

TIF Division Newsletter



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District Certifications Require Whole Parcels

Recently, questions have arisen regarding whether a portion of a parcel can be included in a district. In short, while a TIF plan can identify portions of parcels (if parcel changes will occur before certification is requested), the district can only be certified to include whole parcels.

Development activity often causes or corresponds with changes in parcels (plats, splits, and combinations). At the time a TIF plan is crafted, some parcel changes may be anticipated and therefore it is not uncommon to see plans describe portions of current parcels. When a request for certification is made to the county auditor, it must be accompanied with sufficient information to identify the parcels included in the district. A county cannot certify a district without knowing the parcels included.

Guidance from the Department of Revenue states, “The county auditor should make sure that the legal descriptions and parcels identified to be within a TIF district are entirely within the district. If any portion of the property is not included in the district, the entire parcel is excluded from the district. In many cases, a subdivision or plat must be filed and the parcel(s) created prior to the TIF district’s final plan and request for certification received by the county.” (Auditor/Treasurer Manual, p. 12.01-7.)

Administrative Expenses Must Be Documented

Administrative expenses are defined in the TIF Act. An authority must document and keep a record of administrative expenses if the costs are to be paid or reimbursed with tax increment revenues. Administrative expenses are subject to a percentage limitation: an authority cannot simply retain ten percent of all tax increment revenues received for administrative expenses.

For more information regarding administrative expenses, please see the OSA’s Statement of Position entitled [TIF Administrative Expenses](#).

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](#)

TIF Credit Payments

There are several property tax credits that are apportioned and distributed to TIF districts that should be identified and treated as tax increment by TIF authorities.

The definition of tax increment includes taxes paid by the captured net tax capacity. After the total amount of taxes on a parcel is determined, any credits are applied and the property owner pays the remaining amount. The state then reimburses the applicable taxing jurisdictions for the amount of the credit so that the total amount of taxes determined for a parcel is fully paid. To the extent the credits reduce a share of the total tax, a portion of the credit reimbursement is apportioned to the TIF share of the tax. Therefore, these credit reimbursements are tax increment and subject to the restrictions of the TIF Act. As a result, the funds need to be segregated and otherwise treated as tax increment.

Although most districts are not affected, the Department of Revenue (DOR) apportions credits to TIF when appropriate. Apportionments are made for several credits (Disparity Reduction Credits, Supplemental Taconite Credits, Disaster Credits, and Agricultural Homestead Market Value Credits). DOR pays these TIF credits with other credit reimbursements to cities on December 26th. Taconite Credits distributed by the county may also be apportioned to TIF.

The settlement information pertaining to the credit payments can be a bit cryptic, but the TIF share of credits should be labeled as “TIF”. The DOR website will contain a document identifying all TIF credit distributions on a page titled “Market Value Credits for TIF Districts.”

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