




TIF Administration for Authority Staff

Minnesota Office of the State Auditor
Jason Nord, TIF Division Director

July 17, 2025


OVERVIEW

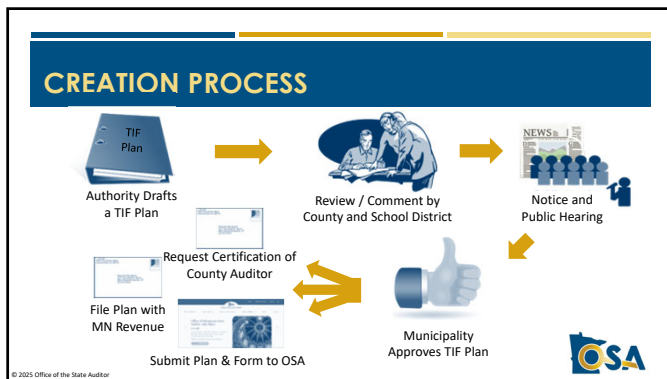
- Laws and Limitations (creation process, laws and limitations)
- What's New? (legislative updates for 2024 and 2025 and looking forward)
- Administration of TIF (compliance and reporting)



SECTION ONE

Laws and Limitations





APPROVAL PROCESS

- Municipality approval required (vs. authority)
- Public hearing required
- Notice published 10-30 days prior
- Must include map of district and project areas

The icon shows a group of people at a public hearing with a 'NEWS' sign in the background.

OSA

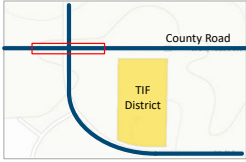


COUNTY & SCHOOL DISTRICT IMPACTS

- Must provide county auditor and school board clerk with:
 - Proposed TIF plan
 - Estimate of fiscal and economic implications
 - Increment to be generated; shares attributable to county and school district levies
 - Impact on city services, infrastructure, and debt issuance
 - Additional info requested by county/SD on size, timing, type of development
- Must notify, offer to meet with, affected county commissioner (housing/redevelopment districts only)

OSA






COUNTY & SCHOOL DISTRICT IMPACTS

- Counties may require inclusion of county road costs in TIF Plan
- Have 45 days to assert option
- Counties may bill authority for TIF administration costs

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IMPORTANT DATES

- Approval Date
(Election to delay, prior planned improvements) 
- Certification Request Date (CRD)
(Original NTC and exempt determinations, effective dates for many provisions, parcels not includable, small city and qualified disaster area determinations, and more) 
- Certification Date
(Four-Year Rule, Five-Year Rule, Six-Year Rule, prohibition on enlargements, disclosure and financial reporting requirements, parcel definition, ONTC adjustment provisions) 
- Receipt of First Increment (Durations) 
- Required Decertification Date (RDD) 


Anticipated vs Actual !!!
Record actual first receipt date and update the required decertification date

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TAX INCREMENT

- Tax increment = tax paid on captured value (including credits)*
- Related revenues are also defined as "increment"***
 - Sales or lease proceeds from property purchased with increment
 - Interest / investment earnings on increments
 - Principal and interest received on loans/advances of increment
 - Repayments under agreements
- Must be segregated

*Excludes excess taxes
**Certain limits do not include these expanded revenues



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BONDS

- TIF Act defines “bonds” to include “other obligations”:
 - Refunding bonds
 - Notes (including PAYG notes)
 - Interim certificates
 - Debentures
 - Interfund loans



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GENERAL RULE

- Tax increment must be used:
 - In accordance with the TIF plan
 - To pay bonds
 - To finance or pay costs pursuant to the underlying development acts
 - To pay administrative expenses



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DURATION LIMITS

- Maximum statutory duration limits:

Redevelopment	26 years
Housing	26 years
Economic Development	9 years
Renewal & Renovation	16 years
Soils Condition	21 years
- May specify a shorter duration limit in TIF plan
- Early decertification may be required (and is an option)



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ADMINISTRATIVE EXPENSE LIMIT

- Administrative expenses are limited to 10% of the lesser of:
 - Total estimated TIF expenditures authorized in TIF plan*
 - Total tax increments paid on captured value**
- Evaluated at district's end
- Must be documented, not just retained

*Substitute total TIF expenditures for the project for districts prior to 8/1/2001
**Net of certain returned increment (a 2023 clarification)



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EXCESS INCREMENTS

- Increment that exceeds what is needed to pay current costs authorized by the TIF plan (not paid by other sources) must be returned or used to prepay outstanding bonds
- Must be determined annually based on current TIF plan
- Must be returned/used by September 30th



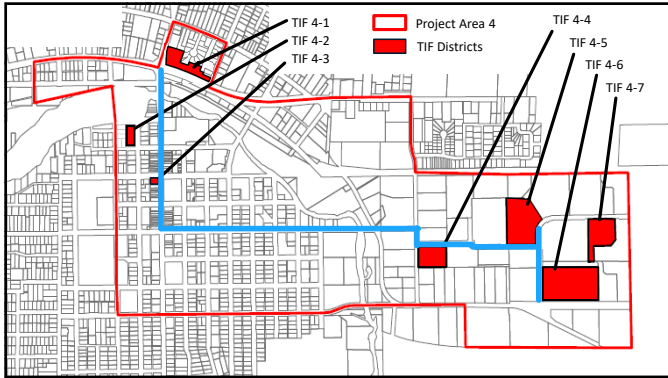
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POOLING

- Pooling = use of increment outside the TIF district but within the project area
- Includes administrative costs




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POOLING LIMITS


- Overall pooling limits*
 - Redevelopment districts: 25% of tax increment**
 - All other districts: 20% of tax increment**
 - Evaluated at district's end

*Limits differ for districts prior to 7/1/1995
**Does not include the expanded revenues defined as increment and is net of certain returned increment





POOLING LIMITS

- 10% additional pooling for certain housing ("2d pooling")
 - Must be elected in the TIF plan
 - Activities may be outside the project area
 - Permitted notwithstanding the district type limitations
 - For housing that meets certain federal IRC requirements or for owner-occupied housing meeting income limits
 - If all pooling is for this housing, admin costs may be treated as in-district



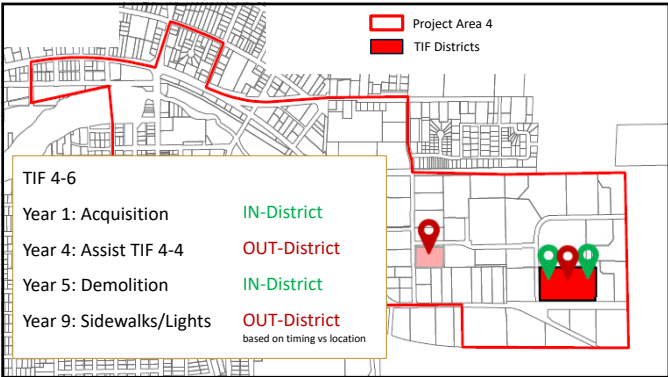
FIVE-YEAR RULE

- Five-Year Rule adds a timing element to what are considered “in-district” or “out-district” expenditures*
- Increment use is considered in-district when:
 - Spent within 5 years of certification
 - Used to pay bonds and obligations that financed costs incurred within 5 years of certification
- New uses after 5 years are “out-district” (even if located in district)



*Five-year period is 8 or 10 years for some districts


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TIF 4-6	
Year 1: Acquisition	IN-District
Year 4: Assist TIF 4-4	OUT-District
Year 5: Demolition	IN-District
Year 9: Sidewalks/Lights	OUT-District based on timing vs location

SIX-YEAR RULE

- Early decertification requirement (changed in 2023)
- Parcel removal requirement (new in 2023)
- ~~Prior annual restriction~~ (eliminated in 2023)



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SIX-YEAR RULE

- Early decertification is required when:

$$\begin{array}{ccc} \text{In-district percentage} & & \text{Amount sufficient to pay in-} \\ \times & \geq & \text{district costs/obligations} \\ \text{Cumulative increment} & & \text{excluding in-district PAYGs*} \end{array}$$

Decertification is deferred until the end of the term of an in-district PAYG note

*Includes accrued interest and admin when admin is in-district



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SIX-YEAR RULE

- Bonds and Interfund Loans: Payable from the district's increment
- Pay-As-You-Go (PAYG) Notes: Payable only from increments from specific parcels as the taxes are paid each year
- Example if rule did not provide the exception for PAYG notes:
 - Bond=\$100,000, Loan=\$20,000, PAYG = \$30,000 (\$150,000 total)
 - Year 15: \$150,000 of in-district collected = decertify?
 - Bond and Loan are paid off, but PAYG only \$20,000 paid so far and the available \$10,000 not owed on PAYG so decertification would leave noteholder short



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SIX-YEAR RULE

- Must remove all parcels that will no longer have their tax increment revenue pledge or subject to a PAYG note or other in-district obligation
- Removal requirement applies to districts with a request for certification date after May 25, 2023.
- For more Six-Year Rule info, see the following videos:
 - The Six-Year Rule (19 minutes)
 - How to Monitor the Six-Year Rule (20 minutes)
 - Statement of Position "The Five-Year Rule and Six-Year Rule"



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EARLY DECERTIFICATION

Decertifications 2019-2023

District Type (Max Duration)	Decertified Districts	Lasted Full Duration	Decertified Early	
			%	Avg. Yrs.
Redevelopment (26 years)	165	24%	76%	10
Housing (26 years)	124	25%	75%	10
Economic Development (9 years)	152	60%	40%	3
Renewal & Renovation (16 years)	8	63%	38%	0
Soils Condition (21 years)	2	0%	100%	3

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FOUR-YEAR KNOCKDOWN RULE

- If no activity commences on a parcel after 4 years, it must be knocked down (i.e. no longer produce increment)
- Activity = demolition, rehab, renovation, site prep
 - Includes qualified street improvements (new/relocated/rebuilt)
 - Excludes installation of utility service
- Can recertify parcels if activity subsequently commences (but original value is reset)
- Report activity to county auditor by Feb 1 of 5th Year

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PROHIBITED USES / PARCELS

- General government use prohibited (cannot use to circumvent levy limits or for government buildings)
- Cannot use for common areas used as a public park, nor for social, recreational, or conference facilities)*
- Cannot include parcels that recently benefited from various property tax programs that protect land from development** (Green Acres, Open Space, Rural Preserve, Metro Agricultural Preserve)

*Parking structures and private conference facilities are not prohibited

**Exception made for housing districts and qualified manufacturing/dist. facilities

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INTERFUND LOANS

- Must be authorized by resolution*
- Terms must be documented in writing
- Maximum interest rates apply
- Must be properly reported in annual TIF reporting to the OSA

*Grandfather provisions apply to loans before August 1, 2001



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DISTRICT TYPE LIMITATIONS

- Redevelopment Districts
 - 90% of increment must be used to correct blight conditions
- Renewal & Renovation Districts
 - 90% of increment must be used to correct blight conditions
- Soils Condition Districts
 - Increment may only be used for acquisition, remediation, and administrative costs



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DISTRICT TYPE LIMITATIONS


- Economic Development Districts
 - Increment may not assist developments if more than 15% of buildings and facilities (by square footage) are for purposes other than:
 - Manufacturing
 - Warehousing, storage, distribution (excluding retail sales)
 - Research and development
 - Telemarketing
 - Tourism facilities
 - Workforce housing projects
 - Small city exception allows assistance of limited commercial facilities, but increment may only pay in-district activities for the facility and administrative costs (no pooling)



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DISTRICT TYPE LIMITATIONS

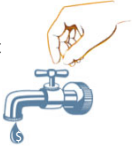
- Housing Districts
 - Increment must be used solely to finance housing projects
 - Nonresidential uses cannot exceed 20% of square footage
 - Must meet income requirements:
 - Owner-Occupied: Initial purchaser/occupant (95% are ≤ 115% of the > of area or state median income)
 - Rental: Ongoing (20% are ≤50% OR 40% are ≤60% of area median income)
 - MHFA Challenge Program limits may substitute
 - Authorities must be able to document compliance
 - Owner: tax returns, W-2s, paystubs, mortgage loan apps, employer verification
 - Rental: MHFA forms, IRS Form 8703, other verifications





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DECERTIFICATION

- Decertification is the termination of a TIF district
 - County auditor removes all remaining parcels
 - Ends collection of increment
- Reporting must continue until revenue is spent or returned










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DECERTIFICATION

- County auditor must decertify upon...
 - Maximum statutory duration limit
 - Earlier duration limit specified in TIF plan
 - Completion of actions under Six-Year Rule
 - Written request by the authority (receipt or date specified)







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DECERTIFICATION

- Do not confuse expected vs. actual duration limits
- Full payable-year increments for year decertification are distributed*
- Delinquent taxes paid after decertification are not increment unless:
 - Nonpayment caused obligations to go unpaid or be paid from other sources
 - Sufficient info provided to county auditor

*Includes January settlements. Partial-year distributions occurred in the past for duration limits based on approval date.



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AND THERE'S MORE...

- There are additional details and topics not covered here
- Legal/professional advice is a good idea when using TIF



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SECTION TWO

What's New?



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LEGISLATIVE UPDATES 2024

- No general law changes
- No special laws



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LEGISLATIVE UPDATES 2025

- General law proposals discussed but **NOT** adopted
 - Fold Renewal & Renovation districts in with Redevelopment; change duration to 21 years
 - For Greater MN: extend Five-Year Rule and drop housing income limits
 - Expand 2d pooling for housing to 15% and allow transfers to housing trust funds
 - Allow Minneapolis/St. Paul expanded eligibility and use of land value for ONTC
 - School district approval of economic development districts



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LEGISLATIVE UPDATES 2025

- Temporary Transfer Authority clarifications/extensions enacted
 - Deadline for construction to commence pushed to 12/31/2026 (vs 2025)
 - Allow amendments to spending plans by 12/31/2025 to:
 - Extend use of transferred increment to 12/31/2026 (vs 2025)
 - Allow use of interest earned on transferred increment
 - Clarify amounts that must be returned if not used by deadline



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LEGISLATIVE UPDATES 2025

- TIF-related provision enacted outside the TIF Act:
 - School district provision regarding distributions of excess increments:
 - Added reference to the Local Option Revenue program
 - Updated a reference to the Long-Term Facilities Maintenance program (which succeeded Health and Safety Aid)
 - County auditor must certify excess increment distributions to MDE by Feb 1



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LEGISLATIVE UPDATES 2025

- 19 Special Laws (for 15 TIF authorities):

■ Bloomington	■ Minnetonka
■ Brooklyn Center	■ Moorhead
■ Brooklyn Park	■ Oakdale
■ Eden Prairie	■ Plymouth
■ Edina	■ St. Cloud
■ Ramsey	■ St. Paul
■ Marshall	
■ Maplewood	
■ Maple Grove	



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LEGISLATIVE UPDATES

- Topics that may be upcoming:
 - Interfund loans clarifications?
 - Decertified district limitations?
 - Sales and lease proceed clarifications?



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SECTION THREE

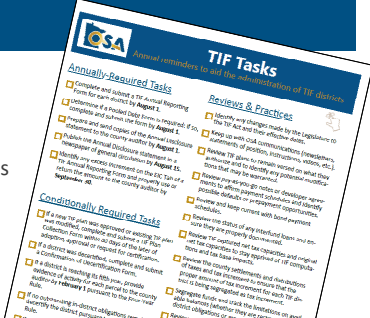
Administration of TIF



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CHECKLIST


- Sample checklist included with the webinar materials




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RECORDS & FUNDS

- Segregate funds (required by law!)
 - Do NOT deposit increment in the General Fund
 - Use separate funds, accounting codes, spreadsheets, files







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RECORDS & FUNDS

- Document expenditures / loans
 - Administrative expenses
 - Developer expenses for PAYG reimbursements
 - Interfund loans terms in writing







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RECORDS & FUNDS

- Retain records
 - Creation documents: 10 years after expiration of district
 - Financial records: 10 years (6 years if certain criteria met)






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TRACK LIMITS

- Administrative expense limit
- Duration limit (statutory and Six-Year Rule)
- Spending within TIF plan estimates



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TRACK IN-DISTRICT & OUT-DISTRICT ACTIVITY

- Identify/track the in-district and out-district shares of increments
- Understand Five-Year Rule (“in” is “out” after 5 years)
- Understand/monitor Six-Year Rule
 - Decertification requirement
 - Parcel removal requirement
- Monitor overall limit (20% or 25%; +10% for housing?)



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OTHER ACTIVITIES

- Return (or appropriately use) excess increment by **September 30th**
- Send county evidence of parcel activity (by Feb. 1 of 5th year) for the Four-Year Rule
- Respond to OSA inquiries



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REVIEW PLANS AND AGREEMENTS

- Review TIF plans regularly
 - Stay within estimates
 - Identify necessary/possible changes
- Review pay-as-you-go (PAYG) agreements regularly
 - Avoid overpayments
 - Identify possible defaults
 - Identify prepayment opportunities



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https://safes.osa.state.mn.us

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State Auditor's Form Entry System (SAFES)

Welcome to the State Auditor's Form Entry System (SAFES). If you've received a username and password, it will work for all of your online forms. If you are new to SAFES, you can view a short [SAFES training video](#) to get started.

Sign In

username

password

Login

Forgot account?

Download the [User Authorization Form](#) to authorize an accountant to submit your forms.

If you have questions about using SAFES, please see [Frequently Asked Questions](#).

If you have any problems or questions not answered in the FAQ, please contact the appropriate division using the following email addresses.

Government Information Division (bidding, cash, and GAMP forms): gid@osa.state.mn.us

Pension Division (pension forms): pgp@osa.state.mn.us

Tax Increment Financing Division (TIF forms): tif@osa.state.mn.us

All other questions: safes@osa.state.mn.us

TIF PLANS AND MODIFICATIONS

TIF Plans must be submitted to OSA within 60 days after the latest of:

The filing of the request for certification of the TIF district;

Approval of the plan by the municipality; or

The adoption of the plan by the authority

Modification needed whether administrative or via full approval process

Attach related TIF Plan and supporting documents (Must be amalgamated into one document)

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SAFES Document List

Contact Info

Submit Documents

Forms

CTAS

User Maintenance

Logout

Note: If pre-populated data is on the reporting form, the reporter is responsible for reviewing the data for accuracy.

Pension Plans: The signed forms presented on the Pension Plan tab below may contain revisions made after they were initially signed.

CTAS Users: Only CTAS OR the Local Government Financial Reporting Form is required.

2024

2023

2022

2021

2020

2019

2018

2017

2016

2015

2014

2013

2012

2011

2010

County

City

Town

Special District

School District

Association

Pension Plan

TIF

Law Enforcement

OPEB Trust

Prosecuting Agency

Albany

All Albany Forms

TIF Plan Collection Form - New District

TIF 1-14 North 1 - 91

TIF District Annual Form

TIF Plan Collection Form - Modified District

TIF 15 Mastermark Redevelopment

Download Form

Download Form

Download Form

Download Form

Download Form

Status

Date

Confirmation ID

Status

Date

Confirmation ID

Status

Date

Confirmation ID

SAFES Submit Document

Contact Info

Submit Documents

Forms

CTAS

User Maintenance

Logout

1) Select a document for submission.

The contact information required in the forms is public information; it will be available to anyone on request.

Click the "Browse..." button and select a file on your computer; then click "Next", below. Note: the maximum allowed file size is 30 MB.

Document

Browse

2) Identify the document.

3) Upload supporting documents.

☒ I want to receive an email confirmation for this submission

Submit

Cancel

SAFES Submit Document

Contact Info

Submit Documents

Forms

CTAS

User Maintenance

Logout

1) Select a document for submission.

The contact information required in the forms is public information; it will be available to anyone on request.

Document

Copy of 20236_PCN_20231000s.xlsx

Browse

2) Identify the document.

Document Type

TIF Plan Collection Form - New District

Entity

Vadnais Heights

3) Upload supporting documents.

Click the "Browse..." button and select a file on your computer; then click "Next", below. Note: the maximum allowed file size is 30 MB.

TIF Plan Document

Browse

ANNUAL REPORTING

■ Annual Forms available early May, and are due August 1

■ Required to start reporting for year district is certified

■ Reporting ends after decertification AND all funds expended or returned



■ Resources:

■ Annual Report Form Instructions

■ Training Video Series

■ Weekly updates, articles, Statements of Position

■ E-mail TIF@osa.state.mn.us or call 651-296-4716




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ANNUAL REPORTING TIPS

- Verify pre-filled information
- Do not copy/paste information
- Check Red Message Table
- Use the “Comments” Tab

Tab Name	Red Messages Remaining
Overview	0
District Info	0
Debt	0
Interfund Loans	1
PAYG	0
Project Costs	1
Transfers	0
Res & Exp	0
Balance Sheet	0
EDC	0
ACD	0
Comments	0
Cut and Paste Errors	0
TOTAL COUNT	2



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ANNUAL DISCLOSURE

- Send copy to county auditor by August 1
- Publish by August 15 (In newspaper of general circulation)

4	Current net tax capacity	\$	16,387
5	Original net tax capacity	\$	685
6	Capital net tax capacity	\$	50,751
7	Principal and interest payments due in 2022	\$	0
8	Tax increment received in 2021	\$	16,387
9	Tax increment expected in 2022	\$	80,593
10	Monthly and year of first tax increment receipt		6/20/20
11	Date of required decertification		12/31/2026
12	The total increased property taxes to be paid from outside the district if fiscal disparities Option A applies	\$	0

* The fiscal disparities property tax law provides that the growth in commercial-industrial property tax values is shared throughout the area. In a tax increment financing district, this value sharing can either result in a decrease in tax increment financing district revenue or a tax increase for other properties in the municipality, depending on whether the tax increment financing district contributes its share of the growth. Annual disclosure law requires that the district did not contribute its growth in commercial-industrial property tax values and represent the resulting increase in taxes on other properties in the City for taxes payable in 2021.

Note: Lines 4-11 must be published even if the amounts are zero. Line 12 and the corresponding section paragraph are only necessary if the municipality is located in the fiscal disparities area and the municipality chose Option A under Item 12(a), § 165.17, Wis. Stat. for the district.

Home | Overview | District Info | Debt | Interfund Loans | PAYG | Project Costs | Transfers | Res & Exp | Balance Sheet | EDC | ACD | Comments | 

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ANNUAL DISCLOSURE

ANNUAL DISCLOSURE OF TAX INCREMENT DISTRICTS FOR THE YEAR ENDED DECEMBER 31, 2020

TIF District Name:	46th and France B	62nd and France B	66 West Development	70th & Cahle Economic Development	72nd and France Amenities	Central Lakes 1203	Grandview II	Park Southside 2	West 78th
Current net tax capacity	43,163	122,293	27,160	0	217,508	0	216,556	1,224,348	14,078,819
Original net tax capacity	43,163	57,866	25,025	0	217,508	0	0	681,608	7,389,563
Capitalized net tax capacity	0	64,769	1,641	0	0	0	176,646	552,740	4,786,296
Principal and interest payments due during current year	0	276,792	34,000	0	0	0	0	0	784,000
Tax increment received	0	60,119	3,612	7,800	0	0	205,070	189,535	480,259
Tax increment expected	0	10,430	1,078	0	0	0	30,866	137,241	28,182
Month and year of first tax increment receipt	Jul-01	Jul-02	Jul-19	Jun-93	Jul-03	Jul-02	Jun-89	Jul-19	Jul-13
Increased property tax imposed on other properties as a result of fiscal disparities contribution*	N/A	N/A	N/A	0**	N/A	N/A	0**	N/A	N/A

* The fiscal disparities property tax law provides that the growth in commercial-industrial property tax values is shared throughout the area. In a tax increment financing district, this value sharing can either result in a decrease in tax increment financing district revenue or a tax increase for other properties in the municipality, depending on whether the tax increment financing district contributes its share of the growth.

** Increased property tax imposed on other properties as a result of growth in commercial-industrial property tax values and represents the resulting increase in taxes on other properties in the city for taxes payable in 2020.

Additional information regarding each district may be obtained from:
Scott West, City Manager
4801 West 50th Street
Edina, MN 55436
(952) 927-8861
scott@edina.gov

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DECERTIFICATION FORM

- Due to OSA as soon as possible after decertification
- Authority completes part A, County completes part B
- E-mail completed form to tif@osa.state.mn.us
- Provide resolution for early decertification

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STAY INFORMED

- Follow OSA information
 - Weekly updates
 - Articles
 - Statements of position
 - Training videos
 - Webinars
- Watch for legislative changes
 - TIF Act changes
 - Property tax system changes
 - Internal Revenue Code changes



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CONSIDER IMPLICATIONS

- TIF captures tax base; Early decertification has merits
- Returning unneeded increment has merits
- Consider...
 - Authority's share of returned increment is free of TIF restrictions
 - Tax base benefits are delayed as long as TIF district is active
 - Increments are essentially attributable to county, school, and other taxing district's rates/base



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