State Auditor Otto Releases Tax Increment Financing (TIF) Legislative Report

Contact: Jim Levi, Office of the State Auditor, (651) 297-3683, Jim.Levi@osa.state.mn.us

ST. PAUL (3/5/2018) – State Auditor Rebecca Otto today released the Tax Increment Financing Legislative Report. The Report was compiled from information received from the 416 development authorities currently authorized to exercise tax increment financing (TIF) powers in Minnesota.

Tax increment financing is a financing tool established by the Legislature to support local economic development, redevelopment, and housing development. The Report summarizes information reported for 1,665 districts for the calendar year ended December 31, 2016. The Report also provides a summary of the violations cited in the limited-scope reviews conducted by the Office of the State Auditor (OSA) in 2017.

Highlights from the report include:

Current Trends

- In 2016, 68 new TIF districts were certified, which was 28 percent less than the number of new districts certified in 2015.

- In 2016, 114 TIF districts were decertified, a decrease of five percent from 2015.

- In 2016, of the 1,665 TIF districts, 1,051 (63 percent) were located in Greater Minnesota and 614 (37 percent) were located in the Metro Area.

- In 2016, approximately $208 million of tax increment revenue was generated statewide. Although most districts are located in Greater Minnesota, approximately $176 million of tax increment, or 85 percent, was generated in the Metro Area.

- In 2016, development authorities returned $9,049,030 in tax increment revenue to county auditors for redistribution as property taxes to the cities, counties, and school districts.

-- more --
Long-Term Trends

- Between 1996 and 2004, the number of TIF districts increased each year. From 2004 through 2014, the total number declined. The decline reflected, among other things, large numbers of decertifications as older districts created in the wake of the 1979 TIF Act reached their statutory duration limits. The number of TIF districts being reported leveled off in 2015 before another decline of three percent in 2016.

- Looking at the ten-year period from 2007 to 2016, the amount of tax increment revenue generated statewide had declined in every year from 2008 to 2013, but has been up and down the last three years. Tax increment revenue over the last four years has been hovering around two-thirds of the high of $307.8 million reached in 2008.

To view the complete report, which includes an Executive Summary, tables, and graphs, go to:


-- 30 --

The Office of the State Auditor is a constitutional office that is charged with overseeing more than $20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota’s 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see http://www.auditor.state.mn.us/default.aspx?page=bio.