

TIF Division Newsletter



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Regularly Review Terms of TIF Obligations

To ensure compliance with the TIF Act, authorities should annually or regularly review the terms of TIF obligations. The Office of the State Auditor (OSA) recommends authorities complete the following steps on an annual basis:

- When an authority has issued a pay-as-you-go (PAYG) obligation, review the development agreement and TIF note to ensure that:
 - The developer is not paid beyond the termination date or in excess of the maximum amount of reimbursement;
 - The developer has provided any documentation of costs required by the development agreement prior to reimbursement of those costs; and
 - The developer is not in default of the agreement.

- Review the written terms of any interfund loan to ensure that principal payments are made promptly and the interest rate does not exceed the statutory limit. The interest rate cannot exceed the statutory limit as of the date the loan is authorized unless the terms allow the rate to fluctuate each year as the limit is adjusted. Therefore, it is important to be aware of the changing interest rate limit each year.

- Review debt service schedules for principal and interest payments of any general obligation or revenue bond to ensure the schedule is being followed, and to consider whether pre-payment or refunding (to obtain a lower interest rate) is possible or desirable.

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](#)

Review TIF Districts for Decertification Requirements

Under the TIF Act, a TIF district may be required to decertify for a variety of reasons. It is important to be aware of the decertification requirements and review each district to determine if the requirements may apply.

- The TIF Act sets a maximum statutory limit on the duration of a TIF district based on the type of district. The maximum duration limits can vary anywhere from eight to 25 years after the first receipt of tax increment.
- TIF plans may specify an earlier decertification date than the statutory maximum limit. Review the TIF plan periodically to ensure that the authority does not collect tax increment in excess of the required decertification date identified in the TIF plan.
- While a TIF district may be required to decertify on the date identified in the TIF plan or the statutory maximum limit, the TIF district may also be required to decertify earlier under the Six-Year rule. This provision in the TIF Act requires, in general, that a district be decertified when enough tax increment has been used or set aside to satisfy the qualifying in-district obligations.
- An authority may also request that the county decertify a district early. If this occurs, the authority must notify the county in writing. The date the district is to be decertified can either be upon receipt by the county of the request or a date specified in the request.

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