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*****PRESS RELEASE*****

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

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ST. PAUL (1/15/2009) – State Auditor Rebecca Otto released the Tax Increment Financing (TIF) Legislative Report today. Tax increment financing is a financing tool for local economic development that assists in the revitalization of cities through redevelopment of blighted areas, construction of low- and moderate-income housing, and assistance with needed economic development that would not occur “but for” public assistance.

As required by law, the Office of the State Auditor (OSA) provides an annual summary of the TIF reports and audits to the Chairs of the legislative committees with jurisdiction over TIF matters. This report summarizes the data received from approximately 2,097 unaudited TIF reports for the year ended December 31, 2007, and provides a summary of the violations cited in the limited-scope audits concluded by the Office of the State Auditor in 2008.

Highlights from the report include:

Current Trends

- A total of \$6,178,621 in tax increment revenues was returned to county auditors for redistribution as property taxes in calendar year 2007.
- Ninety-two TIF districts were certified in Minnesota during calendar year 2007, while 133 TIF districts were decertified.
- Between 2006 and 2007, there was a 23% reduction in certification of housing districts and an increase of 14% in the certification of redevelopment districts.
- The number of economic development districts certified increased by 21% between 2006 and 2007.

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Long-Term Trends

- For the 28 new authorities created since 2003, the average population is 915, if the single largest new authority is omitted.
- For the first time in five years, the number of housing districts certified in 2007 fell below the number of redevelopment districts and economic development districts certified.
- The number of redevelopment districts certified increased 10% overall between 2003 and 2007.
- The number of authorities that have not filed the required reporting forms by the statutory deadline of August 1st decreased 74% from 2003 to 2007. The increased training opportunities provided by the Office of the State Auditor and the improvement of the electronic reporting system contributed to the decrease in late filings.

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

<http://www.auditor.state.mn.us/default.aspx?page=20090114.002>.

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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 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>