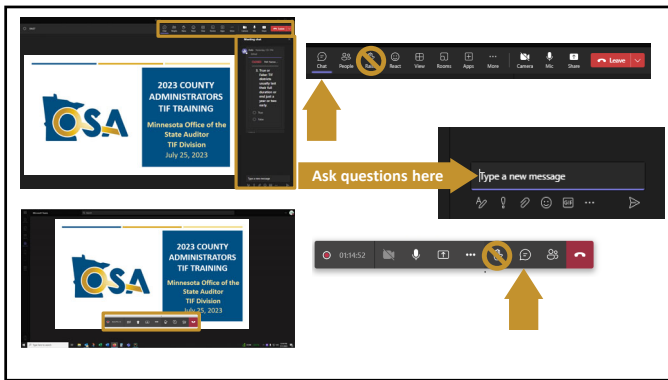




1




2



3

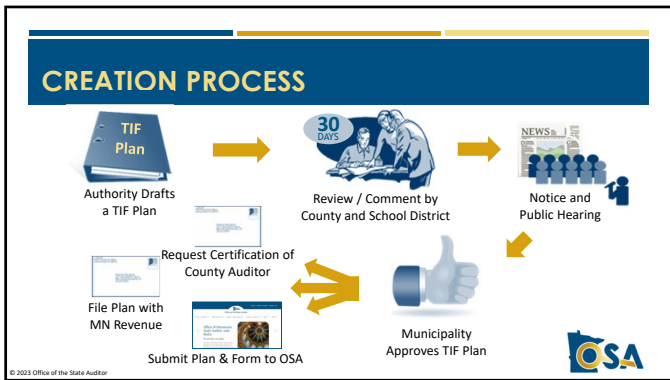
SECTION ONE

Responding to Proposed TIF Districts



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4



5

RESPONDING TO PROPOSED TIF DISTRICTS

- TIF Act requires an authority to provide the county auditor (& school clerk):
 - Proposed TIF plan
 - Estimate of the fiscal and economic implications of the plan
- 30-day requirement may be waived if county board (& school board) provide written comments after receipt of info
- County auditor shall provide copies to board members
- Authorities must also give notice, and offer to meet/discuss, each county commissioner representing the area of any proposed housing or redevelopment districts



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6

OPPORTUNITY TO COMMENT

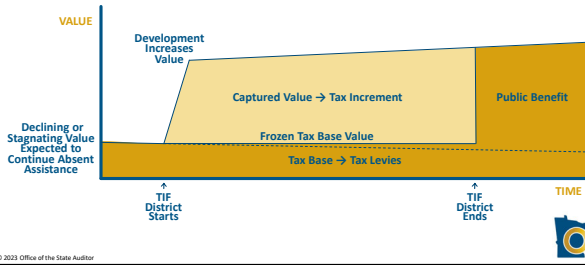
- Policy comments / considerations
 - General support / opposition
 - But-for test (necessity)
 - Scale, size, duration, sharing of NTC, etc.
- Practical comments / considerations
 - TIF plan clarity
 - Parcels, maps, and boundaries
 - County road costs



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7

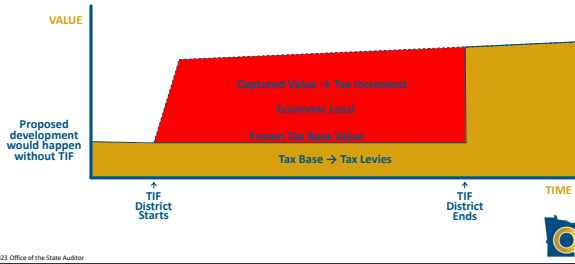
THE TIF CONCEPT



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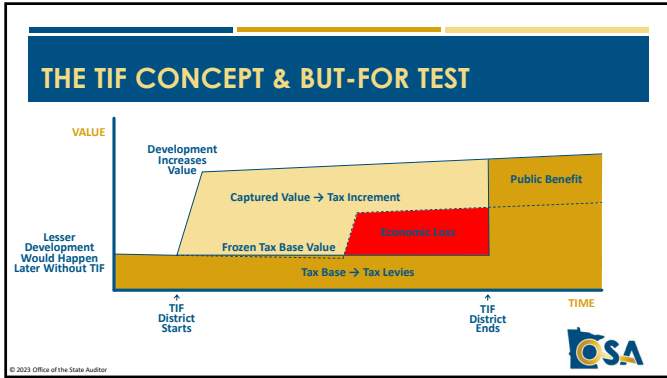
8

THE TIF CONCEPT & BUT-FOR TEST



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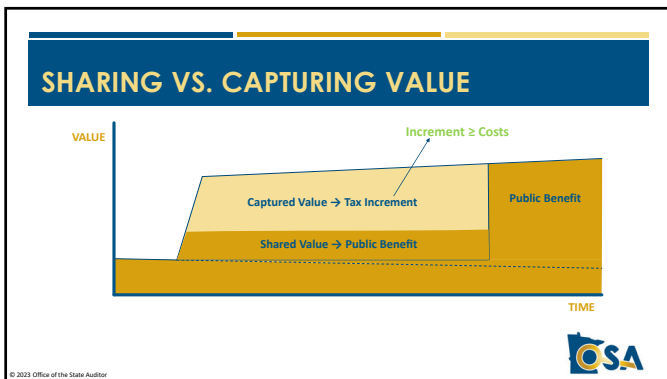
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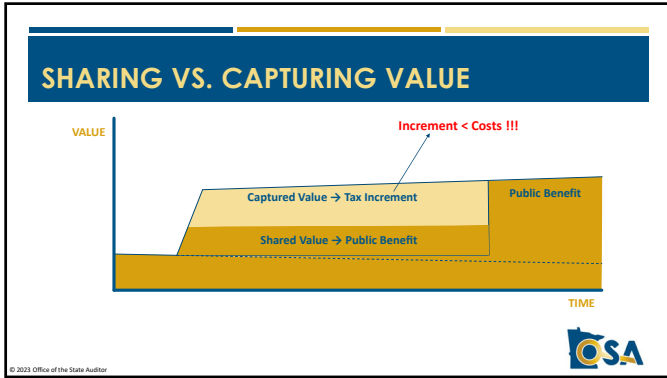
10

- ### INCREMENT NEEDED VS GENERATED
- Estimate of tax increment
 - Might generate \$25,000 of increment per year
 - Over 26 years = \$650,000
 - TIF plan may identify \$650,000 of project and financing costs
 - Actual assistance necessary to enable the district may be less?
 - What if only \$300,000 of costs would be sufficient?
 - Feedback possibilities:
 - Should the plan estimates be scaled back?
 - Should the maximum duration be set to less than the statutory maximum?
 - Should new value be shared with the tax base?
- © 2023 Office of the State Auditor

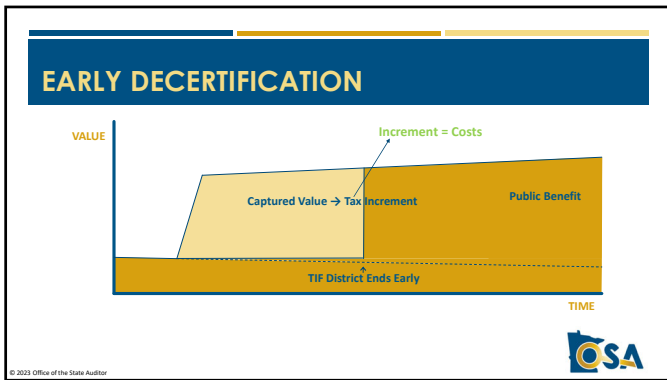
11



12



13



14

"SHARING" AND NTC TERMINOLOGY

- TIF authorities may elect, in the TIF plan, to share some new value instead of full capture

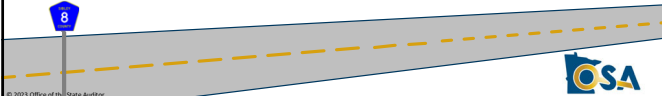
Current NTC	\$67,250
Original NTC	\$3,250
Captured NTC	\$64,000
Shared NTC	\$20,000
Retained Captured NTC	\$44,000

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COUNTY ROAD COSTS

- County may require county road costs be included in TIF Plan and paid with tax increment if it determines:
 - Proposed development will substantially increase use of county roads and require improvements/costs
 - Improvements/costs are not scheduled within 5 years under county plans and would not reasonably be expected in the foreseeable future

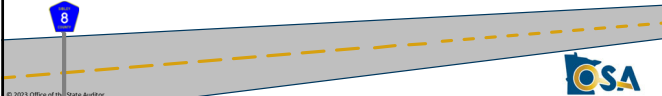


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COUNTY ROAD COSTS

- County must notify authority and municipality within 45 days
- Notice must include estimated costs and construction/payment schedule
- Improvements must be included in the TIF Plan
- If costs > projected increment, agreement must be negotiated prior to approval of TIF plan




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OPPORTUNITY TO COMMENT

- 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



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OPPORTUNITY TO COMMENT

- County may adopt a written policy with standard questions on fiscal and economic implications
- If no policy, additional information may be requested no later than **15 days** after receipt of the TIF plan
- A request does not require an additional 30 days of notice



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SECTION TWO

Certification of New/Modified TIF Districts



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DISTRICT CERTIFICATION

- Authority's **request for certification** initiates process for county auditor
- **County auditor may specify form** and content of the request



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DISTRICT CERTIFICATION

- Revenue's discontinued Certification Request Supplement

Form 13.014: Example Certification Request Supplement
 Tax Incremental Financing District
 Certification Request Supplement

1. Municipality Name: _____

2. District Name: New District District Expansion Hazardous Substance Sub-District

3. District Type:

- Redevelopment**
Maximum Duration: 25 years of tax increments.
- Housing**
Maximum Duration: 25 years of tax increments.
- Renewal and Renovation**
Maximum Duration: 25 years of tax increments.
- Housing Redevelopment**
Maximum Duration: 25 years of tax increments from each parcel.
- 50% Condition**
Maximum Duration: 20 years of tax increments.
- Economic Development**
Maximum Duration: 25 years of tax increments.

4. If the district is a redevelopment, housing, or hazardous substance sub-district, is the minimum market value tax increment being applied?
 Yes No

5. Have the district been extended duration limits provided by a special law?
 Yes No If yes, law citation: _____

6. Does the district plan provide for an impact on tax capacity to be reduced by the local taxing district?
 Yes No If yes, law citation: _____

7. Does the district plan provide for an impact on tax capacity to be reduced by the local taxing district?
 Yes No If yes, law citation: _____

8. Does the district plan provide for an impact on tax capacity to be reduced by the local taxing district?
 Yes No If yes, law citation: _____

9. Does the district plan provide for an impact on tax capacity to be reduced by the local taxing district?
 Yes No If yes, law citation: _____

10. Show the district plan was approved by the Municipality: _____

TIF Departmental Processing
 NOT TO BE RETURNED TO THE SUBMITTER 13.014-11

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DISTRICT CERTIFICATION

- OSA recommends an updated TIF District Certification Request Supplement (if the county does not have their own version)
- Not required; up to county auditors
- Found on our TIF Forms webpage

TIF District Certification Request Supplement
 Absent a county specified alternative, the Office of the State Auditor recommends attaching this supplement to a request for certification of a TIF district. The information below is necessary for proper administration.

Submitter Contact Information

Municipality Name: _____ Name: _____
 TIF Authority Name: _____ Phone: _____
 County Name: _____ Email: _____

TIF District Information

Municipality Approval Date of TIF Plan: _____

Plan Type: New District Modified TIF Plan Hazardous Substance Sub-District

District Type: Redevelopment Housing Renewal and Renovation 50% Condition Redevelopment Other/Unclassified

Is a redevelopment, is the district a qualified disaster area? Yes No

Required attachments:
 1. Plan map
 2. Financial plan
 3. Impact statement
 4. List of all properties with building permits issued in the 12-months preceding TIF plan approval

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DISTRICT CERTIFICATION

- County should note both:
 - Certification request date
 - Actual certification date
- Entity & contact info
- TIF district name
- Municipal approval date
- Plan type
- District type

TIF District Certification Request Supplement
 Absent a county specified alternative, the Office of the State Auditor recommends attaching this supplement to a request for certification of a TIF district. The information below is necessary for proper administration.

Submitter Contact Information

Municipality Name: _____ Name: _____
 TIF Authority Name: _____ Phone: _____
 County Name: _____ Email: _____

TIF District Information

Municipality Approval Date of TIF Plan: _____

Plan Type: New District Modified TIF Plan Hazardous Substance Sub-District

District Type: Economic Development Housing Renewal and Renovation 50% Condition Redevelopment Other/Unclassified

Is a redevelopment, is the district a qualified disaster area? Yes No

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DISTRICT CERTIFICATION

Plan Details	
Authority elects to treat a parcel as occupied by a demolished/removed building. <small>See Minn. Stat. § 469.177, subd. 1(B)</small>	<input type="checkbox"/> Yes (If yes, please attach a detailed explanation) <input type="checkbox"/> No
Special Laws that apply to this district. <small>(e.g., 2019 Minn. Laws, ch. 286, Sec. 49A.02, subd. 2, sec. 4)</small>	
Anticipated month/year of first receipt of increment	
TIF plan contains an election to delay first increment. <small>(See Minn. Stat. § 469.175, subd. 1(b))</small>	<input type="checkbox"/> Yes (Page reference in TIF plan _____) <input type="checkbox"/> No
TIF plan specifies a shorter duration than the statutory maximum	<input type="checkbox"/> Yes (Page reference in TIF plan _____) <input type="checkbox"/> No
Anticipated required decertification date. <small>(Identify early decertification)</small> <small>Note: Actual date of first receipt of increment may change the required decertification date.</small>	
Authority will retain all captured net tax capacity. <small>(See Minn. Stat. § 469.177, subd. 2)</small>	<input type="checkbox"/> Yes <input type="checkbox"/> No, portion shared _____ %
Fiscal Disparities Election. <small>(If applicable)</small>	<input type="checkbox"/> Option A. <small>(FD from outside district + full capture)</small> <input type="checkbox"/> Option B. <small>(FD from district + reduced capture)</small>

Required attachments
Requests for certification should be accompanied by the following:

- TIF plan
- Parcel list and map
- Resolution approving TIF plan
- List of all properties with building permits issued in the 18 months preceding TIF plan approval

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- Election to treat parcel as occupied by demo'd building
- Special laws
- Anticipated first receipt
- Election to delay 1st receipt
- Shorter duration
- Anticipated decert date
- Sharing of NTC
- FD election



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DISTRICT CERTIFICATION

Plan Details	
Authority elects to treat a parcel as occupied by a demolished/removed building. <small>See Minn. Stat. § 469.177, subd. 1(B)</small>	<input type="checkbox"/> Yes (If yes, please attach a detailed explanation) <input type="checkbox"/> No
Special Laws that apply to this district. <small>(e.g., 2019 Minn. Laws, ch. 286, Sec. 49A.02, subd. 2, sec. 4)</small>	
Anticipated month/year of first receipt of increment	
TIF plan contains an election to delay first increment. <small>(See Minn. Stat. § 469.175, subd. 1(b))</small>	<input type="checkbox"/> Yes (Page reference in TIF plan _____) <input type="checkbox"/> No
TIF plan specifies a shorter duration than the statutory maximum	<input type="checkbox"/> Yes (Page reference in TIF plan _____) <input type="checkbox"/> No
Anticipated required decertification date. <small>(Identify early decertification)</small> <small>Note: Actual date of first receipt of increment may change the required decertification date.</small>	
Authority will retain all captured net tax capacity. <small>(See Minn. Stat. § 469.177, subd. 2)</small>	<input type="checkbox"/> Yes <input type="checkbox"/> No, portion shared _____ %
Fiscal Disparities Election. <small>(If applicable)</small>	<input type="checkbox"/> Option A. <small>(FD from outside district + full capture)</small> <input type="checkbox"/> Option B. <small>(FD from district + reduced capture)</small>

Required attachments
Requests for certification should be accompanied by the following:

- TIF plan
- Parcel list and map
- Resolution approving TIF plan
- List of all properties with building permits issued in the 18 months preceding TIF plan approval

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- Attachments:
 - TIF Plan
 - Parcel list/map
 - Resolution approving plan
 - List of properties with building permits issued in the 18 months preceding TIF plan approval



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CERTIFICATION

Department of Revenue provides a sample certification format in its Auditor/Treasurer Manual

Form 11-1: Sample Certification of Original Net Tax Capacity and Original Local Tax Rate

STATE OF MINNESOTA
STEWARTVILLE COUNTY

COUNTY AUDITOR'S CERTIFICATION
AS TO ORIGINAL NET TAX CAPACITY AND
ORIGINAL LOCAL TAX RATE FOR PROPERTIES
WITHIN THE TIF DISTRICT NO. 4-1
IN THE CITY OF STEWARTVILLE, MINNESOTA

I, the undersigned, being the duly qualified and acting County Auditor of Stewartville County, Minnesota (the "County"), DO HEREBY CERTIFY to the City of Stewartville in said County (the "City"), pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 1, that the "original net tax capacity" of all taxable property within the tax increment district designated as TIF District No. 4-1 (the "District") of said City, as described in the Tax Increment Financing Plan for the area approved by resolution of the City Council dated May 31, 2018, is \$26,000,000.

I also certify that such original net tax capacity is composed of the net tax capacity of each parcel of taxable property within the District as determined by the assessment thereof in 2017 for taxes payable in 2018, this being the tax capacity most recently certified by the State of Minnesota as of the date when this certification was requested.

I also certify pursuant to the provisions of Minnesota Statutes 469.177, Subdivision 1a, that the "original local tax rate" that applies to the District is 100.956%, this being the local tax rate for taxes payable in 2018.


WITNESS my hand and the seal of the County this 30th day of May, 2018.

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ORIGINAL NET TAX CAPACITY (ONTC)

- ONTC = net tax capacity of all taxable real property in district
- Requests **by June 30** use **previous** assessment year
 - Example: Request on 6/30/23 uses AY 2022/Pay 2023 Values
- Requests **after June 30** use **current** assessment year
 - Example: Request on 7/1/23 uses AY 2023/Pay 2024 Values
- County auditor must certify within 30 days after receipt of request and sufficient information to identify parcels (don't wait for the OLTR)



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CERTIFICATION

- OLTR can be "TBD" initially
- Send again when rate known
- Certification date is date the ONTC is certified

Form 11-1: Sample Certification of Original Net Tax Capacity and Original Local Tax Rate

STATE OF MINNESOTA
STEWARTVILLE COUNTY

**COUNTY AUDITOR'S CERTIFICATION
AS TO ORIGINAL NET TAX CAPACITY AND
ORIGINAL LOCAL TAX RATE FOR PROPERTIES
WITHIN THE TIF DISTRICT NO. 4-1
IN THE CITY OF STEWARTVILLE, MINNESOTA**


I, the undersigned, being the duly qualified and acting County Auditor of Stewartville County, Minnesota (the "County"), DO HEREBY CERTIFY to the City of Stewartville in said County (the "City"), pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 1, that the "original net tax capacity" of all taxable property within the tax increment district designated as TIF District No. 4-1 (the "District") of said City, as described in the Tax Increment Financing Plan for the area approved by resolution of the City Council dated May 30, 2018, is _____.
I also certify that such original net tax capacity is composed of the tax capacity of each parcel of taxable property within the District as determined by the assessment thereof in 2017 for taxes payable in 2018, this being the tax capacity most recently certified by the State of Minnesota as of the date when this certification was requested.
I also certify pursuant to the provisions of Minnesota Statutes 469.177, Subdivision 1a, that the "original local tax rate" that applies to the District is TBD being the local tax rate for taxes payable in 2018.
WITNESS my hand and the seal of the County this 30th day of May, 2018.

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ORIGINAL NET TAX CAPACITY (ONTC)

- Parcel = tract or plat established **prior to certification** as a single unit for purposes of assessment (**No partial parcels!**)
- Outlined in Minn. Stat. § 469.177; specific situations addressed:
 - Exempt property
 - Redevelopment district parcels with removed buildings
 - Redevelopment district established as qualified disaster area
 - Districts in a presidential disaster area
- Sometimes specified by special legislation
- ONTC for HSS = NTC – costs (typically \$0)




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ORIGINAL LOCAL TAX RATE (OLTR)

- County auditor must certify OLTR when ONTC is certified
- OLTR = sum of all local tax rates that apply
- OLTR = rate for payable year applicable to ONTC values
- OLTR does not change
- If rate is not available within 30 days of request—(likely for requests after June 30)—**certify ONTC within 30 days** and **certify OLTR when available**
- Certification date = date ONTC is certified



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PARCELS NOT INCLUDABLE

- Cannot include parcels or parts of parcels that qualified in the last five years under:
 - Green Acres
 - Open Space
 - Rural Preserve
 - Agricultural Preserve

Unless:





- 85% or more of buildings are:
 - Qualified manufacturing facility
 - Qualified distribution facility
- Housing districts




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IMPORTANT DATES

- Approval Date**
(Election to delay, prior planned improvements, some durations) 
- Certification Request Date (CRD)**
(ONTC 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) 



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NAMING DISTRICTS

- Counties use names/codes in their systems
- Use names that enable good communication between County, Authority, DOR, and OSA
- Example: City of Spruce TIF plan for "TIF 2-1 (Acme Widgets)"
County assigns code "1405"
Possible names:

"District 1405"	Unclear
"Spruce District 5"	Unclear
"1405 TIF 2-1"	Better
"1405 TIF 2-1 Acme Widgets"	Best!

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ASSIGNING DOR CODES

- Revenue codes:
 - TIF Location Code - assigned by DOR to each TIF authority
 - District Code - assigned by the county auditor
 - HSS Code - generally "00" for non-HSS and "01" for HSS

Make sure the district code (coupled with the location code) is unique!!
Do NOT reuse codes

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ELECTION TO DELAY FIRST INCREMENT

- May delay 1st increment up to 4 years in TIF plan
- NOT allowed for economic development districts
- Avoids minimal/partial increment from starting duration clock

Example:

Plan approved 6/2/23	Pay 2023 (1/2/22 value): base year
Request certification 6/10/23	Pay 2024 (1/2/23 value): minimal increment (market)
Construction starts 10/15/23	Pay 2025 (1/2/24 value): partial increment
Construction complete 7/30/24	Pay 2026 (1/2/25 value): normal increment

Could elect 2026 to be 1st receipt, duration limit = 2051 vs 2049

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ELECTION TO DELAY FIRST INCREMENT

- Check the TIF plan; do not rely on request form
 - Authorities often fail to correctly note elections to delay (50% of the time?)
- Statement of the election should be clear
- Examples:
 - A. "The City elects, pursuant to M.S. § 469.175, subd. 1(b), to receive first distribution of tax increment in 2025."
 - B. "The City expects to receive first increment in 2025 and elects to have the first collection year be 2025."
 - C. "The City will receive increment beginning in 2025."

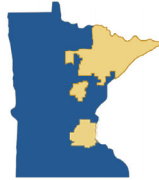


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FISCAL DISPARITIES ELECTION

- Fiscal disparity (FD) election (if applicable)
 - Option A: Full tax increments / FD contribution from tax base
 - Option B: FD contribution from TIF parcels / Reduced tax increments



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PRIOR PLANNED IMPROVEMENTS

- County auditor must increase ONTC to include the NTC of improvements permitted in the 18 months before approval
- Ensures TIF districts do not capture value growth already planned without need of TIF assistance
- Authority must provide list of building permits issued when it requests certification




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SECTION THREE

TIF District Decertification

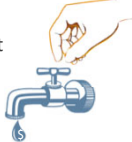




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DECERTIFICATION

- 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

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DECERTIFICATION

- Maximum statutory duration limits extend from the year of first receipt of increment

Type of District	Duration	
Economic Development	9 years	(8 yrs after 1 st receipt)
Renewal and Renovation	16 years	(15 yrs after 1 st receipt)
Soils Condition	21 years	(20 yrs after 1 st receipt)
Housing	26 years	(25 yrs after 1 st receipt)
Redevelopment	26 years	(25 yrs after 1 st receipt)

- No increment shall be paid after limit is reached


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DECERTIFICATION

- Do not confuse expected vs. actual duration limits (expected vs. actual first receipt of increment)
- Full payable-year increments for year decertification are distributed*
- Resolutions are typical for early decertifications

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




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FIVE-YEAR RULE & SIX-YEAR RULE

- Goals: Focus expenditures and get new value into the tax base ASAP
- 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, or
 - 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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SIX-YEAR RULE

- Early decertification is required when sufficient increment is received to pay in-district costs and obligations
 - New procedural provisions:
 - No PAYG: Decertify and notify county auditor "as soon as practical and no later than the final settlement distribution date of January 25th"
 - PAYG deferral: Decertify and notify county auditor by December 31
- (More details about this rule are omitted here or discussed later)



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SIX-YEAR RULE

- If the county auditor is unable to prevent tax increments from being calculated for taxes payable in the year following decertification under the Six-Year Rule:
 - County Auditor may redistribute the tax increments in the same manner excess increments are distributed without first distributing them to the authority
 - Otherwise, if such increments are distributed to the authority, they must be returned to the county auditor for redistribution



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DECERTIFICATION FORM

- Ensures authority, county, and OSA are all on the same page
- Authority completes part A, County completes part B
- Authority responsible for sending to OSA (but you can copy us)
- For early decertifications, we ask for a copy of decertification resolution


The image shows a sample of the Decertification Form. It is titled "CONFIRMATION OF DECERTIFICATION" and is divided into three main sections: PART A (to be completed by the Authority), PART B (to be completed by the County Auditor), and PART C (to be completed by the State Auditor). The form includes fields for County Name, County Auditor Name, Decertification Date, and various checkboxes and dates related to the decertification process.

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DELINQUENT TAXES AFTER DECERTIFICATION

- County auditor may only distribute property tax revenue collected after decertification *if*:
 - Parcel was in the TIF district when it was decertified;
 - Upon decertification, the property taxes were delinquent, not merely past due;
 - Failure to pay when due caused obligations to go unpaid or be paid from other sources; and
 - Sufficient info to administer these payments was provided to county auditor
- Otherwise, they are distributed as ordinary property taxes (and not as excess tax increment)



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Break Time
(Resuming shortly)




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SECTION FOUR

Annual County Responsibilities



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TIF PLAN MODIFICATIONS

- TIF plans may be modified or amended by an authority
- Some modifications require the county to perform administrative actions (and some do not)
- Some modifications require the full notice/hearing/approval process as new TIF districts (and others do not)



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TIF PLAN MODIFICATIONS

- Modifications requiring full notice and hearing process include:
 - Enlargement of the geographic area (not allowed after 5 years)
 - Reductions in the geographic area that increase captured value
 - Increase of bonded indebtedness
 - Determination to capitalize interest
 - Increase in the share of captured NTC being retained
 - Increase in the estimate of costs paid with tax increment
 - Designation of additional property acquisition



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ONTC ADJUSTMENTS

- County auditor must adjust the ONTC of parcels when:
 - Property changes classification
 - Legislature changes class rates
 - Exempt property becomes taxable
 - Taxable property becomes exempt
 - District's geographic area is enlarged or reduced
 - Property no longer qualifies for Green Acres, Open Space, Ag Preserve, or Rural Preserve programs

...continued on next slide



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ONTC ADJUSTMENTS

- County auditor must adjust the ONTC of parcels when:
 - Value increases under plat law
 - Property no longer qualifies for the homestead market value exclusion
 - Property begins qualifying for an exclusion
 - A disaster declaration impacts the property
 - Court-ordered abatements, stipulation agreements, voluntary abatements, and commissioner of Revenue orders apply



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CERTIFICATION OF CAPTURED NTC

- County auditor must certify Captured NTC to authorities each year, along with its proportion to the district's total NTC
- Identify retained/shared NTC portions



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CALCULATE TAX INCREMENT

- Increment = Retained Captured NTC x Tax Rate
- Two methods when fiscal disparities applies:
 - Option A:** Full increments / FD contribution from tax base
 - Option B:** FD contribution from TIF / Reduced increments

Option B required for econ. Dev. Districts with CRD before 6/30/2014
Option normally fixed, but may switch from A to B (B to A only under rare special deficit conditions)
- FD options impact the current NTC and the tax rate



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CALCULATE TAX INCREMENT

Example* of Option A vs Option B

NTC of parcel = \$60,000 ONTC = \$10,000 Growth = \$50,000 (classified as commercial/industrial or CI)
 Under FD, 40% of CI growth (or \$20,000) must be contributed to the pool

Option A – Full Capture (FD from outside)	Option B – Reduced Capture (FD from within)
Current NTC (no FD adjustment) \$60,000	Current NTC (after \$20K to FD pool) \$40,000
ONTC \$10,000	ONTC \$10,000
Captured NTC \$50,000	Captured NTC \$30,000
Tax Rate 116.688%	Tax Rate 116.215%
(Detail omitted – rate is higher)	(Detail omitted – rate is lower)
Tax Increments \$58,344	Tax Increments \$34,864
Taxpayers pay more (higher rate), TIF protected	Taxpayers pay less, TIF can fund less

© 2023 Office of the State Auditor *Simplified for illustration only. Please refer to MN DOR for property tax calculation instructions.

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FISCAL DISPARITIES & TIF

- Option A tax increase calculation must be displayed on the annual published disclosure
- Authorities might turn to county for data or assistance

ANNUAL DISCLOSURE OF TAX INCREMENT DISTRICT		
	TIF Dist 1 (Rivers Bend)	TIF Dist 8 (Amcor)
TIF District Name:	0	342,530
Current net tax capacity	0	25,614
Original net tax capacity	0	315,916
Captured net tax capacity	0	126,027
Principal and interest payments due during current year	18,484	333,739
Tax increment received	7,117	239,844
Tax increment expended	Jul-86	Jul-03
Month and year of first tax increment receipt	12/31/2011	12/31/2008
Date of required decertification	0**	\$4,836**
Increased property tax imposed on other properties as a result of fiscal disparities contribution *		

* The fiscal disparities property tax law provides that the growth in commercial-industrial value sharing can either result in a tax increase for other properties in the municipality or result in a tax reduction. The increase in taxes on other properties is the result of the value sharing. If the value sharing is used to offset the tax increase on other properties, the increase in taxes on other properties is zero.
 ** The districts noted by ** above do not share growth in commercial-industrial property tax capacity. For taxes payable in 2018, this increase in taxes on other properties amounted to \$4,836.

Additional information regarding each district may be obtained from:

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FISCAL DISPARITIES & TIF


- Option A tax increase calculation instructions provided by the Dept. of Revenue

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CALCULATE TAX INCREMENT

- Tax increment might be limited to less than the full tax on Retained Captured NTC
- Tax increment is limited to the tax generated by the lesser of:
 - The local NTC tax rates, or
 - The original local tax rate (OLTR)
- If OLTR is the lesser rate, excess taxes are calculated




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EXCESS TAXES

- **“Excess taxes”** (NOT tax increments) should not be confused with **“excess tax increments”** (increments exceeding authorized amount)
- **Excess taxes** = additional taxes generated on Retained Captured NTC when Current LTR > OLTR
- County auditor must determine and distribute excess taxes




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EXCESS TAXES

The diagram illustrates the calculation of taxes and increments. The vertical axis is labeled 'Rate' and the horizontal axis is labeled 'Amount'. A vertical line marks the 'OLTR' (Original Local Tax Rate). The horizontal axis is divided into 'ONTC (Frozen Base)' and 'Captured NTC'. The 'REGULAR TAXES' section is a blue rectangle with height 'OLTR' and width 'ONTC', labeled 'ONTC x CLTR' and 'Distributed to all taxing jurisdictions'. The 'EXCESS TAXES' section is a brown rectangle above the 'Captured NTC' area, with height 'Current LTR - OLTR', labeled 'Captured NTC x (Current LTR - OLTR)' and 'Distributed to County, City, and School District'. The 'TAX INCREMENT' section is a yellow rectangle below the 'EXCESS TAXES' section, with height 'OLTR' and width 'Captured NTC', labeled 'Captured NTC x OLTR' and 'Distributed to the development authority to finance public improvements'.




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EXCESS TAXES

- Distribute excess taxes to **municipality, county, and school district** based on whose current LTR produced the excess
- Other taxing jurisdictions do NOT receive excess taxes
- Entity's amount based on its LTR increase as a share of increases for the three entities
- Excess taxes caused entirely by special taxing jurisdictions are distributed to the municipality, county, and school district in proportion to their respective tax rates



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EXCESS TAXES

Example: Part 1 – Determine the total amount of excess taxes


	Total	County	City	Sch. Dist.	Others
Current LTR:	125%	45%	40%	30%	10%
OLTR:	100%	38%	25%	33%	4%
LTR Increases:	25%	7%	15%	0%	6%

Retained Captured NTC: \$10,000

Tax Increment = 100% x \$10,000 = \$10,000 (Tax increment is limited to amount generated by the OLTR)

Excess Taxes = (125% x \$10,000) – (100% x \$10,000) (Full taxes minus the limited tax increment)
 = \$12,500 – \$10,000
 = \$2,500

Please refer to MN DOR for property tax calculation instructions.



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EXCESS TAXES

Example: Part 2 – Determine distribution of excess taxes

Excess Taxes = \$2,500


Distribution Fractions: Numerators = increases. Denominator = sum of 3 numerators (22% not 25%).

County	=	7% / 22%	=	0.31818
City	=	15% / 22%	=	0.68182
School District	=	0% / 22%	=	0.00000

Excess Tax Distributions:

County	=	\$2,500 x 0.31818	=	\$795
City	=	\$2,500 x 0.68182	=	\$1,705
School District	=	\$2,500 x 0.00000	=	\$0

Please refer to MN DOR for property tax calculation instructions.




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EXCESS TAX INCREMENT

- **Excess tax increment** – increment that exceeds the amount needed to pay costs authorized in the TIF plan for the year
- Authority must annually determine excess increment
- Authority must use it for outstanding bonds or return it to county auditor (by **September 30th**)
- When received, county auditor must:
 - Distribute it to **city, county**, and **school district** in proportion to tax rates
 - Notify Commissioner of Education of school district distributions by February 1 of distributions for the preceding taxable year

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REDISTRIBUTE RETURNED INCREMENT

- Returns of unneeded surplus increment vs. formal "excess tax increment"
- An authority receiving/spending increment in violation must pay an equal amount to the county auditor for redistribution
- County auditor redistributes repayments as excess increments
- No distribution to municipality if repayment was made after:
 - 60 days from receipt of OSA Notice of Noncompliance, or
 - Commencement of action by county attorney to compel payment

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OSA ENFORCEMENT DEDUCTION

- County treasurer must deduct 0.36% of all increment distributions
- Do NOT deduct from redistributions of returned increment (no longer increment at that point)
- Reported to OSA on County TIF Information Form
- Remit to MMB (with their form!)

MONTHLY EXCESS INCREMENT
MONTHLY REPORT (FORM) RETURN TO THE COUNTY AUDITOR

COUNTY	MUNICIPALITY OF INTEREST
County: _____	City: _____
Customer: _____	City: _____
City Name: _____	City: _____
City Address: _____	City: _____
City Phone: _____	City: _____
City Email: _____	City: _____

1. Children's Surcharge (03/14) \$ 0.00
 2. Marriage License Fee (08/85) \$ 0.00
 3. State Lot Pooling Fee (01/77) \$ 0.00
 4. State Lot Pooling Fee (01/82) \$ 0.00
 5. State Lot Pooling Fee (01/86) \$ 0.00
 6. State Lot Pooling Fee (01/90) \$ 0.00
 7. State Lot Pooling Fee (01/94) \$ 0.00
 8. State Lot Pooling Fee (01/98) \$ 0.00
 9. State Lot Pooling Fee (02/02) \$ 0.00
 10. State Lot Pooling Fee (02/06) \$ 0.00
 11. State Lot Pooling Fee (02/10) \$ 0.00
 12. State Lot Pooling Fee (02/14) \$ 0.00
 13. State Lot Pooling Fee (02/18) \$ 0.00
 14. State Lot Pooling Fee (02/22) \$ 0.00
 15. State Lot Pooling Fee (02/26) \$ 0.00
 16. State Lot Pooling Fee (02/30) \$ 0.00
 17. State Lot Pooling Fee (03/04) \$ 0.00
 18. State Lot Pooling Fee (03/08) \$ 0.00
 19. State Lot Pooling Fee (03/12) \$ 0.00
 20. State Lot Pooling Fee (03/16) \$ 0.00
 21. State Lot Pooling Fee (03/20) \$ 0.00
 22. State Lot Pooling Fee (03/24) \$ 0.00
 23. State Lot Pooling Fee (03/28) \$ 0.00
 24. State Lot Pooling Fee (04/01) \$ 0.00
 25. State Lot Pooling Fee (04/05) \$ 0.00
 26. State Lot Pooling Fee (04/09) \$ 0.00
 27. State Lot Pooling Fee (04/13) \$ 0.00
 28. State Lot Pooling Fee (04/17) \$ 0.00
 29. State Lot Pooling Fee (04/21) \$ 0.00
 30. State Lot Pooling Fee (04/25) \$ 0.00
 31. State Lot Pooling Fee (04/29) \$ 0.00
 32. State Lot Pooling Fee (05/03) \$ 0.00
 33. State Lot Pooling Fee (05/07) \$ 0.00
 34. State Lot Pooling Fee (05/11) \$ 0.00
 35. State Lot Pooling Fee (05/15) \$ 0.00
 36. State Lot Pooling Fee (05/19) \$ 0.00
 37. State Lot Pooling Fee (05/23) \$ 0.00
 38. State Lot Pooling Fee (05/27) \$ 0.00
 39. State Lot Pooling Fee (06/01) \$ 0.00
 40. State Lot Pooling Fee (06/05) \$ 0.00
 41. State Lot Pooling Fee (06/09) \$ 0.00
 42. State Lot Pooling Fee (06/13) \$ 0.00
 43. State Lot Pooling Fee (06/17) \$ 0.00
 44. State Lot Pooling Fee (06/21) \$ 0.00
 45. State Lot Pooling Fee (06/25) \$ 0.00
 46. State Lot Pooling Fee (06/29) \$ 0.00
 47. State Lot Pooling Fee (07/03) \$ 0.00
 48. State Lot Pooling Fee (07/07) \$ 0.00
 49. State Lot Pooling Fee (07/11) \$ 0.00
 50. State Lot Pooling Fee (07/15) \$ 0.00
 51. State Lot Pooling Fee (07/19) \$ 0.00
 52. State Lot Pooling Fee (07/23) \$ 0.00
 53. State Lot Pooling Fee (07/27) \$ 0.00
 54. State Lot Pooling Fee (08/01) \$ 0.00
 55. State Lot Pooling Fee (08/05) \$ 0.00
 56. State Lot Pooling Fee (08/09) \$ 0.00
 57. State Lot Pooling Fee (08/13) \$ 0.00
 58. State Lot Pooling Fee (08/17) \$ 0.00
 59. State Lot Pooling Fee (08/21) \$ 0.00
 60. State Lot Pooling Fee (08/25) \$ 0.00
 61. State Lot Pooling Fee (08/29) \$ 0.00
 62. State Lot Pooling Fee (09/02) \$ 0.00
 63. State Lot Pooling Fee (09/06) \$ 0.00
 64. State Lot Pooling Fee (09/10) \$ 0.00
 65. State Lot Pooling Fee (09/14) \$ 0.00
 66. State Lot Pooling Fee (09/18) \$ 0.00
 67. State Lot Pooling Fee (09/22) \$ 0.00
 68. State Lot Pooling Fee (09/26) \$ 0.00
 69. State Lot Pooling Fee (09/30) \$ 0.00
 70. State Lot Pooling Fee (10/04) \$ 0.00
 71. State Lot Pooling Fee (10/08) \$ 0.00
 72. State Lot Pooling Fee (10/12) \$ 0.00
 73. State Lot Pooling Fee (10/16) \$ 0.00
 74. State Lot Pooling Fee (10/20) \$ 0.00
 75. State Lot Pooling Fee (10/24) \$ 0.00
 76. State Lot Pooling Fee (10/28) \$ 0.00
 77. State Lot Pooling Fee (11/01) \$ 0.00
 78. State Lot Pooling Fee (11/05) \$ 0.00
 79. State Lot Pooling Fee (11/09) \$ 0.00
 80. State Lot Pooling Fee (11/13) \$ 0.00
 81. State Lot Pooling Fee (11/17) \$ 0.00
 82. State Lot Pooling Fee (11/21) \$ 0.00
 83. State Lot Pooling Fee (11/25) \$ 0.00
 84. State Lot Pooling Fee (11/29) \$ 0.00
 85. State Lot Pooling Fee (12/03) \$ 0.00
 86. State Lot Pooling Fee (12/07) \$ 0.00
 87. State Lot Pooling Fee (12/11) \$ 0.00
 88. State Lot Pooling Fee (12/15) \$ 0.00
 89. State Lot Pooling Fee (12/19) \$ 0.00
 90. State Lot Pooling Fee (12/23) \$ 0.00
 91. State Lot Pooling Fee (12/27) \$ 0.00
 92. State Lot Pooling Fee (12/31) \$ 0.00

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DURATION LIMITS (& FIRST RECEIPT)

- Identify and apply duration limits
- Anticipated 1st receipt may not = actual 1st receipt (25% of the time?)
- Two annual duties:
 - Identify maximum duration limits being reached, duration limits being reached per special laws or earlier duration limits specified in TIF plan, and upon notifications of early decertifications
 - Update RDD once actual 1st receipt occurs!



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FOUR-YEAR KNOCKDOWN RULE

- County auditor is responsible for taking action
- 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



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FOUR-YEAR KNOCKDOWN RULE

- Evidence/documentation of activity must be submitted by February 1 of fifth year following certification
- County auditor should compare documentation to TIF plan to ensure consistency
- If no authorized activity took place, ONTC of parcel must be excluded from district's ONTC
- If subsequent activity occurs, most recent NTC of parcel is added back



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SPECIAL LAWS

- Each year special legislation could require action by the county auditor
 - 117 TIF districts reported special laws as of 2021
 - May require approval of “affected local government units”
 - Most common provisions are:
 - Five-year rule extensions
 - Duration extensions
 - Changes to rules for creating a district
 - Changes to limits on use of increment



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NOTICE TO WITHHOLD TAX INCREMENT

- Authorities must submit annual reporting to the OSA (due August 1st)
- If not received by Oct. 1st, OSA notifies county auditor to withhold distribution of tax increment
- When report is received, OSA has 5 working days to mail notice to release increment
- County auditor must distribute released increment within 15 working days
- County may keep any interest accrued



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CORRECTION OF ERRORS

- If the county auditor makes an error or mistake, the county may:
 - Certify ONTCs at appropriate values for a later year and extend the duration,
 - Recertify affected parcels and extend the duration,
 - Recertify or correct the OLTR for the district,
 - Adjust the tax rates of taxing jurisdictions for one or more years to recoup amount advanced to replace the reduced increments, or
 - Take other appropriate action so that increment compensates for or offsets the error and correctly reflects application of the law




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CORRECTION OF ERRORS

- Errors or mistakes include:
 - Decertifying a district
 - Failing to certify a district
 - Incorrectly certifying a district
 - Otherwise failing to correctly compute the amount of increment
- Must notify authority/municipality in writing 30 days prior
- If they object within that period, matter is submitted to DOR for resolution (DOR consults with OSA)
- County auditor must notify DOR and OSA of corrections




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COUNTY ADMINISTRATIVE EXPENSES

- County may require reimbursement from authorities for its actual expenses for administration of their TIF districts
- County auditor must provide documentation of costs
- County may require payment by Feb. 15th of following year
- If county and authority/municipality cannot agree on amount to be reimbursed, either may demand binding arbitration



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SECTION FIVE

County TIF Reporting



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COUNTY TIF REPORTING

OSA:



- Confirmation of TIF District Decertification Forms
- County TIF Information Form

Department of Revenue:

- PRISM (TIF Supplement)

MMB:

- Vital Statistics/Real Estate Monthly Remittance Report

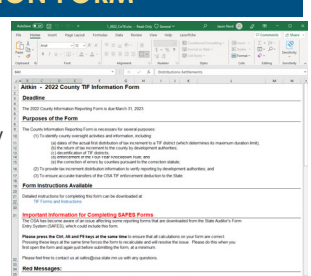



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COUNTY TIF INFORMATION FORM

- Due last business day in March (for prior year data)
- Communicates key activities
- Allows verification of TIF authority reporting
- Reports TIF enforcement deduction transfers
- Excel file – 4 tabs



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COUNTY TIF INFORMATION FORM

Home Tab:

- Info: deadline, purpose, links to instructions/resources
- Red message table:

Red Messages:

The red messages in the right margin indicate that data must be entered or the data has been entered or corrected, the red message will no longer be red messages.

Tab Name	Red Messages Remaining
TIF Activity	1
Distributions/Settlements	0
TIF Enforcement/Deduction	0
TOTAL COUNT	1

TIF Activity

1 Were any new districts certified during 2022? (if yes, ident _____) Select One You must select "Yes" or "No" from Dropdown.

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COUNTY TIF INFORMATION FORM

TIF Activity Tab:

- New district certifications
- First receipts of tax increment
- Increment returned to county for redistribution
- Decertifications
- Four-Year Rule “knockdowns”
- Correction of errors
- County charges admin costs?

TIF Activity

1.1. Are any new districts certified during 2022? If yes, identify the authority, dates, certification date and other details. If Authority name is not in blue-shaded cell, see instructions.

Development Authority Name (City, State, Zip)	District Name	Certification Approval Date	Certification Issue Date	County TIF Code	County TIF Code Description
...

1.2. Has the 2022 distribution for MMB amount of tax increment for any district? If yes, identify the authority/district and date below.

Development Authority (District)	Distribution Date
...	...

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COUNTY TIF INFORMATION FORM

Distributions-Settlements Tab:

- Distribution amounts:
 - Feb-Dec (1st & 2nd half) settlements
 - January settlements
- Optional CSV file
- Optional county names/codes for easier completion
- DOR codes for coordination

A	B	C	Table
2022 Distributions (including January 2022) (column)	January 2023 Clean-up Distributions (if any)	Total TIF Distributions	Select One Table
\$ 33,002.52	\$ 16,364.40	\$ 49,366.92	File

2.1. Are there any TIF distributions in 2022?

2.2. Has the county chosen to continue the 2022 TIF distributions for 2023?

2.3. Has the county chosen to continue the 2023 TIF distributions for 2024?

2.4. Has the county chosen to continue the 2024 TIF distributions for 2025?

2.5. Has the county chosen to continue the 2025 TIF distributions for 2026?

2.6. Has the county chosen to continue the 2026 TIF distributions for 2027?

2.7. Has the county chosen to continue the 2027 TIF distributions for 2028?

2.8. Has the county chosen to continue the 2028 TIF distributions for 2029?

2.9. Has the county chosen to continue the 2029 TIF distributions for 2030?

2.10. Has the county chosen to continue the 2030 TIF distributions for 2031?

2.11. Has the county chosen to continue the 2031 TIF distributions for 2032?

2.12. Has the county chosen to continue the 2032 TIF distributions for 2033?

2.13. Has the county chosen to continue the 2033 TIF distributions for 2034?

2.14. Has the county chosen to continue the 2034 TIF distributions for 2035?

2.15. Has the county chosen to continue the 2035 TIF distributions for 2036?

2.16. Has the county chosen to continue the 2036 TIF distributions for 2037?

2.17. Has the county chosen to continue the 2037 TIF distributions for 2038?

2.18. Has the county chosen to continue the 2038 TIF distributions for 2039?

2.19. Has the county chosen to continue the 2039 TIF distributions for 2040?

2.20. Has the county chosen to continue the 2040 TIF distributions for 2041?

2.21. Has the county chosen to continue the 2041 TIF distributions for 2042?

2.22. Has the county chosen to continue the 2042 TIF distributions for 2043?

2.23. Has the county chosen to continue the 2043 TIF distributions for 2044?

2.24. Has the county chosen to continue the 2044 TIF distributions for 2045?

2.25. Has the county chosen to continue the 2045 TIF distributions for 2046?

2.26. Has the county chosen to continue the 2046 TIF distributions for 2047?

2.27. Has the county chosen to continue the 2047 TIF distributions for 2048?

2.28. Has the county chosen to continue the 2048 TIF distributions for 2049?

2.29. Has the county chosen to continue the 2049 TIF distributions for 2050?

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COUNTY TIF INFO

TIF Enforcement Deduction Tab:

- Identifies expected amounts based on distributions
- Report dates and amounts of payments to MMB
- Comment on any significant differences or other issues

1. Based on the total distributions from the Distributions-Settlements Tab (Column A), the total increment collected prior to subtracting the enforcement deduction (Column B) and the amount of the enforcement deduction (Column C) are distributed. The CGA expects that the enforcement deduction payments to the State from February 2020 through January 2021 should approximately equal the amount in Column C.

A	B	C
Total Tax Increment Distributed (amount reported on previous line)	Total Tax Increment Collected (prior to the enforcement deduction)	Expected Enforcement Deduction
\$ 9,927,256.21	\$ 9,903,374.36	\$ 35,881.85

Enforcement deduction payments to the State (MMB)


A	B
Amount	Date
\$ 17,433.84	7/26/2020
\$ 18,775.96	12/10/2020
\$ 1,658.45	2/23/2021
\$ 35,868.26	

Comments (4,000 character limit on Comments)

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COUNTY TIF INFORMATION FORM

- Important notes:
 - Do not cut and paste data (disrupts hidden links)
 - Check instructions when a district is not listed in a drop-down
 - Send as Excel (not PDF)
 - Do not reformat, skip lines, or insert notations in tables
 - Do NOT report redistributed increment distributions
 - Comments are very helpful




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COUNTY TIF INFORMATION FORM

- Information is very valuable for TIF oversight activities
- Can be the first we learn of new districts or decertifications
- Provides true first receipt of increment for determining duration limits
- Used to verify tax increment reporting and returns of increment
- Enables enforcement deduction payments to be verified



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SECTION SIX

TIF Resources

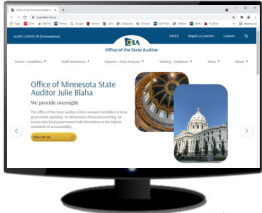


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COUNTY TIF RESOURCES

- Website: osa.state.mn.us
- TIF County Guide (found under "Training and Guidance")
- Weekly Updates (emailed/posted)
- Statements of Position
- Training videos



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COUNTY TIF CHECKLIST

- Included in TIF County Guide
- Contains statutory references
- Sections for:
 - Notification of a proposed TIF district
 - Requests for certification
 - Annual responsibilities
 - Decertification
 - OSA notices to withhold/distribute increment
 - OSA referrals for noncompliance

TIF CHECKLIST FOR COUNTY OFFICIALS

This checklist highlights many of the functions that a county can or must perform with respect to administration of TIF districts. The checklist is not legal advice or a substitute for legal advice. It is an educational aid and is subject to revision. Please consult the TIF Act, the Guide and, for legal guidance, your attorney.

Upon Notification of a Proposed TIF District:

- County Auditor must provide copies of the authority's proposed TIF plan and estimate of fiscal and economic implications of the proposed TIF district to County Board members upon receipt from the authority. Min. Stat. § 469.175, subd. 3(a).
- County Board may adopt standard opinions on information requested for fiscal and economic implications in a written policy. Min. Stat. § 469.175, subd. 3(b)(4).
- County Board may, absent standard opinions, request additional information within 15 days after receipt of the proposed TIF plan. Min. Stat. § 469.175, subd. 3(b)(5).
- County Board may submit written comments within 30 days of receipt of the authority's proposed TIF plan and estimate of fiscal and economic implications. Min. Stat. § 469.175, subd. 3(b).
- County Commissioner who represents the area of a proposed housing or redevelopment district may submit written comments on the proposed plan 30 days of receiving written notice of the proposed district. Min. Stat. § 469.175, subd. 2a.
- County Board may notify the authority and municipality of its intent to sue tax increment in future courts, and may request within 45 days after receipt of the proposed TIF plan. Min. Stat. § 469.175, subd. 3(c).

Upon Receipt of a Request for Certification of a TIF District:

- County Auditor should examine the following material:
 - Approved TIF Plan. Min. Stat. § 469.175, subd. 2.
 - Documentation, such as a resolution, showing municipal approval of the TIF Plan by the municipality. Min. Stat. § 469.175, subd. 3(a).

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