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

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

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ST. PAUL (3/28/2017) – 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 1,719 districts for the calendar year ended December 31, 2015. 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 2016.

Highlights from the report include:

Current Trends

- In 2015, 95 new TIF districts were certified, which was three percent less than the number of new districts certified in 2014.
- In 2015, 117 TIF districts were decertified, a decrease of 11 percent from 2014.
- In 2015, of the 1,719 TIF districts, 1,100 (64 percent) were located in Greater Minnesota and 619 (36 percent) were located in the Metro Area.
- In 2015, approximately \$194 million of tax increment revenue was generated statewide. Although most districts are located in Greater Minnesota, approximately \$162 million of tax increment, or 83 percent, was generated in the Metro Area.
- In 2015, development authorities returned \$24,740,123 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 number of TIF districts increased each year. From 2004 through 2014, the total number declined. The decline reflected, among other things, large numbers of decertifications of older districts. In 2015, for the first time since 2004, a leveling-off in the number of TIF districts being reported was seen, with four more districts being reported than were reported in 2014.
- Looking at the ten-year period from 2006 to 2015, the amount of tax increment revenue generated statewide has declined in every year since 2008, except in 2014, and has dropped from a high of \$307.8 million in 2008 to a ten-year low of \$194.3 million in 2015.

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

<http://www.auditor.state.mn.us/default.aspx?page=20170327.000>.

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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>.