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

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

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ST. PAUL (1/15/2015) – State Auditor Rebecca Otto today released the Tax Increment Financing Legislative Report. This nineteenth annual Legislative Report was compiled from information received from the 417 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 1,732 unaudited TIF reports for the calendar year ended December 31, 2013, and provides a summary of the violations cited in the limited-scope reviews concluded by the Office of the State Auditor (OSA) in 2014.

Highlights from the report include:

Current Trends:

- The number of new TIF districts certified in 2013 decreased by five percent compared to 2012. The decrease occurred in part because the temporary authority enacted in 2010, which allowed economic development districts to be created under relaxed rules, expired.
- In 2013, 99 TIF districts were decertified, a 34 percent decrease compared to 2012.
- Nearly \$202 million of tax increment revenue was reported in 2013. Tax increment revenue decreased by approximately \$32 million in 2013, a 14 percent decrease compared to 2012.
- In 2013, development authorities returned \$12,167,078 in tax increment revenue to county auditors for redistribution as property taxes to the city, county, and school district.

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Long-Term Trends:

- Between 1996 and 2004, the total number of TIF districts increased. From 2004 through 2013, the total number decreased. The decrease reflects, among other things, a large number of decertifications of older districts.
- The trend of decreasing tax increment revenue since 2008 is largely driven by the decertification of older districts. Not only are the number of decertifications outpacing new district certifications, but older districts were generally larger than newer districts and generated more tax increment per district.

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

[Link goes here.](#)

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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>.