to the authority under agreements for districts which the request for certification was made after August 1, 1993.<sup>6</sup>

TIF Statements of Position can be accessed by going to our website at:

[www.auditor.state.mn.us](http://www.auditor.state.mn.us)

At the top of the page, choose "For Local Officials" then click "Statements of Position"

<sup>6</sup> Minn. Stat. § 469.174, subd. 25.

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