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## **\*\*\*PRESS RELEASE\*\*\***

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

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**ST. PAUL (1/31/2014)** – State Auditor Rebecca Otto today released the Tax Increment Financing Legislative Report. This eighteenth annual Legislative Report was compiled from information received from the 427 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 the data received from the 1,784 unaudited TIF reports for the calendar year ended December 31, 2012, and provides a summary of the violations cited in the limited-scope reviews concluded by the Office of the State Auditor (OSA) in 2013.

Highlights from the report include:

#### **Current Trends:**

- The total number of TIF districts certified in 2012 increased by 16 percent compared to 2011. Economic development districts were again the largest share of new districts, representing about half of the districts certified in 2012.
- In 2012, 148 TIF districts were decertified, an 18 percent increase from 2011.
- Using the temporary authority of the Jobs Stimulus Program, 37 development authorities reported creating 42 economic development districts. TIF plan estimates indicated about \$54.7 million of planned tax increment expenditures.
- Over the three years of the Jobs Stimulus Program, data reported to the OSA showed that 42 development authorities used a total of almost \$37.4 million of tax increment generated from 87 existing TIF districts for job creation.

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- In 2012, development authorities returned \$3,803,452 in tax increment revenue to county auditors for redistribution to the city, county, and school district as property taxes.

### **Long-Term Trends:**

- After a slight decline in 2011, tax increment revenue dropped by 7% in 2012, continuing a downward trend that began after 2008.
- Between 1996 and 2004, the total number of TIF districts increased. From 2004 through 2012, the total number declined. The decline reflects, among other things, a growing number of decertifications of older districts.

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

<http://www.auditor.state.mn.us/default.aspx?page=20140131.000>.

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*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 18<sup>th</sup> State Auditor. A high-resolution official photo is available for download at [http://www.auditor.state.mn.us/images/otto\\_hires.jpg](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>.*