

TIF Division Newsletter



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Certification Clarification

In our August 2014 newsletter, we noted that districts with a certification request date after June 30th must be certified by the County Auditor within 30 days after receipt of the request and sufficient information to determine the parcels included in the district, even though the final original local tax rate (OLTR) is not available. These districts are certified by setting the original net tax capacity (ONTC) using the value for the current assessment year. The OLTR will be the corresponding rate for the following payable year, not the current year's payable tax rate. The certification of the ONTC can omit the OLTR or identify it as "to be determined." The OLTR can be certified when it becomes available. The date on which the ONTC is certified is the certification date for the district.

TIF Plan Certification Request Date

The certification request date (CRD) is as important as the certification date (CD). Various provisions of the TIF Act are tied to one or the other.

The CRD is the postmark date or the date of hand delivery of the request to the county. For requests made by electronic transmission, including fax and e-mail, the CRD is the date of transmission. The authority should retain documentation to substantiate this date.

The CD is the actual date on which the county auditor signed and dated the certification of the ONTC. The authority and the county should agree on the CRD and CD.

Election to Delay First Receipt of Increment

A TIF district's duration begins the year it receives its first tax increment distribution from the county. Most TIF plans will include an estimate of when the district will receive its first increment. Usually, a district will receive its first increment within two years after it requests certification.

The CRD and the subsequent CD of the district largely control when the first receipt of increment will occur. If a request is made on or prior to June 30th, the district could receive increment as early as the next year. If the request is made after June 30th, the earliest the district could receive its first increment would be the year after next. For example, if an authority requested certification for a district on June 29, 2014, the district could receive increment in 2015. If the request was made July 5, 2014, the earliest the district could receive increment would be in 2016.

An authority can elect to delay the first receipt of increment for any type of TIF district except for economic development districts. The election to delay may be up to four years following the year of approval of the district. An election must be explicitly stated and should reference the statute authorizing the election. The specific year for first receipt must be identified.

For more information please see our statement of position, [Election to Delay Receipt of First TIF Revenues](#).

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

www.auditor.state.mn.us

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

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