

TIF Division Newsletter



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2010 TIF Market Value Homestead Credit

The TIF Market Value Homestead Credit was paid to development authorities on December 27, 2010, by the Department of Revenue. A [distribution table](#) showing the credit paid to the district can be found on the Department of Revenue's website.

The Five-Year Rule and Decertification

Review of Annual TIF Reports. The TIF Division is performing preliminary reviews of the 2009 Annual TIF Reports. These reviews reveal that some authorities have not decertified TIF districts, even though all in-district costs covered by the Five-Year Rule, or qualifying housing costs, have been paid.¹ The law requires that in each year, beginning with the sixth year following certification, the in-district percentage of increment must be used to pay (or defease) bonds and contracts that met the Five-Year Rule, or to pay other expenditures not subject to the Five-Year Rule.²

Decertification. When sufficient in-district increment has been set aside to pay or defease Five-Year Rule costs and to pay qualifying housing costs, the district must be decertified. The law does not permit an authority to continue to receive tax increment after these in-district costs and qualifying housing costs are paid or sufficient revenues have been set aside to pay for these costs.³

Decertification Deadline. Decertification can occur up to the end of the year in which Five-Year Rule costs have been fully paid (or will be payable from in-district increment by the end of that year). Tax increment revenues received from the county in excess of the in-district percentage, including such amount received in the year the district is decertified, may be retained for expenditures permitted outside the district or for administrative costs (assuming such continuing expenditures are authorized in the TIF plan as of the date the district is decertified). Any tax increment received from a county after a district was required to be decertified must be returned to the county for redistribution.

Check for Compliance. Has the in-district amount of tax increment received been sufficient to pay, set aside, or defease the Five-Year Rule costs and qualifying housing costs?

1. The Five-Year Rule applies to TIF districts for which certification was requested after April 30, 1990.
2. Minn. Stat. § 469.1763, subd. 3 (a) (5). Assistance for housing projects when the increment is derived from a housing district is considered to be an in-district activity. Housing costs to be paid with tax increment must be stated in the TIF plan.
3. Minn. Stat. § 469.1763, subd. 4.

- For a redevelopment district, and for economic development and renewal and renovation districts with a certification request date before July 1, 1995, was 75 percent of the total increment received not more than the total amount of Five-Year Rule costs?
- For economic development and renewal and renovation districts with a certification request date after July 1, 1995, was 80 percent of the total tax increment received not more than the total amount of the Five-Year Rule costs?
- Did the authority elect in the TIF plan for the district to increase by 10 percent the housing expenditures for activities located outside the project area?⁴
- For housing projects when the increment expended is derived from a housing district, were all housing costs paid?⁵
- Were the 25 percent or 20 percent costs or administrative costs permitted for expenditure outside the district authorized in the TIF plan as of the date the district is decertified?
- Was the TIF district decertified no later than December 31st of the year in which all in-district and qualifying housing costs were paid, defeased, or in-district funds were set aside for payment?

4. Minn. Stat. §469.1763, subd. 2 (d).

5. Minn. Stat. § 469.1763, subd. 2 (b).