

TIF Division Newsletter



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Notes from Reviewing TIF Reports

In reviewing the 2015 TIF Annual Reporting Forms, we have found a few recurring issues that will require authorities to re-file the forms. We want to share this information with all authorities for future reference in preparing your forms.

- **Reporting Interfund Loans** Interfund loans should be reported on the Interfund Loan Tab of the TIF report with the corresponding costs reported on the Project Costs Tab. Interfund loans should not be reported as an account payable.
- **Reporting Non-TIF Revenue on the “Other” Line** A new line was added to the Revenue and Expense Tab to address specific, “other” sources and uses. This line is limited to write-offs or write-downs of interfund loans, unrealized gains or losses associated with land held for resale, and other uses of TIF revenue that don’t fit into any other category. Sources or uses that are not tax increment should not be reported on these TIF-only reports.
- **Reporting Payments on “Non-TIF” Bonds** If a bond is not secured by a pledge of increment from any TIF district it is considered a “non-TIF” bond. In particular, special assessment bonds in housing districts would often be considered “non-TIF” bonds. Payments of tax increment toward the debt service of non-TIF bonds should be reported on the Debt Tab.

For additional information, please refer to the [2015 TIF Annual Form Reporting Instructions](#). If you have questions about the need to refile, please contact us at TIF@osa.state.mn.us.

TIF Videos

TIF Videos are available on the State Auditor's website

Education Series

[Introduction to TIF](#)

[The History of TIF and Why It Matters](#)

[TIF District Types](#)

[TIF Pooling](#)

[Excess Increments vs. Excess Taxes](#)

Instruction Series

[Completing the Pooled Debt Form](#)

[Completing the TIF Annual Reporting Form](#)

[Completing the TIF Plan Collection Form for New Districts](#)

[Completing the TIF Plan Collection Form for Modified Districts](#)

Income Requirements for Housing Districts

The TIF Act uses income limit requirements from the Internal Revenue Code to define housing district income criteria.

In districts with owner-occupied housing, 95 percent of the housing units in the district must be initially purchased and occupied by persons whose family incomes are less than or equal to the applicable median family income, as described in section 143(f) of the Internal Revenue Code.

For rental property, the TIF Act requires that the property satisfy the income requirements for a qualified residential rental project as provided in section 142(d) of the Internal Revenue Code. In this section of the Internal Revenue Code, there are two different tests. The first is the 20-50 test, in which 20% or more of the residential units are occupied by individuals whose income is 50% or less than the area median gross income. The second test is the 40-60 test, in which 40% or more of the residential units are occupied by individuals whose income is 60% or less than the area median gross income.

Authorities are required to maintain documentation sufficient to substantiate that income requirements for housing districts are being met. Income requirements for owner-occupied housing must be documented for the first qualified purchaser. Income requirements for rental housing must be documented annually. Documentation for owner-occupied and rental housing must be retained for the life of the district.

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