

TIF Division Newsletter



GASB 77 and Tax Increment Financing

Governmental Accounting Standards Board statement number 77 (GASB 77) requires disclosures in the notes to a local government’s financial statements for tax abatements. Are TIF obligations subject to the required disclosures for tax abatements under GASB 77?

TIF is not explicitly included or excluded as a tax abatement. The definition of tax abatement in the GASB statement focuses on agreements between one or more governmental units and an individual or entity in which the governmental unit(s) will forgo tax revenue in exchange for economic development or other actions by the individual or entity. The transaction’s substance, not its form or title, is a key factor in determining its qualification as a tax abatement.

In many cases, a TIF obligation will not meet the GASB 77 definition of a tax abatement. A TIF bond or interfund loans used by the TIF authority in financing public development costs would not likely include an agreement to forgo tax revenue that would meet GASB 77’s definition of tax abatement.

A pay-as-you-go (PAYG) TIF obligation, by which tax increments are directly reimbursed to a property owner for development activity the taxpayer performs pursuant to an agreement, may be more likely to fall within the definition and require disclosures.

Development authorities should consult with their auditors to ensure that the proper disclosures are being made in the annual financial statements.

Inside this issue:

GASB 77 and Tax Increment Financing	1
Annual TIF Legislative Report Released	2
Updated Plan Collection Forms and Instructions Now Available	2

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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](#)

Annual TIF Legislative Report Released

The 2015 [TIF Legislative Report](#) has been released and can be downloaded from the Office of the State Auditor website.

The report summarizes information collected from the 2015 TIF Annual Reporting Forms. It highlights current and long-term trends regarding the number and types of TIF districts, the amount of tax increment revenue generated over time, new certification activity, decertification activity, and other TIF data.

Updated Plan Collection Forms and Instructions Now Available

The forms for submitting new TIF plans and for submitting plan modifications have been updated. Written and video instructions for completing the forms have also been revised.

The forms and written instructions can be found on the [TIF Forms](#) page of the Office of the State Auditor website; instructional videos can be found on the [Training Opportunities](#) page. If you have any questions about the forms or the instructions, please contact us at 651-296-4716 or at TIF@osa.state.mn.us.

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