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

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

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ST. PAUL (2/25/2016) – State Auditor Rebecca Otto today released the Tax Increment Financing Legislative Report. The Report was compiled from information received from the 416 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 information reported for 1,711 districts for the calendar year ended December 31, 2014. The Report also provides a summary of the violations cited in the limited-scope reviews conducted by the Office of the State Auditor (OSA) in 2015.

Highlights from the report include:

Current Trends

- In 2014, 96 new TIF districts were certified, representing a 30 percent increase compared to the number certified in 2013.
- In 2014, 132 TIF districts were decertified, a 32 percent increase compared to 2013.
- In 2014, of the 1,711 TIF districts, 1,096 (or 64 percent) were located in Greater Minnesota and 615 (or 36 percent) were located in the Metro Area
- In 2014, nearly \$214 million of tax increment revenue was generated. Although most districts are located in Greater Minnesota, approximately \$179 million of tax increment, or 84 percent, was generated in the Metro Area.
- In 2014, development authorities returned \$11,421,388 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 2014, the total number decreased. The decrease reflects, among other things, a number of decertifications of older districts.
- When reviewing the ten-year period from 2005 to 2014, tax increment revenue generated steadily declined from a high of \$307.8 million in 2008 to \$201.8 million in 2013. The \$12 million increase of tax increment revenue generated in 2014 was the first increase in six years.

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

<http://www.auditor.state.mn.us/default.aspx?page=20160225.000>.

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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 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>.