

STATE OF MINNESOTA
Office of the State Auditor



Patricia Anderson
State Auditor

TAX INCREMENT FINANCING
LEGISLATIVE REPORT
For the Year Ended December 31, 2002

Description of the Office of the State Auditor

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits for local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government.

Pension Oversight - monitors investment, financial, and actuarial reporting for over 700 public pension funds;

Tax Increment Financing (TIF) - promotes compliance and accountability in local governments' use of TIF through financial and compliance audits;

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**TAX INCREMENT
FINANCING REPORT**

May 13, 2004

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Table of Contents

Executive Summary	1
Introduction.....	3
What Is Tax Increment Financing?	3
Overview of the Tax Increment Financing Act	4
Who Uses Tax Increment Financing?	5
State Auditor’s Role in TIF	5
Creation of TIF Districts.....	6
Statistical Use of Tax Increment Financing.....	7
Number and Type of TIF Districts.....	7
<i>Map 1 – TIF Authorities in the Seven County Metro Area</i>	<i>8</i>
<i>Map 2 – TIF Authorities in Greater Minnesota.....</i>	<i>9</i>
<i>Figure 1 – Types of TIF Districts</i>	<i>10</i>
<i>Table 1 – Number of Districts Created by Type and Certification Date</i>	<i>11</i>
Districts Created and Districts Decertified in 2002	11
<i>Figure 2 – Comparison of TIF Districts Certified in 2002.....</i>	<i>12</i>
<i>Figure 3 – Comparison of TIF Districts Certified in 2001.....</i>	<i>12</i>
<i>Map 3 – TIF Authorities That Created Districts in 2002</i>	<i>13</i>
<i>(See Tables 2 through 5 in the Appendices for More Information)</i>	
<i>Table 6 – TIF Authorities with 20 or more TIF Districts in 2002</i>	<i>14</i>
<i>Table 7 – TIF Authorities with Only One TIF District in 2002</i>	<i>14</i>
Districts with Special Legislation	15
<i>(See Table 8 in the Appendices for More Information)</i>	
Special Taxing Districts.....	15
<i>(See Table 9 in the Appendices for More Information)</i>	
TIF Revenues.....	16
<i>Table 10 – Revenues and Other financing Sources (OFS)</i>	<i>16</i>
<i>Figure 4 – Total TIF Revenues and OFS for Prior and Current Year</i>	<i>17</i>
<i>Figure 5 – TIF Revenues and OFS for 2002 Only.....</i>	<i>18</i>
<i>Table 11 – Average Tax Increment Generated Per TIF District</i>	<i>19</i>
<i>Figure 6 – Comparison of Tax Increment Revenue From 1996-2002.....</i>	<i>19</i>
<i>Figure 7 – Number of Districts Generating Tax Increment Revenue – 2002</i>	<i>20</i>
<i>(See Tables 12 through 16 in the Appendices for More Information)</i>	

TIF Expenditures	21
<i>Table 17 – Expenditures and Other Financing Uses (OFU)</i>	21
<i>Figure 8 – Total TIF Expenditures of OFU for Prior and Current Year</i>	22
<i>Figure 9 – TIF Expenditures and OFU for 2002 Only</i>	23
Fiscal Indicators	24
<i>Table 18 – Comparison of Fiscal Indicators for 2002</i>	24
Pre-1979 District Fund Balances	24
Tax Capacity for Taxes Payable in 2002	24
2002-2003 TIF Initiatives	25
TIF Panel	25
Increased Use of Online Reporting	26
Reduction in Tax Increment Being Withheld from Authorities	26
Significant Decrease in Authorities Failing to File Reports	26
Training and Communication	27
Violations of the TIF Act.....	28
Returned Tax Increment	28
<i>Table 19 – Returned Tax Increment to Counties in 2002</i>	28
City of Vadnais Heights.....	31
Lino Lakes EDA	41
Minneapolis Community Development Agency	41
City of New York Mills	42
Conclusion	43
Exhibit.....	44
TIF Reporting for the Year Ended December 31, 2002.....	44
On-Line TIF Reporting.....	44
Statistics on TIF Reporting Compliance.....	45
<i>Table 20 – Comparison of TIF Reporting by Reporting Year</i>	46

Appendices

Section 1

TIF Notices of Noncompliance and Responses

City of Vadnais Heights

Lino Lakes EDA

Minneapolis Community Development Agency

City of New York Mills

Section 2

Table 2 – Districts Certified in 2002 in the Seven County Metro

Table 3 – Districts Certified in 2002 in Greater Minnesota

Table 4 – Districts Decertified in 2002 in the Seven County Metro

Table 5 – Districts Decertified in 2002 in Greater Minnesota

Table 8 – TIF Districts with Special Legislation

Table 9 – TIF Authorities with Special Taxing Districts

**Table 12 – TIF Districts in Seven County Metro Generating
Most Tax Increment Revenue for 2002**

**Table 13 – TIF Districts in Greater Minnesota Generating
Most Tax Increment Revenue for 2002**

**Table 14 – Redevelopment TIF Districts Generating the Most
Tax Increment Revenue in 2002**

**Table 15 – Economic Development TIF Districts Generating the
Most Tax Increment Revenue for 2002**

**Table 16 – Housing TIF Districts Generating the Most Tax
Increment Revenue for 2002**

Executive Summary

Tax increment financing (TIF) allows property taxes generated by development to be captured by a local government. These “incremental” taxes are used to subsidize certain development costs related to economic development, redevelopment, and housing. These activities, which occur within geographic areas called “TIF districts,” are subject to a large and complex set of statutory restrictions. Since 1996, the State Auditor’s Office has been responsible for administering compliance with these laws.

In various forms, TIF is currently available in more than 45 states. While some states rely upon it sparingly, if at all, Minnesota has historically been a prolific user of TIF. As of December 31, 2002, 435 local governments in Minnesota were administering 2,174 TIF districts. Those districts generated \$222,241,011 in TIF revenue just in 2002. In fact, some believe that “TIF remains the most viable tool available to fund community reinvestment efforts.”¹ Others are less convinced.

The New York City Independent Budget Office recently examined drawbacks associated with the use of TIF.² Of special concern was the fact that TIF is extremely vulnerable to policy decisions that affect local property taxes. The report also notes that there have traditionally been few serious assessments of the ways in which TIF affects the tax base, how it affects non-TIF areas, and the costs of potential competition between jurisdictions for business development.

Two recent studies have attempted to answer some of these questions. The first, conducted by researchers at Iowa State University’s Department of Economics, examined the impact of TIF on regional economic and development growth in Iowa.³ The authors concluded that the use of TIF resulted in significant burdens on the counties that suffered lost tax revenues as a result. More fundamentally, TIF in Iowa appears to have “become a *de facto* entitlement for new industry and housing development in much of the state with little to no evidence of overall public benefit or meaningful discussion of the mean costs of the practice.”

Research by the University of Minnesota’s Humphrey Institute considered related issues about Minnesota’s use of TIF.⁴ Relying on statistical models designed to measure the impact of tax increment financing, Professor Kenneth Kriz reached two important conclusions. First, the use

¹ League of Minnesota Cities 2004 City Policy LE-15.

² New York City Independent Budget Office. 2002. *Learning from Experience: A Primer on Tax Increment Financing*. Fiscal Brief. While this brief did not conduct its own case studies, it provides a synopsis of other articles with case studies.

³ Swenson, David and Liesl Eathington. 2002. *Do Tax Increment Finance Districts In Iowa Spur Regional Economic and Demographic Growth?* Department of Economics, Iowa State University.

⁴ Kriz, Kenneth A. 2001. *The Effect of Tax Increment Financing on Local Government Financial Condition* Municipal Finance Journal; Spring 2001; 22,1; pp. 41-64.

of TIF will usually result in a net financial loss to local governments. Second, even in those relatively infrequent cases where there may be long-term financial benefits from the use of TIF, a local government must make significant short-term expenditures that may not be repaid for a substantial period of time. As Professor Kriz expressed it in summing up his research, “In short, TIF may be best thought of as a large financial investment by local governments that may have a small chance of financial reward.”⁵

The kinds of concerns raised by these studies have been reflected in regular legislative efforts to limit the types of activities for which TIF can be used. In the long run, however, practical considerations may play as large a role in a decline in the use of tax increment financing.

Most significantly, property tax reforms made during the 2001 Minnesota Legislative session transferred responsibility for most school funding from local property taxes to the state. The reduction in local school levies resulted in fewer local revenues available for capture by TIF authorities. This change clearly had a role in reducing the average amount of per district increment from \$150,253 in 2001 to \$102,227 in 2002, while the number of TIF districts remained virtually unchanged.

At the same time, new forms of development assistance offer alternatives to TIF. For example, property tax abatements can provide financial assistance for many development activities. Abatements have the advantage of being free of many of the procedural requirements that accompany TIF, even though, unlike TIF, each taxing authority must approve the use of its own revenues.

Similarly, the Job Opportunity Building Zones (JOBZ) program, managed by the Minnesota Department of Employment and Economic Development, has also become available in many parts of the state outside of the Twin Cities metropolitan area. In addition to providing relief from a portion of a development’s property taxes, JOBZ also offers additional exemptions from franchise, income, sales, and other taxes, giving it more financial impact than TIF.

Even so, many local governments will likely continue to use TIF for the foreseeable future. TIF still provides significant financial leverage, it is controlled at the local level, and it is familiar to many local officials. As the financial advantages shrink and administrative burdens grow, however, these officials should carefully weigh the costs and benefits to taxpayers of using TIF.

⁵ Kriz, Kenneth A. 2003. *Tax Increment Financing: Its Effect on Local Government Finances* University of Minnesota CURA Reporter; Summer 2003; 33, 2.

Introduction

In the 1995 Omnibus Tax Act, the Legislature transferred authority for legal compliance oversight of all TIF districts in the state to the State Auditor. Local governments were required to file reports with the State Auditor for more than 2,100 TIF districts for the year ended December 31, 2002. The State Auditor's Office is required to provide an annual summary of its findings of noncompliance with the Minnesota Tax Increment Financing Act (TIF ACT) and the responses to those findings by the governing bodies of the relevant municipalities.⁶ This report is provided to the Governor's Office, the Office of the Attorney General, chairs and members of the legislative committees with jurisdiction over tax increment financing, other members of the Legislature, state agencies, members of the State Auditor's TIF Panel, and members of the public who have requested information on TIF.

What Is Tax Increment Financing?

Tax increment financing is a statutory tool to promote economic development, redevelopment, and housing in areas where it would not otherwise occur. A TIF authority, typically a city, an entity created by a city, or an entity created by a county, "captures" the revenues generated by the increase in net tax capacity resulting from new development within a designated geographic area called a TIF district. The TIF authority uses the tax increments to finance some or all of the TIF-eligible costs of the new development that generated the increase in net tax capacity. Frequently, the TIF authority will use some of the tax increment to finance costs outside the TIF district.

TIF is not a property tax abatement program. The owner of the property in the TIF district continues to pay the same amount of property taxes that would have otherwise been payable absent the existence of the TIF district. Instead of being paid to the various taxing jurisdictions for their general use, however, the portion of these property taxes generated by the new development is redirected and used to pay some of the development costs that the owner, developer, or local government otherwise would have paid.⁷ Examples of TIF-eligible costs that might be paid include land and building acquisition, demolition of structurally substandard buildings, removal of hazardous substances, site preparation, installation of utilities, and road improvements. The costs that may be paid from tax increment depend on the type of project created, the type of TIF district created, and the year in which the TIF district was created.

In some TIF districts, bonds are sold by the municipality or development authority at the outset of the project so that funds are available for front-end costs such as land acquisition. The bonds

⁶ Minn. Stat. § 469.1771, subd. 1(c).

⁷ School district taxes and related increases in state education aid payments as a result of TIF districts capturing net tax capacity are a less significant issue after enactment of the 2001 omnibus tax law, which eliminated the general education levy and replaced it, in part, with a state property tax that is not captured by TIF districts. *See* Laws 1 Sp. 2001, ch. 5, art. 15, sec. 8.

are then fully or partially paid with tax increment revenues from the TIF district. An alternative to up-front financing (known as pay-as-you-go financing) may also be used. Under this type of arrangement, the development costs are initially paid from cash on hand or other sources. The person who paid them is then reimbursed if, and when, tax increment is generated by the TIF district.⁸ Generally, in a pay-as-you-go TIF district, the developer accepts the risk of failed development. If the tax base does not increase, and tax increments are not generated as anticipated, the developer does not get paid.⁹

In yet another scenario, some TIF authorities borrow from their own or their municipalities' funds to finance up-front development costs, with the intention of repaying these funds with tax increment generated by the project in which the initial investment is made. A specific procedure must be followed if this type of activity is to be undertaken.¹⁰

Overview of Tax Increment Financing Act

The Minnesota Tax Increment Financing Act¹¹ governs the creation and administration of TIF districts. The TIF Act has been amended frequently since its creation in 1979. A TIF district is usually governed by the laws in effect in the year in which the district was created.

The TIF Act divides TIF districts into several types:

- Pre-1979 districts
- Redevelopment districts
- Renovation and renewal districts
- Soils condition districts
- Housing districts
- Economic development districts
- Hazardous substance subdistricts

Each type of TIF district has different requirements for the creation of a district, different maximum duration limitations, and different restrictions on the use of tax increment from the

⁸ The TIF authority may use tax increment to reimburse only those costs that are TIF-eligible and that the property owner or developer actually has incurred, plus reasonable interest.

⁹ Even in situations where bonds are issued or the TIF authority receives an advance of funds, TIF authorities frequently structure the financing arrangements to shift the risk of insufficient tax increment from the TIF authority to the private entity that is benefiting from the use of tax increment financing.

¹⁰ Minn. Stat. § 469.178, subd. 7.

¹¹ Initially, the TIF Act was codified at Minn. Stat. §§ 273.71 through 273.78. It has since been recodified and now consists of Minn. Stat. §§ 469.174 through 469.1799.

district. In addition, uncodified legislation has authorized the creation of a variety of special-purpose TIF districts that may be subject to specific criteria set forth in the enabling legislation.

Who Uses Tax Increment Financing?

The TIF Act authorizes TIF authorities to create TIF districts. TIF authorities include cities, housing and redevelopment authorities, port authorities, economic development authorities, municipal redevelopment agencies, and rural development financing authorities.

State Auditor's Role in TIF

The Legislature has given the State Auditor responsibility for determining whether local governments are in compliance with the TIF Act.¹² In January 1996, the State Auditor created a TIF Division to perform these TIF enforcement and data-collection functions. The operations of the TIF Division are funded exclusively from revenue derived by deducting a percentage of all tax increment that county auditors or treasurers distribute to TIF authorities and municipalities.¹³ The county treasurers deduct the revenue before distributing the tax increment to the local governments, and then pay the deducted revenue to the Commissioner of Finance. The amount of revenue to fund the TIF Division varies with the number of TIF districts and the amount of tax increment they produce.

The State Auditor's Office reviews all TIF reports it receives each year for substantial completeness and returns reports that do not meet this standard. The exhibit to this report shows the statutory reporting requirements for TIF districts and details the statistics on TIF reporting for the year ended December 31, 2002.

In addition to reviewing all TIF reports for completeness, the TIF Division staff reviews the contents of many of the TIF reports each year for reporting accuracy and potential legal compliance issues. During the course of these in-depth reviews, the TIF Division staff may find situations where a TIF authority has received tax increment after the TIF district was required to be decertified or has made unauthorized expenditures of tax increment. From January 1, 1996, to date, the review of reports by the TIF Division staff and subsequent contact with reporting local government units, plus the legal compliance audits and investigations performed by the TIF Division staff, have resulted in over \$14 million being paid or returned to county auditors

¹² Minn. Stat. § 469.1771, subd. 1(b).

¹³ Effective for taxes payable in 2002 and thereafter, the commissioner of revenue must calculate a new TIF enforcement deduction rate for the appropriation that finances the State Auditor's TIF-oversight function. The new rate must be equal to the previous rate (0.25 percent) times the amount that the statewide TIF levy for taxes payable in 2002 would have been but for the class rate compression and elimination of the general education levy in Laws 1 Sp. 2001, ch. 5, divided by the actual statewide TIF levy for taxes payable in 2002. Minn. Stat. § 469.177, subd. 11. The Department of Revenue has calculated the deduction rate to be 0.36 percent.

voluntarily or as the result of settlement agreements. This amount was redistributed to the cities, towns, counties, and school districts in which the relevant TIF districts were located.¹⁴ In addition, the State Auditor's TIF enforcement activities may have prompted internal examinations that resulted in additional voluntary payments to county auditors.

The TIF Division also has worked actively in the area of tax increment financing education on a statewide level. The State Auditor's Office has conducted workshops on TIF reporting in previous years and it anticipates presenting additional ones in 2004.

Creation of TIF Districts

The TIF authority takes the first step in creating a TIF district by adopting a TIF plan for the district. The TIF plan provides information about the project being funded by tax increment from the TIF district and authorizes the use of tax increment from the district to pay TIF-eligible project costs.¹⁵ To create a new TIF district, the TIF authority must obtain approval of the TIF plan for the district from the governing body of the municipality in which the TIF district is located after the municipality has published a notice and held a public hearing.¹⁶ For example, if a city's port authority proposes to create a TIF district in the city, the city council must approve the TIF plan for the district. If a county's housing and redevelopment authority proposes to create a TIF district in a township in the county, the county board must approve the TIF plan.

Before a TIF district is created, the TIF authority must provide a copy of the proposed TIF plan and certain information about the proposed TIF district to the county auditor and the clerk of the school board, who in turn provide copies of these documents to the members of the county board of commissioners and the school board.¹⁷ The county board and school board may comment on the proposed district, but cannot prevent the creation of the district.¹⁸

¹⁴ See Minn. Stat. §§ 469.176, subd. 2, and 469.1771, subd. 2 and 3. Some of the school districts that received these redistributions had their state aid decreased by the amount received from the redistributions, which resulted in a savings to the state's general fund.

¹⁵ Minn. Stat. § 469.175, subd. 1.

¹⁶ Minn. Stat. § 469.175, subd. 3.

¹⁷ Minn. Stat. § 469.175, subd. 2.

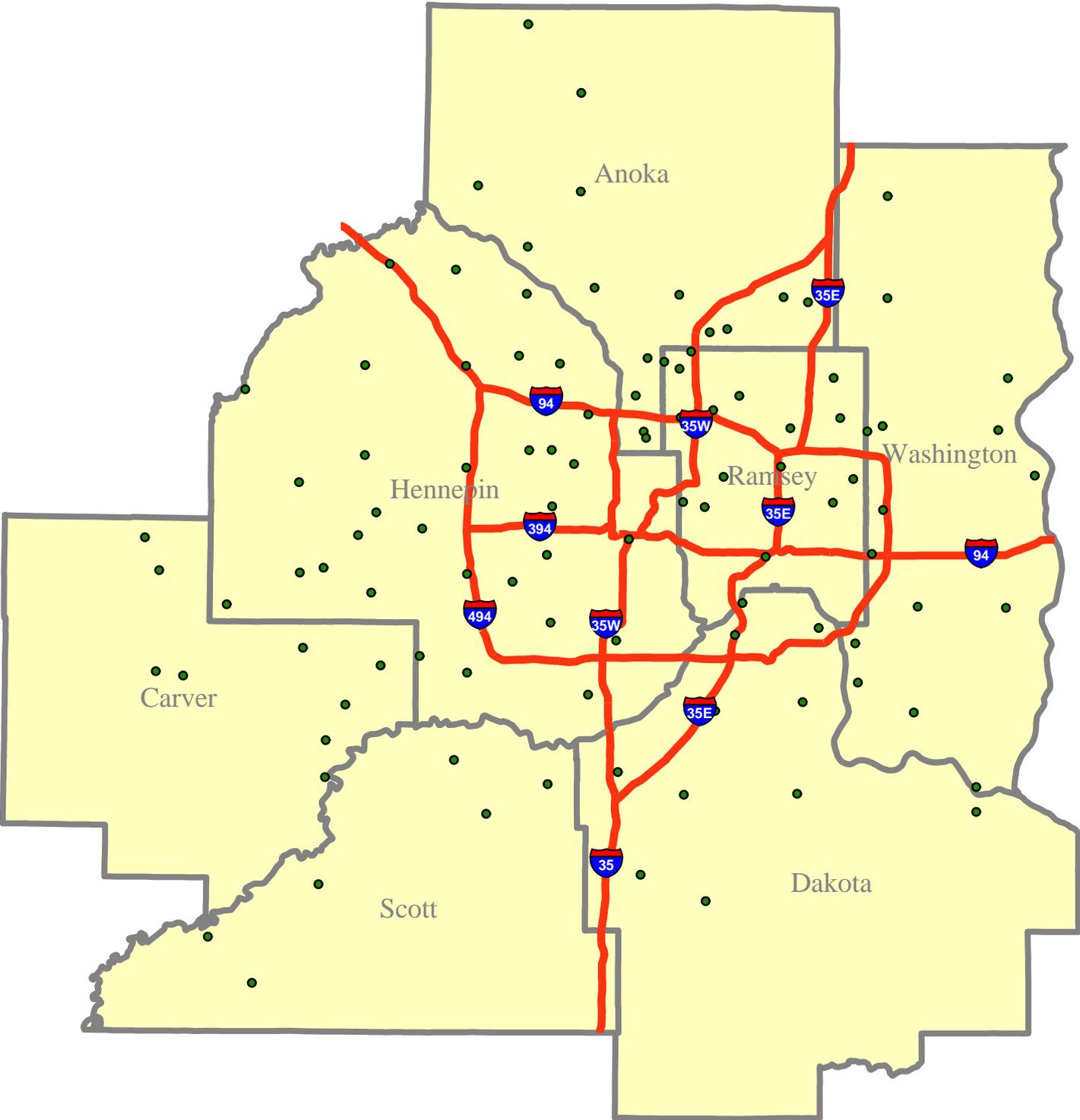
¹⁸ A county board may prevent creation of a TIF district in those limited situations in which the county is the municipality that must approve the TIF plan.

Statistics on the Use of Tax Increment Financing

Number and Type of TIF Districts

There were 435 TIF authorities with 2,174 active TIF districts in the state of Minnesota as of December 31, 2002. Of those TIF authorities, 333 were in Greater Minnesota and 102 were in the Seven County Metropolitan Area. The following two maps show the locations of those TIF authorities on a county by county basis.

TIF Authorities in the Seven County Metro Area as of December 31, 2002



- TIF Authorities
- Counties
- Highways



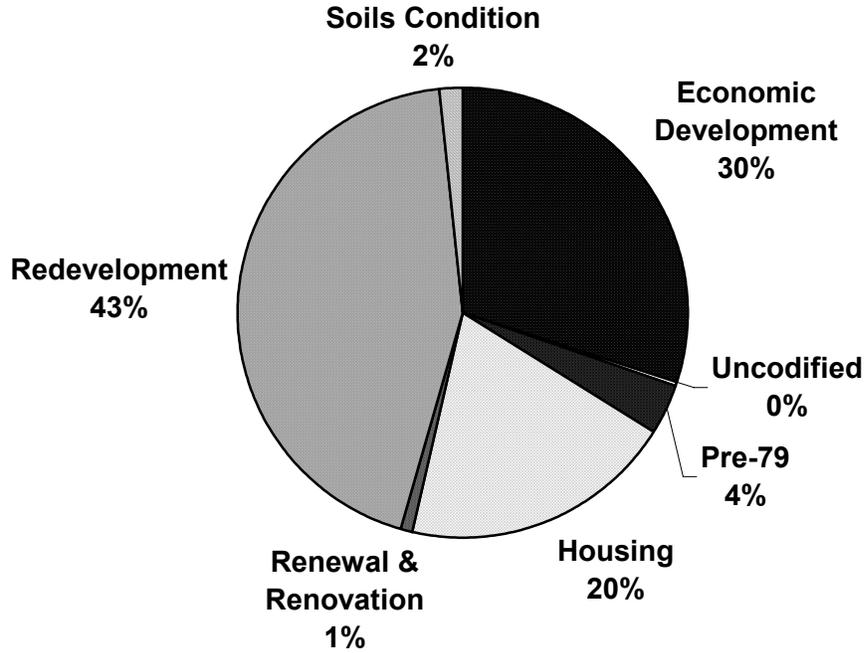
2002 TIF Districts in Minnesota



The 2,174 active TIF districts in the state consisted of the following types of districts:

FIGURE 1

Types of TIF Districts as of December 31, 2002



Types of Districts	State of Minnesota	Greater Minnesota	Seven County Metro Area
Uncodified	6	1	5
Renewal & Renovation	21	11	10
Soils Condition	35	14	21
Pre-79	79	41	38
Housing	429	310	119
Economic Development	651	506	145
Redevelopment	953	607	346
TOTAL	2,174	1,490	684

Over the years, the number of TIF districts created annually has fluctuated. Table 1 lists the number of each type of TIF district grouped by the year of each TIF district's certification date (CD), starting in 1992.¹⁹ The information in the table is based upon data reported by TIF authorities for the year ended December 31, 2002.

TABLE 1 - Number of Active TIF Districts Created by Type and Year of Certification Date

CD Year	Economic Development	Housing	Redevelopment	Renewal & Renovation	Soils Condition	Total
1992	21	11	21	2	6	61
1993	40	13	44	3	6	106
1994	43	17	42	1	2	105
1995	54	40	46	2	10	152
1996	66	23	60	3	2	154
1997	65	36	60	3	0	164
1998	70	24	50	1	0	145
1999	55	34	66	4	2	161
2000	51	46	55	0	0	152
2001	56	38	52	0	0	146
2002	<u>18</u>	<u>30</u>	<u>31</u>	<u>2</u>	<u>1</u>	<u>82</u>
Total	<u>539</u>	<u>312</u>	<u>527</u>	<u>21</u>	<u>29</u>	<u>1,428</u>

Districts Created and Districts Decertified in 2002

A total of 82 districts were certified and 59 were decertified in Minnesota in 2002. In 2001, 139 districts were certified and 57 were decertified. The 82 districts created in 2002 represent a 56% decrease from the 146 districts created in 2001.

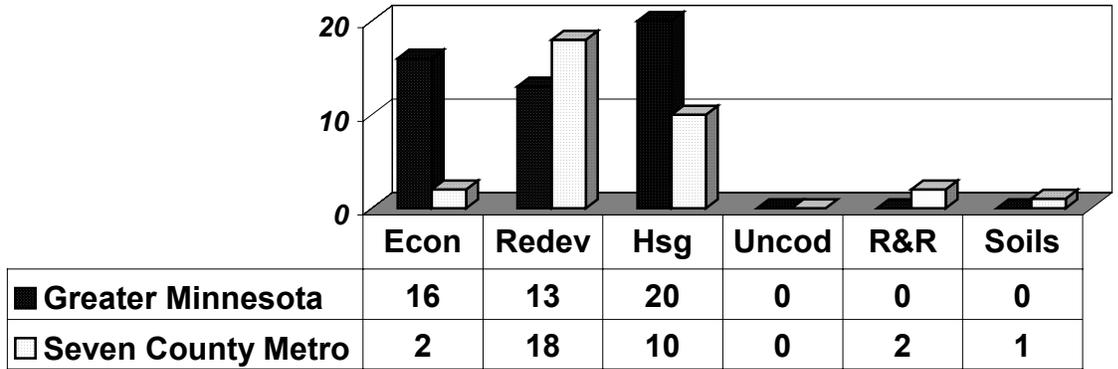
Of the districts created in 2002, 49 were in Greater Minnesota and 33 were in the Seven County Metropolitan Area. The following chart compares the districts created in Greater Minnesota to those created in the Seven County Metropolitan Area.

A complete list of all districts certified or decertified in 2002 can be found in Tables 2 through 5 in the Appendices. Map 3 (page 13) shows the TIF authorities who created TIF districts in 2002.

¹⁹ Table 1 does not include mined underground space districts, districts authorized by uncodified laws, districts for which no type was reported, and districts for which no certification date was reported. TIF districts with certification dates before 1992 also were excluded. Many economic development districts created before 1992 were no longer required to report for the year ended December 31, 2002. Therefore, including TIF districts with certification dates before 1992 would have incorrectly suggested that few economic development districts were created during those earlier years.

FIGURE 2

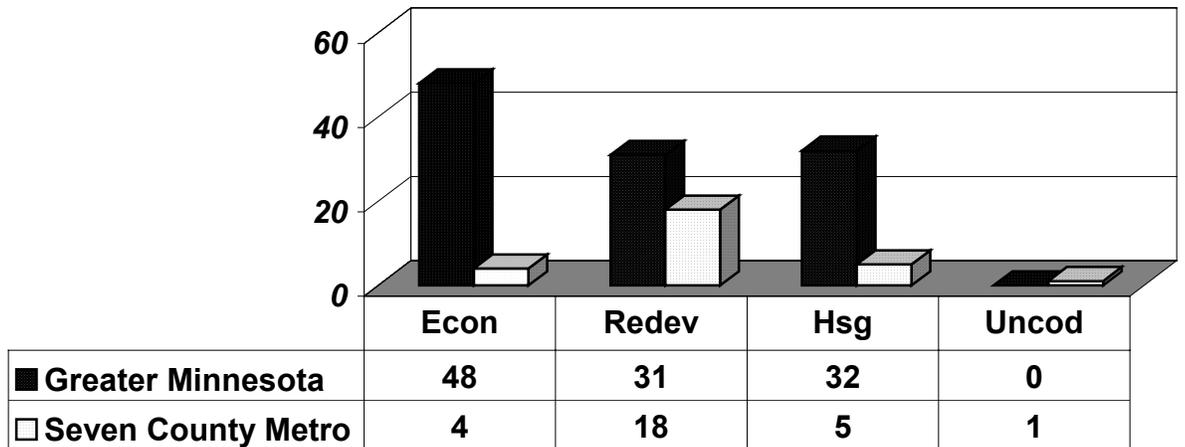
Comparison of TIF Districts Certified in 2002 Between Greater Minnesota and the Seven County Metro Area



Of the districts created in 2001, 111 were in Greater Minnesota and 28 were in the Seven County Metropolitan Area. The following chart compares the districts created in Greater Minnesota to those created in the Seven County Metropolitan Area.

FIGURE 3

Comparison of TIF Districts Certified in 2001 Between Greater Minnesota and the Seven County Metro Area



TIF Authorities That Created Districts in 2002



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Commission
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Information
Services
March 2004

Authorities have used different approaches in managing their use of TIF. As shown in the following tables, some of the authorities have created a large number of districts, while others have created far fewer. A single TIF district may contain more than one development, so fewer districts does not necessarily indicate less use of TIF.

TABLE 6 – TIF Authorities with 20 or More TIF Districts in 2002

<u>TIF Authority</u>	<u>Number of Districts</u>	<u>TIF Authority</u>	<u>Number of Districts</u>
Minneapolis	84	Vadnais Heights	24
Coon Rapids	29	White Bear Lake HRA	22
St Cloud HRA	29	Detroit Lakes	21
Monticello	26	Alexandria	21
New Brighton	25	Little Falls	20
Rochester	24		

TABLE 7 – TIF Authorities With Only One TIF District in 2002

The following 106 TIF authorities each had only one TIF district as of December 31, 2002. These 106 TIF districts reported a total of \$3,542,779 in tax increment revenues for 2002. This is an average of \$33,422 of tax increment generated per district.

Adrian	Cosmos	Grand Rapids HRA
Afton	Courtland	Halstad
Amboy	Crosby	Hanska
Appleton EDA	Crosby HRA	Hawley
Arlington	Dassel	Hermantown
Ashby	Deer River	Hill City
Aurora HRA	Duluth Seaway Port Auth	Hilltop
Belgrade	Eagle Lake	Hoffman
Beltrami County HRA	Elbow	Hoyt Lakes
Benton County EDA	Elgin	Hugo
Bird Island	Elkton	Itasca County HRA
Brooks	Emily	Jackson County HRA
Browerville	Fisher	Jenkins
Butterfield	Freeborn County HRA	Lake Benton
Chokio	Freeport EDA	Landfall HRA
Comfrey	Garfield	Lanesboro
Cook	Garrison	Lauderdale
Corcoran	Good Thunder	LeRoy

Lester Prairie	Morton	Spring Park
Lexington	Nashwauk	St Bonifacius
Lilydale	NW MN Multi-Cty HRA	St Clair
Lonsdale	Oak Grove	St Francis
Lyle	Ogilvie	St James
Mabel	Orono	St Martin
Madison	Orr EDA	SW MN Multi-Cty HRA
Manhattan Beach	Ottertail	Tower
Mantorville	Preston EDA	Vergas
Mapleton	Racine	Vernon Center
Mapleview	Rose Creek	Waldorf
McGregor	Roseau	Washington County HRA
Medford	Sacred Heart	Waubun
Meire Grove	Sandstone	Wheaton
Mendota Heights	Sherburne County HRA	Winona HRA
Miltona	Shorewood	Winthrop
Morrison County RFDA	Spring Grove	Wykoff

Special Legislation

In some cases, special legislation has been adopted to permit a TIF authority to create or extend the life of a TIF district or spend the tax increments from a TIF district in ways that would not be permitted under general state law. (Table 8 in the Appendices lists the TIF authorities that had special legislation applicable to districts active in 2002.)

Special Taxing Districts

In 1998, the legislature authorized the creation of special taxing districts within TIF districts that suffered a deficit due to the changes in the property tax class rates. The legislation allows a TIF authority to increase the taxes on property that is subject to an assessment agreement. (Table 9 lists the TIF authorities that had one or more special taxing districts applicable to TIF districts that were active in 2002.)

TIF Revenues and Other Financing Sources (OFS)

TIF districts generate revenue from a variety of sources. These revenues are used to pay for costs associated with the development of the district. Tax increment revenue is determined by the district's total property tax capacity (taxable value of all of the property in a district after development) minus the original tax capacity (taxable value of all of the property in a district before development). TIF authorities also generate other revenues through interest earned on invested funds, bond proceeds, loan proceeds, sale and lease proceeds, transfers in and from other funds, and grants.

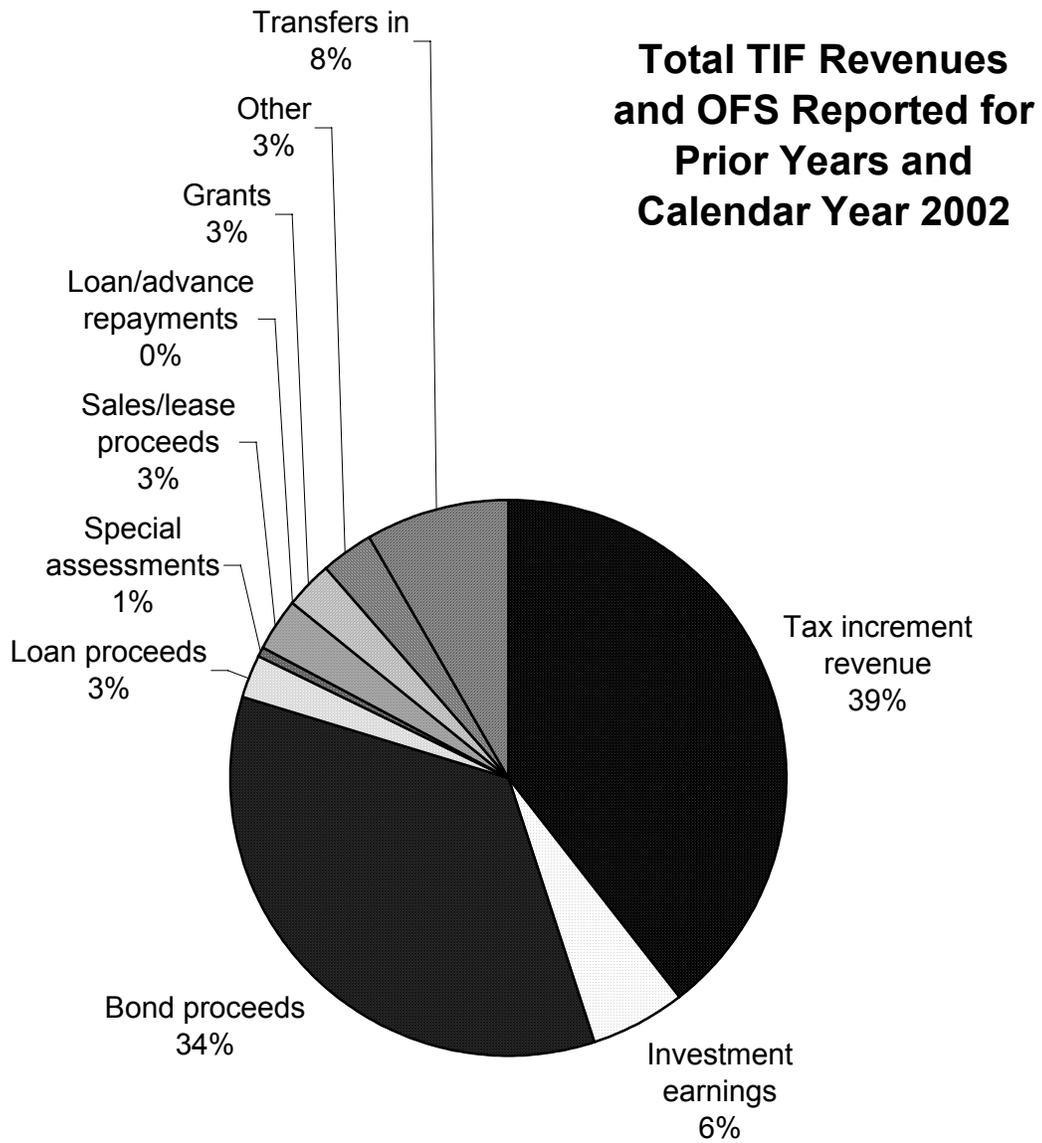
TABLE 10 – Revenues and Other Financing Sources (OFS)

	Prior Years	Calendar 2002	Total	% of Total*
Tax increment revenue	\$3,323,930,354	\$222,241,011	\$3,546,171,365	39%
Investment earnings	481,483,917	16,124,923	497,608,840	6%
Bond proceeds	2,991,100,723	100,014,916	3,091,115,639	34%
Loan proceeds	221,452,794	15,586,226	237,039,020	3%
Special assessments	46,046,928	4,315,138	50,362,066	1%
Sales/lease proceeds	256,640,796	16,491,786	273,132,582	3%
Loan/advance repayments	6,789,131	248,521	7,037,652	0%
Grants	209,409,785	16,878,239	226,288,024	3%
Transfers in	697,477,946	43,842,469	741,320,415	8%
All other sources of funds	<u>264,700,025</u>	<u>25,876,373</u>	<u>290,576,398</u>	<u>3%</u>
Total of reported revenues and OFS	<u>\$8,499,032,399</u>	<u>\$461,619,602</u>	<u>\$8,960,652,001</u>	<u>100%</u>

*Percentage of total 2002 revenues

The following chart illustrates the distribution of the total revenues and other financing sources (OFS) reported for prior years and calendar year 2002:

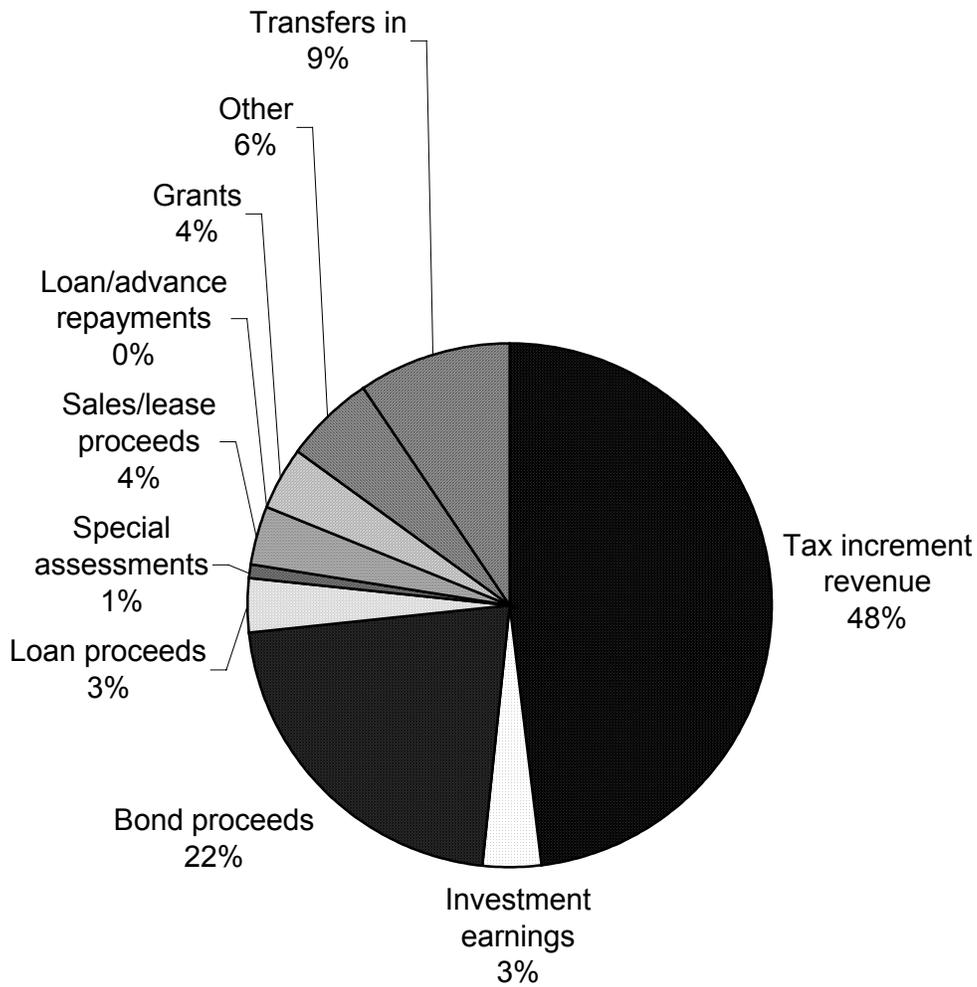
FIGURE 4



The following chart illustrates the distribution of tax increment revenues and other financial sources (OFS) generated for 2002 only.

FIGURE 5

TIF Revenues and OFS for 2002



Average Tax Increment Generated Per TIF District

Revenues per district had remained steady for a number of years. In 2002, however, these revenues declined sharply. This was likely the result of the 2001 elimination of the local education levy subject to capture by TIF authorities, although other factors, such as the decertification of large, pre-1979 districts, may have also played a role. Table 11 and Figure 6 illustrate these trends. The averages need to be viewed with some caution. There is a wide range in the amount of revenues generated by different TIF districts. The range in the size of the TIF districts is further illustrated by Figure 7 on the next page.

TABLE 11

Reporting Year	Number of Districts	Tax Increment Revenue	Average Per District
1996	1,830	\$ 247,189,000	\$135,076
1997	1,924	285,983,000	148,640
1998	2,061	287,972,245	139,725
1999	2,103	275,611,803	131,056
2000	2,136	293,370,294	137,346
2001	2,166	325,448,944	150,253
2002	2,174	222,241,011	102,227
	TOTAL	\$1,937,816,297	\$134,903

FIGURE 6

Comparison of Tax Increment Revenue Per District Between 1996 and 2002

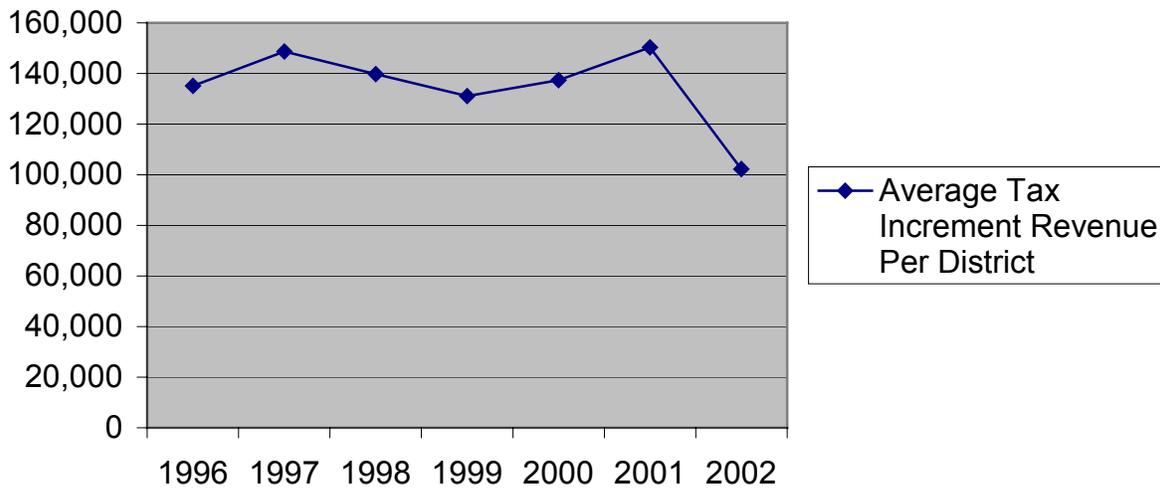
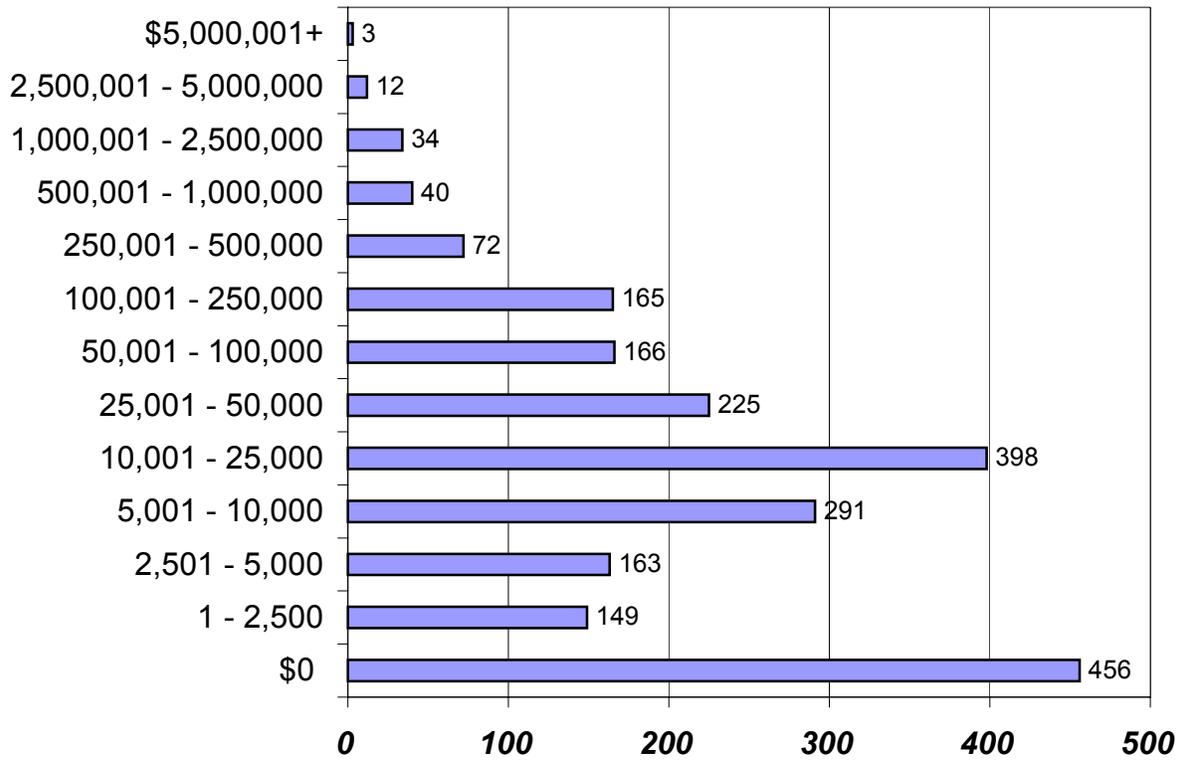


FIGURE 7

Number of Districts Generating Tax Increment Revenue in 2002



Additional information about the largest districts can be found in Tables 12 through 16 in the Appendices.

TIF Expenditures and Other Financing Uses (OFU)

TIF revenue can only be used on qualified costs and administrative costs as outlined in the TIF plan for each district. Expenditures include land and building acquisition, site improvements and preparation costs, the installation of public utilities, parking facilities that are publicly owned, streets and sidewalks, social, recreational, and conference facilities, bond and loan principal payments, bond and loan/note interest payments, and administrative expenses.

TABLE 17 – Expenditures and Other Financing Uses (OFU)

	Prior Years	Calendar 2002	Total	% of Total*
Land/building acquisition	1,303,080,246	48,100,847	1,351,181,093	17%
Site improvements/ Preparation costs	688,022,608	44,119,745	732,142,353	9%
Installation of public utilities	357,833,088	14,214,095	372,047,183	4%
Public parking facilities	171,413,609	10,375,716	181,789,325	2%
Streets and sidewalks	263,142,619	12,840,485	275,983,104	3%
Public park facilities	34,182,097	1,004,499	35,186,596	0%
Social, recreational, or conference facilities	290,014,497	3,400,707	293,415,204	3%
Interest reduction payments	24,765,187	959,543	25,724,730	0%
Bond principal payments	1,314,221,239	117,425,101	1,431,646,340	18%
Bond interest payments	920,753,547	48,136,938	968,890,485	12%
Loan principal payments	173,500,778	14,116,335	187,617,113	2%
Loan/note interest payments	100,549,994	14,220,730	114,770,724	1%
Administrative expenses	269,590,129	14,795,597	311,385,726	4%
Transfers out	1,580,034,196	106,248,600	1,104,996,324	13%
All Other Uses	<u>974,026,973</u>	<u>39,488,401</u>	<u>1,013,515,374</u>	12%
Total of reported expenditures and OFU's	<u>\$8,465,130,807</u>	<u>\$489,447,339</u>	<u>\$8,954,578,146</u>	100%

*Percentage of Total 2002 Uses

Total TIF Expenditures and OFU Reported for Prior Years and Calendar Year 2002

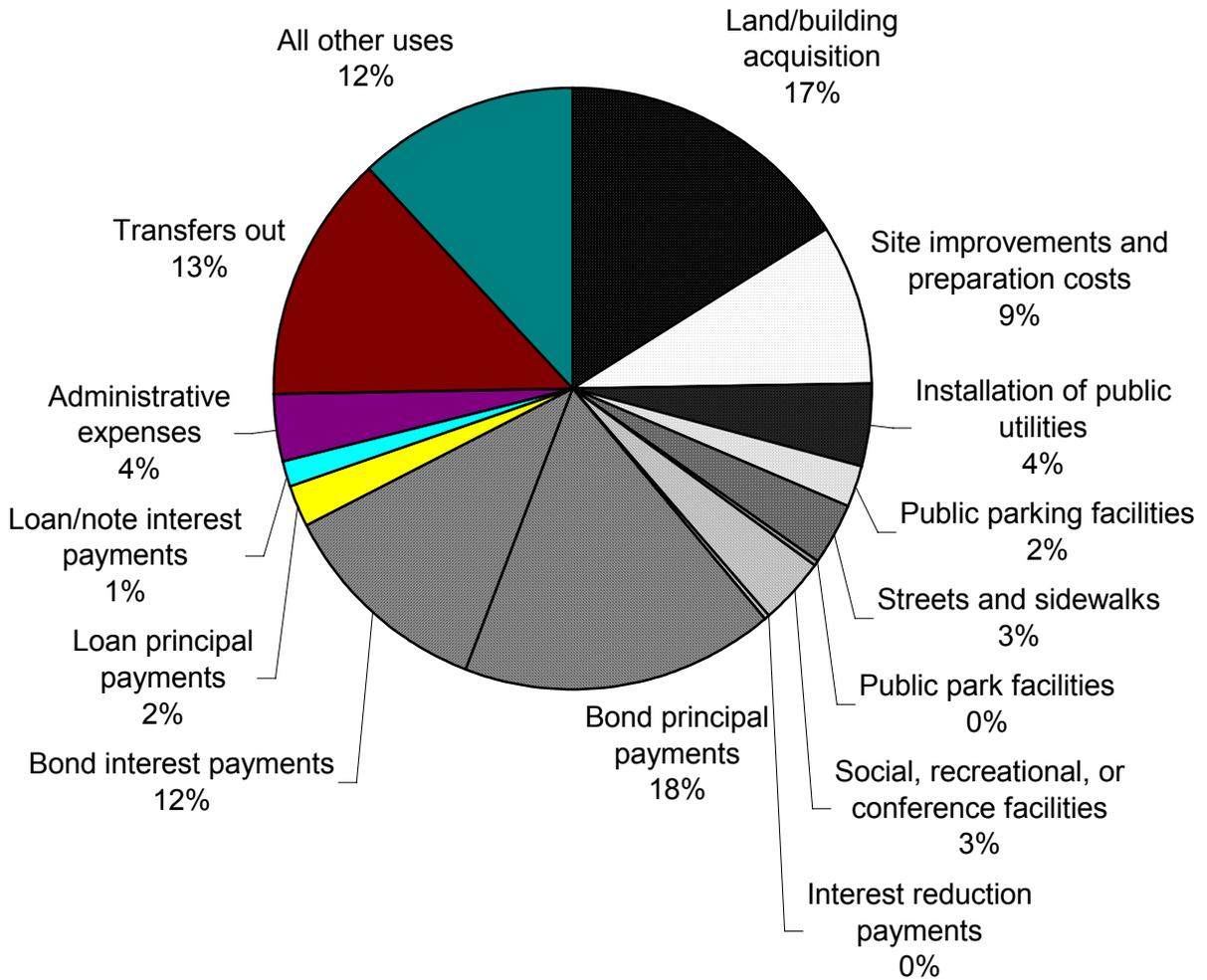
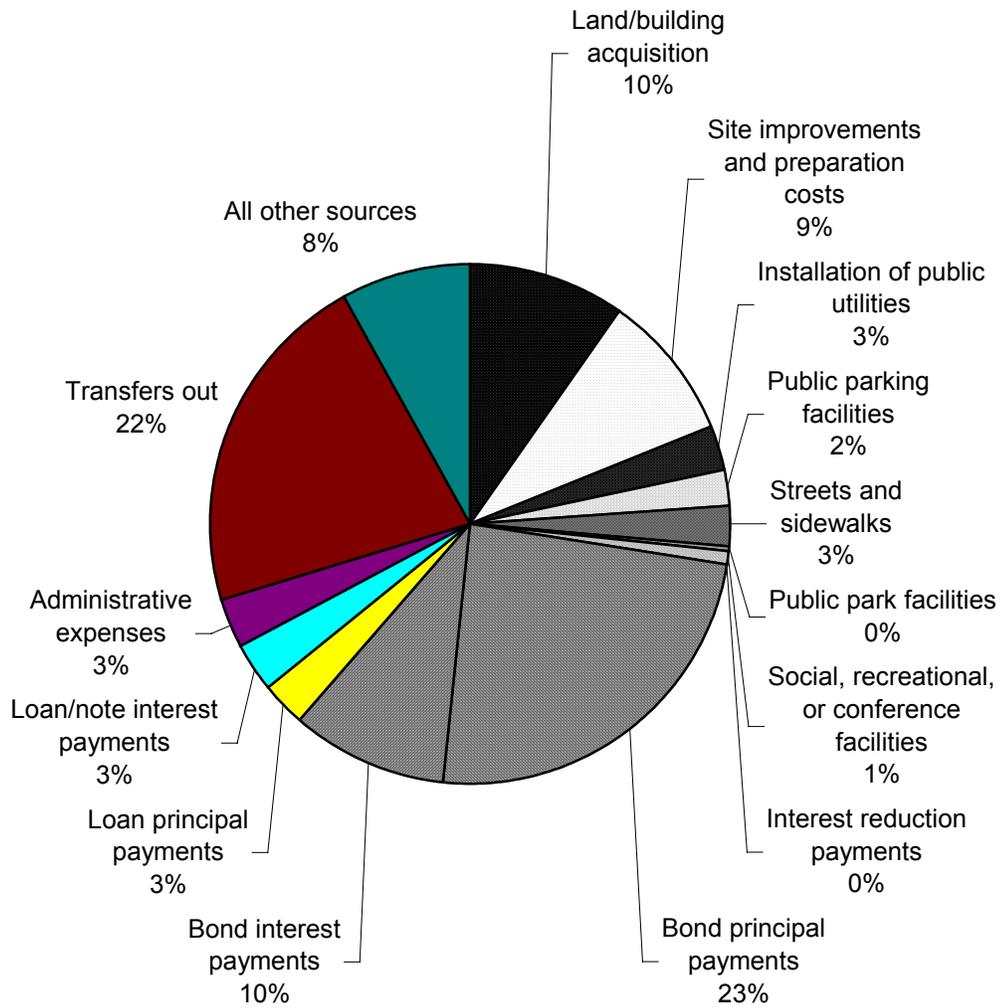


FIGURE 8

FIGURE 9

TIF Expenditures and OFU Reported for 2002



FISCAL INDICATORS

Based on the data provided on the 2002 TIF District and Non-District Reporting forms, the following information is a comparison between the districts located in the Seven County Metro area and Greater Minnesota.

TABLE 18

	2002 Revenues	2002 Expenditures	2002 Fund Balance	2002 Assets	2002 Liabilities
Seven County Metro (684 TIF Districts)	\$56,922,339	\$394,036,198	\$335,868,500	\$447,185,474	\$171,289,150
Greater Minnesota (1490 TIF Districts)	104,697,263	95,411,141	84,351,571	132,069,915	48,514,386
TOTAL	<u>\$461,619,602</u>	<u>\$489,447,339</u>	<u>\$420,220,071</u>	<u>\$579,255,389</u>	<u>\$219,803,536</u>
Seven County Metro Average Per District	\$83,220	\$576,073	\$491,036	\$653,780	\$250,423
Greater Minnesota Average Per District	\$70,267	\$64,034	\$56,612	\$88,638	\$3,258

Pre-1979 District Fund Balances

There were 79 Pre-1979 TIF districts required to report in 2002. These districts have reported an outstanding fund balance of \$72,118,062 as of December 31, 2002. The reported fund balance represents 37 TIF districts in the Seven County Metro area totaling \$46,783,341 and 42 TIF districts in Greater Minnesota totaling \$25,334,721.

Fourteen of the 79 Pre-1979 TIF districts are decertified but still have an outstanding fund balance of \$1,678,217. Until these funds are expended or returned to the county for redistribution to the respective taxing jurisdictions, these districts must submit annual reports to the State Auditor. The remainder of the Pre-1979 districts are scheduled for decertification in 2009, except for one district scheduled for decertification in 2012.

Tax Capacity for Taxes Payable in 2002

In 2002 there were 394 districts located in a fiscal disparity area under option A, which paid a total of \$10,267,128 in additional taxes as determined by the Commissioner of Revenue and listed on the Fiscal Disparities Contribution Statement.

2002-2003 TIF Initiatives

TIF Panel

The rapid growth of TIF and the number of entities involved in its use has created the need for a structured process encouraging open communication among all stakeholders. The State Auditor has therefore created a panel to help address the issues related to TIF.

The following is a list of TIF Panel members and includes city, county, and state officials, developers, financial advisors, attorneys, citizens, and others with an interest in tax increment financing. In addition, representatives from the Legislature, the Attorney General's Office, and other state agencies have provided ongoing support.

Eric Anderson, City of Edina
Bonnie Balach, Minnesota Solutions
Cal Barnett, City of Marshall
Bill Beard, The Beard Group
Terry Berg, City of Faribault
Jean Bierbaum, Hennepin County
David Bjelland, St. Cloud HRA
Jenny Boulton, Briggs & Morgan
David Bovee, City of Dawson
Luci Boztek, Minnesota Association of
County Officers
Steve Bubul, Kennedy & Graven Chartered
James Casserly, Krass Monroe, PA
Mike Couri, Couri & MacArthur Law
Jim Degiovanni, Rinke Noonan Law
Bob Deike, Bradley & Deike, PA
Bruce DeJong, City of Chanhassen
James Dokken, City of Willmar
David Drown, David Drown Associates
Margaret Egan, City of Vadnais Heights
Shelly Eldridge, Ehlers & Associates
Keith Ford, Minnesota NAHRO
Pam Frantum, City of Minneapolis
Cindy Geis, Scott County
James Gromberg, EDAM
Pat Gustafson, Minnesota NAHRO
Regina Harris, City of Bloomington HRA

Michele Hartman, Municipal Economic
Development Network, Inc.
Terri Heaton, Springsted, Inc.
Ron Hedberg, City of Cottage Grove
Andrea Hedtke, Dorsey & Whitney
Jim Holmes, Holmes & Associates
Mikaela Huot, Springsted, Inc.
Bruce Imholte, City of Detroit Lakes
Sid Inman, Ehlers & Associates
Mary Ippel, Briggs & Morgan
Bob Isaacson, Department of Employment
& Economic Development
Susan Iverson, City of Norwood Young
America
Greg Johnson, Krass Monroe, PA
Cory Kampf, City of Robbinsdale
George Kuprian, Washington County
Rebecca Kurtz, Ehlers & Associates/EDAM
Myrt Link, City of Richfield
Linda Loomis, City of Golden Valley
Dave Maroney, Community Partners, Inc.
Mike Martin, Montgomery EDA
Pamela Mattila, Dakota County CDA
Steve McDonald, Abdo Eick & Meyers
Joel Michael, Minnesota Legislature
Luayn Murphy, Private Sector
Laura Offerdahl, League of MN Cities

James Olson, Private Sector
Jennifer O'Rourke, League of MN Cities
Samantha Orduno, City of Richfield
Steve Pierce, Martin County
Barb Portwood, Leonard, Street, & Deinard
Gene Ranieri, Association of Metropolitan
Municipalities
Joe Rigdon, City of Rogers
Steve Rosholt, Faegre & Benson
David Salene, David Salene, Inc.
Chris Samuel, Ramsey County
Bob Schreier, City of St. Paul
Jerry Shannon, Allison-Williams Company
Mary Frances Skala, Fryberger, Buchanan,
Smith & Frederick

Nick Skarich, Northland Securities
Lynette Slater, Dorsey & Whitney
Paul Steinman, Springsted, Inc.
Bob Streetar, City of Columbia Heights
David Sturrock, City of Marshall
Sean Sullivan, City of Ramsey
Vicki Syverson, Swift County HRA
Rob Tautges, HLB Tautges Redpath
Bob Toftey, Fryberger, Buchanan, Smith &
Frederick
Blair Tremere, Minnesota Legislature
Gertrude Ulrich, City of Richfield
Tim Velner, Holmes & Associates
Shawn Wink, Department of Revenue

Increased Use of Online Reporting

In 2002, the State Auditor's Office developed an online reporting system for the required annual reports. Fifty-six authorities filed some or all of their reports using this system the first year. In 2003, 116 authorities used the online reporting system. TIF authorities that use the online reporting system continue to report that the system is faster and easier to use than preparing paper forms. The State Auditor's Office is in the process of improving and expanding the system.

Reduction in Tax Increment Being Withheld

At the time the 2002 reports were due to the State Auditor, eight TIF authorities had a total of \$782,447 in tax increment being withheld for failure to file the required TIF reporting forms. These authorities were all at least one year late in filing. In response to renewed attention from the State Auditor's office, all of those authorities have filed the required reports and obtained the release of tax increment money. The City of Manhattan Beach missed its last filing requirement and currently has \$2,137 of tax increment being withheld.

Significant Decrease in Authorities Failing to File Reports

The State Auditor's office was successful this year in reducing the number of TIF authorities that failed to file substantially complete reports. The City of Manhattan Beach is the only authority that has not filed its required 2002 TIF reporting forms, down from previous annual averages of approximately 40.

Training and Communication

The State Auditor's office has made a substantial effort in 2003 to improve and increase communication with TIF authorities.

In addition to a significant number of informal discussions, staff from the State Auditor's office have presented at the Ehler's Tax Increment Financing Seminar, the 8th Annual Minnesota Development Conference sponsored by the Minnesota Department of Employment and Economic Development, the Minnesota Institute of Legal Education (MILE) Seminar, and the 70th Annual Minnesota Association of Townships Conference. An additional six reporting workshops are planned for the summer of 2004.

A major effort was made by the TIF Panel and the TIF Division to review the TIF reporting forms and instructions to look for ways to make the forms easier to use. Several ideas were implemented with the 2003 forms and work will continue to improve the reporting process. Two of the outcomes of the review were the development of an annual disclosure form and an excess increment calculation form to be included with the 2003 reporting forms. It is hoped that the inclusion of these forms will help make the reporting process easier for TIF authorities.

VIOLATIONS OF TIF ACT

Returned Tax Increment

Since 1996 the TIF Division of the Office of the State Auditor, has seen \$14,211,364 of tax increment returned to the counties. The TIF Division initiated the return of \$7,610,735, with the remaining \$6,600,629 returned voluntarily by the TIF authorities. These monies are then redistributed to the respective taxing jurisdictions. As of May 1, 2004, the following TIF authorities returned tax increment to their respective counties:

TABLE 19

TIF Authority	TIF District	County	Reason	Amount
Alexandria	TIF 13	Douglas	Excess increment	\$413.89
Alexandria	TIF 19	Douglas	Excess increment	150.13
Alexandria	TIF 3	Douglas	Excess increment	11,550.91
Blooming Prairie	TIF 2-1	Steele	Excess increment	23,477.15
Byron	TIF 2	Swift	Excess increment	17,598.34
Cannon Falls	Redev Dist 1	Cannon Falls	Excess increment	122,718.90
Chanhassen EDA	TIF 2-1	Carver	Violation payment	171,614.78
Chanhassen EDA	TIF 3	Hennepin	Excess increment	973,520.12
Clarkfield HRA	TIF 1	Yellow Medicine	Excess increment	62,200.50
Cloquet	TIF 3	Carlton	Fund balance returned	74,862.54
Cold Spring	TIF 2	Stearns	Increment after duration limit/excess increment	240,656.00
Columbia Heights EDA	Sullivan Lake	Anoka	Increment received after duration limit	1,678.46
Dakota County CDA	TIF 6	Dakota	Excess increment	20,162.55
Eden Valley	TIF 4-2	Meeker	Project never developed	511.00
Grand Rapids HRA	TIF 1-3	Itasca	Excess increment	70,747.00
Inver Grove Heights	TIF 2-2	Dakota	Increment received after duration limit	44,626.50
Jordan	All Districts	Scott	Violation payments	12,500.00
Lino Lakes EDA	TIF 1-7	Anoka	Excess increment	113,067.77
Lino Lakes EDA	TIF 3-1	Anoka	Excess increment	608,014.00
Mahnomen	TIF 1	Mahnomen	Excess increment	157,591.74
Minneapolis CDA	Deep Rock	Hennepin	Violation payment	54,931.00
Minneapolis CDA	9 th Street	Hennepin	Violation payment	8,280.00
New Ulm	ED-5	Brown	Excess increment	6,287.63
New Ulm	ED-6	Brown	Excess increment	5,907.09

TIF Authority	TIF District	County	Reason	Amount
New York Mills	TIF 1-2	Otter Tail	Excess increment	21,751.83
Newport	TIF 2	Washington	Excess increment	223,612.19
North Branch	TIF 1-2	Chisago	Increment received after duration limit	2,951.90
North Branch	TIF 2-5	Chisago	Increment received after duration limit	15,348.75
Northfield	TIF 7	Rice	Increment received after duration limit	8,897.32
North St Paul	TIF 2-2	Ramsey	Violation payment	11,181.25
Plainview	TIF 1-2	Wabasha	Excess increment	76,895.07
Plato	TIF 2	McLeod	HACA reimbursement	42,088.00
Savage	TIF 6	Scott	Excess increment	1,138,014.79
Savage	TIF 7	Scott	Excess increment	517,252.08
St. Bonifacius	TIF 1-1	Hennepin	Project terminated	78,675.00
St. Cloud HRA	TIF 24 and 27	Stearns	Increment received after duration limit	130,000.00
Vadnais Heights	Various	Ramsey	Violation payments	18,162.66
Wells	TIF 2-1	Faribault	Excess increment	12,469.00
Wells	TIF 2-2	Faribault	Excess increment	725.00
Wells	TIF 2-4	Faribault	Excess increment	8,906.00
Willmar	Various	Kandiyohi	Violation payments	545,870.54
Winona Port Authority	TIF 4	Winona	Excess increment	319,004.00

TOTAL **\$3,980,332.38**

In addition to the less formal reviews that often lead to repayment of funds, the State Auditor's Office annually conducts a number of field audits of TIF authorities. Seven field audits were undertaken in 2003. This section of the report discusses the details of three field audits that have reached "final" status. Complete copies of the initial and final notices of noncompliance and the municipalities' responses are provided at the end of this report.

If the State Auditor finds that a TIF authority is not in compliance with the TIF Act, the State Auditor must send a notice of noncompliance to the governing body of the municipality that approved the TIF district in which the violation arose.²⁰ The notice of noncompliance provides the basis upon which the State Auditor's Office relied in making its finding and describes the possible consequences of the noncompliance.

²⁰ Minn. Stat. § 469.1771, subd. 1(c).

The governing body must respond in writing to the State Auditor within 60 days after receiving the notice of noncompliance. In its response, the municipality must state whether it accepts, in whole or in part, the State Auditor's findings and indicate the basis for any disagreement with the findings.²¹ The State Auditor must provide information regarding unresolved findings of noncompliance to the appropriate county attorney, who may bring an action to enforce the TIF Act.²²

If the county attorney does not commence an action against the TIF authority within one year after receiving a referral of a TIF notice of noncompliance from the State Auditor and the matter is not otherwise resolved to the State Auditor's satisfaction, the State Auditor must refer the notice of noncompliance to the Attorney General.²³ If the Attorney General finds that the TIF authority or municipality violated a provision of the TIF Act and the violation was substantial, the Attorney General must commence an action in the tax court to suspend the authority of the TIF authority and municipality to use TIF.²⁴ Before commencing the action in the tax court, however, the Attorney General must attempt to resolve the dispute using appropriate alternative dispute resolution procedures.²⁵ If the Attorney General commences an action and the tax court finds that the TIF authority or municipality violated the TIF Act and the violation was substantial, the tax court must suspend the authority of the TIF authority and municipality to use TIF for a period of up to five years.²⁶ The enforcement mechanism involving the Attorney General applies only to final notices of noncompliance issued by the State Auditor after December 31, 1999.²⁷

In addition, the State Auditor's Office must provide a summary of the responses it receives from the municipalities, and copies of the responses themselves, to the chairs of the legislative committees with jurisdiction over tax increment financing.²⁸ The appendices to this report contain copies of the notices of noncompliance and the municipalities' responses regarding the

²¹ Minn. Stat. § 469.1771, subd. 1(c).

²² Minn. Stat. § 469.1771, subd. 1(b). The county attorney may seek a court order requiring the TIF authority to pay an amount to the county auditor under Minn. Stat. § 469.1771, subd. 2 or 3. A court may abate all or part of the amount that must be paid under Minn. Stat. § 469.1771, subd. 2 or 3 if the action that violated the TIF Act was taken in good faith and making the payment would work an undue hardship on the municipality. Minn. Stat. § 469.1771, subd. 4(b).

²³ Minn. Stat. § 469.1771, subd. 1(d).

²⁴ Minn. Stat. § 469.1771, subd. 2b(a).

²⁵ Minn. Stat. § 469.1771, subd. 2b(b).

²⁶ Minn. Stat. § 469.1771, subd. 2b(c).

²⁷ Laws 1999, art. 10, sec. 5, 6, and 29.

²⁸ Minn. Stat. § 469.1771, subd. 1(c).

city of Vadnais Heights, the Lino Lakes Economic Development Authority (EDA), the Minneapolis Community Development Agency (MCDA), and the city of New York Mills. This section provides a summary of the findings contained in these notices of noncompliance.

CITY OF VADNAIS HEIGHTS

On October 29, 2002, the State Auditor sent the city of Vadnais Heights an initial notice of noncompliance. The city's response did not fully resolve all issues described in that notice and the matter was referred to the Ramsey County Attorney on December 8, 2003.

The State Auditor's final notice related to the following issues:

1. Failure to Follow Procedures for Creating TIF Districts

The State Auditor initially found that the city did not offer to meet with all the affected county and school boards and provide them with the estimate of fiscal and economic implications at least 30 days before the public hearing held to approve the TIF plans for TIF Districts 16, 17, and 22.²⁹

The city's response included documentation that the city had complied with the above requirements with respect to District 22. The city also stated that the school boards affected by Districts 16 and 17 had waived the 30-day requirement, but that the city was unable to locate written comments from them. The 30-day requirement is waived only if the affected county and/or school boards submit written comments on the proposal to the city after receipt of the required information. The response concluded that if violations of the TIF Act occurred with respect to TIF Districts 16 and 17, the violations occurred before December 31, 1990, and the city should not be subject to any penalty under Minn. Stat. § 469.1771, subd. 2.

In the final notice, the State Auditor found that the city failed to provide the estimate of fiscal and economic implications to all affected school districts at least 30 days before the public hearing held to approve the TIF plans for TIF Districts 16 and 17. The State Auditor also found that the city is subject to penalty under Minn. Stat. § 469.1771, subd. 2 because after December 31, 1990, the city received \$546,639 of tax increment from parcels in TIF Districts 16 and 17 that did not qualify for retention within the TIF district.

2. Failure to Publish Notice of Public Hearing—WITHDRAWN

The State Auditor initially found that the city failed to publish a notice of the public hearing for TIF Districts 5 and 8, and a notice of the public hearing and required maps for TIF District 19 prior to the approval of the TIF plans.³⁰ The State Auditor made this finding because the city failed to provide the documentation to establish that the city had met these requirements.

²⁹ Minn. Stat. § 469.175, subd. 2 (1988 through 1994).

³⁰ Minn. Stat. § 273.74, subd. 3 (1986) and Minn. Stat. § 469.175, subd. 3 (Supp. 1987 and 1990).

The city's response included a copy of the required public hearing notices that were published for TIF Districts 5, 8, and 19, and also included a copy of the required maps for TIF District 19. The documentation provided resolved this issue.

3. Incomplete Public Hearing Notice

The State Auditor initially found that when the city council published the notice of the public hearing regarding approval TIF District 15, it failed to include a map of the district.³¹

The city responded that it published the notice on March 14, 1989, and held its public hearing on April 4, 1989, well before the requirement that it include a map in its notice was even enacted into law. The city, however, acknowledged that the new requirement applied to districts for which certification was requested on or after October 4, 1989, and that it requested certification of TIF District 15 on October 5, 1989, and therefore was technically required to have included a map in its notice.

In the final notice, the State Auditor found that the city was required to include a map with the notice of the public hearing and that the city had failed to do so.

4. Failure to Set Forth in Writing Required Reasons and Supporting Facts for Findings—WITHDRAWN

The State Auditor initially found that the city failed to set forth in writing the reasons and supporting facts for the findings it made when it approved the TIF plan for TIF District 3.³² The State Auditor made this finding because the city failed to provide the documentation to establish that the city had met this requirement.

The city's response included a complete copy of the City Council Resolution that contained the required reasons and supporting facts. The documentation provided resolved this issue.

5. Failure to Set Forth in Writing Required Reasons and Supporting Facts for Finding that TIF Districts Qualified as Redevelopment Districts—WITHDRAWN

The State Auditor initially found that the city failed to set forth in writing the reasons and supporting facts for its findings that TIF Districts 5, 6, 16, 17, 21, and 24 qualified as redevelopment districts.³³ The State Auditor made this finding because the city failed to provide the documentation to establish that the city had met this requirement.

³¹ Minn. Stat. § 469.175, subd. 3 (1990).

³² Minn. Stat. § 273.74, subd. 3 (Supp. 1985).

³³ Minn. Stat. §§ 273.74, subd. 3 (1986) and 469.175, subd. 3 (Supp. 1987 through 1996).

The city's response included copies of resolutions and other documents that contained the required statements of reasons and supporting facts. The documentation provided resolved this issue.

6. Failure to Identify and Describe Studies and Analysis Used to Make the “But For” Finding

The State Auditor initially found that the city failed to include in the TIF plans for TIF Districts 9 through 14 an identification and description of the studies and analyses used to make the findings that these TIF districts met the “but for” test.³⁴

The city responded that although the studies and analyses were not incorporated into the TIF plans for these districts as required, they were in the resolutions approving the TIF plans for these districts.

In the final notice, the State Auditor found that the studies and analysis were required to be in the TIF plans and that including them in the resolutions did not technically comply with the legal requirements for creation of these districts.

7. Failure to Provide County Auditor with List of Building Permits Issued During the 18 Months Immediately Preceding Approval of the TIF Plan—WITHDRAWN

The State Auditor initially found that the city failed to provide the county auditor with a listing of all properties within the TIF district for which a building permit had been issued during the 18 months immediately preceding approval of the TIF plan for TIF Districts 1 through 8 and 20.³⁵ The State Auditor made this finding because the city failed to provide the documentation to establish that the city had met this requirement.

The city's response included copies of the letters the city sent to the county auditor regarding the building permits that had been issued 18 months prior to the approval of the TIF plans for TIF Districts 1 through 8 and 20. The documentation provided resolved this issue.

8. Failure to Follow Procedures for Creating TIF Districts—WITHDRAWN

The State Auditor initially found that the city did not offer to meet with the county board before the city council approved the March 29, 1990, TIF-plan modification for TIF Districts 1 through 16, as required by the TIF Act.³⁶ In addition, the State Auditor found that the city failed to

³⁴ Minn. Stat. § 469.175, subd. 3(2) (1988).

³⁵ Minn. Stat. § 273.76, subd. 4 (1984 through 1986); Minn. Stat. § 469.177, subd. 4 (Supp. 1987); and Minn. Stat. § 469.177, subd. 4 (1992).

³⁶ Minn. Stat. § 273.74, subd. 4 (1984 through 1986); Minn. Stat. § 469.175, subd. 4 (Supp. 1987 through 1988) and Minn. Stat. § 273.74, subd. 2 (Supp. 1985 through 1986); Minn. Stat. § 469.175, subd. 2 (Supp. 1987 through 1988).

provide the county board and affected school boards with the city's estimate of the fiscal and economic implications of the modified TIF plans dated December 19, 1995, for TIF Districts 1 through 25.³⁷ The State Auditor made this finding because the city failed to provide the documentation to establish that the city had met these requirements.

The city's response included documentation that substantiated the city offered to meet with the county board prior to the approval of the March 29, 1990, TIF-plan modification, and documentation that substantiated that the city provided the fiscal and economic implications to the county board and affected school boards prior to approval of the modified TIF plans dated December 19, 1995. The documentation provided resolved this issue.

9. Improper Inclusion of Parcels in Redevelopment Districts Due to Failure to Conclude Development Agreements—WITHDRAWN

The State Auditor initially found that the city improperly included all of the parcels in TIF Districts 1, 3, 5, and 6, because these districts were designated as redevelopment districts based on unusual terrain or soil deficiencies and the city failed to conclude a development agreement with recourse for each TIF district.³⁸ The State Auditor made this finding because the city failed to provide the documentation to establish that the city had met this requirement.

The city's response provided development agreements that satisfied the requirements. The documentation provided resolved this issue.

10. Failure to Comply with “Three-Year Rule”

The State Auditor initially found that the city did not meet the requirements of the “Three-Year Rule” with respect to TIF District 24 because no qualifying activities took place within the three-year period after certification of the TIF district.³⁹

The city responded that qualifying activity took place prior to the beginning of the three-year period, and that the intent of the law was to require that the activity take place at any time prior to the expiration of the three-year period, not to require that the activity take place sometime after the beginning and before the end of the three-year period.

In the final notice, the State Auditor found that the language of the law clearly stated that the district must be decertified “unless within the three-year period” qualifying activity took place,

³⁷ Minn. Stat. § 273.74, subd. 4 (1984 through 1986); Minn. Stat. § 469.175, subd. 4 (Supp. 1987 through 1996) and Minn. Stat. § 273.74, subd. 2 (Supp. 1985 through 1986); Minn. Stat. § 469.175, subd. 2 (Supp. 1987 through 1996).

³⁸ See Minn. Stat. § 273.73, subd. 10 (1984 through 1986) and Minn. Stat. § 469.174, subd. 10 (Supp 1987).

³⁹ Minn. Stat. § 469.176, subd. 1a (1996).

and that the qualifying activity with respect to district 24 took place before rather than within the three-year period.

11. Improper Expenditure of TIF Bond Proceeds on Construction of Governmental Buildings—WITHDRAWN

The State Auditor initially found that the city improperly spent \$180,804 of bond proceeds from TIF Bond Series 6 on the construction of a building used primarily for government business.⁴⁰

The city's response stated that the bond proceeds were used to pay construction costs for a fire station and that the bond proceeds were intended to pay for a part of the fire station that is used primarily as a community room and adjacent restrooms. The city provided documentation to substantiate that the amount of bond proceeds spent on the fire station was less than the cost of constructing the community room and adjacent restrooms within the fire station. The documentation provided resolved this issue.

12. Unauthorized Expenditure of TIF Bond Proceeds—RESOLVED

The State Auditor initially found that the city improperly spent \$12,895 of TIF bond proceeds from TIF Bond Series 5 on a lawn tractor.⁴¹ The city agreed with the State Auditor's finding and made a violation payment to Ramsey County, which resolved this issue.

13. Expenditures in Excess of Total Estimated Tax Increment Expenditures

The State Auditor initially found that the city improperly spent \$132,793 of tax increment from TIF District 7 and \$366,571 of tax increment from TIF District 10, because the city spent these amounts of tax increment in excess of the total estimated tax increment expenditures authorized by the TIF plan for these TIF districts.⁴²

The city's response provided documentation that substantiated that the TIF-plan *expenditure* budgets for both TIF Districts 7 and 10 exceeded the amount of tax increment that the city collected and spent from each TIF district. However, the TIF-plan budgets for expenditures for both Districts 7 and 10 were budgets for the entire project. Neither TIF plan contained a budget exclusively for the expenditure of tax increments from that particular TIF district.

In 2003, the Legislature clarified that total estimated tax increment expenditures "are determined by considering all of the information in the tax increment financing plan and exhibits to the plan about estimated sources and uses of funds."⁴³ When a TIF plan does not contain a budget

⁴⁰ See Minn. Stat. § 469.176, subd. 4g (1992); Laws 1988, ch. 719, art. 12, sec. 16.

⁴¹ See Minn. Stat. § 469.176, subd. 4 (1988 and 1990).

⁴² Minn. Stat. § 469.176, subd. 4 (Supp. 1987 and 1988).

⁴³ Laws 2003, ch. 127, art. 10, sec. 8.

exclusively for tax increment from the district and does not specifically state a maximum amount of authorized tax increment expenditures for the district, the State Auditor determines that total tax increment expenditures authorized is equal to the lower of the total TIF-plan expenditure budget or the total estimated tax increment revenue in the TIF plan. The State Auditor's finding is based upon the estimate of tax increment *revenue* in the TIF plans for each district.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$132,793 of tax increment from TIF District 7 and \$366,571 of tax increment from TIF District 10, because the city spent these amounts of tax increment in excess of the total estimated tax increment expenditures authorized in the TIF plans for those districts.

14. Improper Expenditures of Economic Development District Tax Increment

The State Auditor initially found that the city improperly spent \$24,660.54 of tax increment from TIF District 19 on costs that were not permitted uses of tax increment from an economic development district.⁴⁴

The city's response stated that a \$40,000 developer payment was made from a bond fund, and \$24,660.54 of tax increment from TIF District 19 was transferred to the bond fund to reimburse that fund for a portion of the \$40,000 developer payment. However, the city did not provide any documentation to substantiate that the bond fund made the \$40,000 developer payment on behalf of TIF District 19 or that TIF District 19 was obligated to reimburse the bond fund for the developer payment.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$24,660.54 of tax increment from TIF District 19 on costs that were not permitted uses of tax increment from an economic development district.

15. Improper Expenditures of Economic Development District Tax Increment on Debt Service

The State Auditor initially found that the city improperly spent \$40,251.12 of tax increment from TIF Districts 19, 20, and 22 to finance costs that were not eligible to be paid with increment from economic development districts.⁴⁵

The city's response stated that the original coding of the tax increment was done in error and that the city intends to transfer the tax increment back to the respective TIF districts. However, the State Auditor determined that the tax increment cannot be transferred back, because it has already been spent.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$40,251.12 of tax increment from TIF Districts 19, 20, and 22 to finance costs that were not eligible to be paid with increment from economic development districts.

⁴⁴ Minn. Stat. § 469.176, subd. 4c(a) (1992).

⁴⁵ Minn. Stat. § 469.176, subd. 4c(a) (1992).

16. Inadequately Documented Expenditures of Tax Increment and TIF Bond Proceeds—REVISED

The State Auditor initially found that the city improperly spent \$3,292,750.83 of tax increment from TIF Districts 3, 8 through 13, 15 through 25, and 27, and proceeds from TIF Bond Series 2 through 6, 9, and 11 on costs not authorized by the TIF Act, because the city failed to provide documentation to substantiate that these expenditures were in compliance with the TIF Act.

The city's response included invoices, development agreements, and other documentation to establish that all of the expenditures were in compliance with the TIF Act with the exception of an expenditure in the amount of \$16,895.32. The city did provide an invoice in the amount of \$14,216.22. However, the city was unable to provide documentation to establish that the \$16,895.32 was used to pay the \$14,216.22 invoice. The city made a violation payment to Ramsey County in the amount of \$2,679.10 (the difference between the \$16,895.32 expended and the \$14,216.22 invoice provided).

In the final notice, the State Auditor revised the finding to state that the city improperly spent \$14,216.22 (\$16,895.32 unsubstantiated expenditure less \$2,679.10 violation payment) of TIF bond proceeds on costs not authorized by the TIF Act, because the city did not provide the documentation to substantiate that this amount was used in compliance with the TIF Act.

17. Inadequately Documented Expenditures of Tax Increment and TIF Bond Proceeds Transferred to the General Fund

The State Auditor initially found that the city improperly spent \$88,233 of tax increment and TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

The city's response stated that the transfers to the General Fund were for administrative expenses, and that the amount transferred was less than 10% of the total tax increment received. The city submitted an analysis of the tax increment financing administrative fees charged by the city and an estimate of city staff time spent on TIF administration from 1985 to 2000. That document was prepared by the City Administrator in June 2003. While the State Auditor agrees with the city that the amounts charged for administrative fees are reasonable, the fees charged were not supported by contemporaneous documentation for specific administrative expenses incurred.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$88,233 of tax increment and TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

18. Inadequately Documented Expenditures of Tax Increment and TIF Bond Proceeds Transferred to the General Fund

The State Auditor initially found that the city improperly spent \$22,311 of TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

The city's response stated that the transfers to the General Fund were for administrative expenses. The city did not, however, provide documentation to substantiate that the General Fund actually incurred \$22,311 of TIF-eligible administrative expenses.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$22,311 of TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

19. Inadequately Documented Expenditures of Tax Increment and TIF Bond Proceeds Transferred to the General Fund

The State Auditor initially found that the city improperly spent \$689,574 of tax increment and TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

The city's response stated that the transfers to the General Fund were for administrative expenses. The city did not, however, provide documentation to substantiate that the General Fund actually incurred \$689,574 of TIF-eligible administrative expenses.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$689,574 of tax increment and TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

20. Inadequately Documented Expenditures of Tax Increment and TIF Bond Proceeds Transferred to Non-TIF Fund

The State Auditor initially found that the city improperly spent \$77,438.09 of tax increment and TIF bond proceeds transferred to the General Fund or other non-TIF-dedicated funds on costs not authorized by the TIF Act.

The city's response stated that \$71,012.10 of tax increment and TIF bond proceeds was transferred to several non-TIF funds to reimburse those funds for TIF-eligible costs, and that \$6,425.90 of tax increment and TIF bond proceeds was transferred to the General Fund for administrative costs. The city provided numerous invoices for specific expenditures paid out of the non-TIF fund into which the \$71,012.10 was transferred. Although the invoice amounts exceeded the amount of tax increment and TIF bond proceeds transferred to these non-TIF funds, the city provided no documentation to substantiate that the transfers of tax increment and TIF bond proceeds were made to reimburse these non-TIF funds for TIF-eligible costs. The \$6,425.90 transfer to the General Fund is not supported by contemporaneous documentation for specific administrative expenses incurred.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$77,438.09 of tax increment and TIF bond proceeds transferred to the General Fund or other non-TIF-dedicated funds on costs not authorized by the TIF Act.

21. Inadequately Documented Expenditures of Tax Increment and TIF Bond Proceeds Transferred to the General Fund

The State Auditor initially found that the city improperly spent \$120,393 of TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

The city's response stated that the transfers to the General Fund were for administrative expenses. The city did not, however, provide documentation to substantiate that the General Fund actually incurred \$120,393 of TIF-eligible administrative expenses.

In the final notice, the State Auditor reiterated the finding that the city improperly spent \$120,393 of tax increment and TIF bond proceeds transferred to the General Fund on costs not authorized by the TIF Act.

22. Inadequately Documented Expenditures of Tax Increment and TIF Bond Proceeds Transferred to the General Fund—WITHDRAWN

The State Auditor initially found that the city improperly spent \$164,758.14 of tax increment and TIF bond proceeds transferred to unidentified funds on costs not authorized by the TIF Act.

The city's response included documentation substantiating that the transfers were spent on costs authorized by the TIF Act. The documentation provided resolved this issue.

23. Inadequately Documented Transfers of Tax Increment and TIF Bond Proceeds—WITHDRAWN

The State Auditor initially found that the city spent \$323,301 of tax increment from TIF Districts 1 through 4, 6 through 8, 19, 20, 22, 23, and 25, and TIF Bond Series 4 proceeds on costs not authorized by the TIF Act because the city did not provide the State Auditor with documentation on these expenditures.

The city's response included documentation substantiating that the tax increment and TIF bond proceeds were spent on costs authorized by the TIF Act. The documentation provided resolved this issue.

24. Inadequately Documented Expenditure of Tax Increment and TIF Bond Proceeds—REVISED

The State Auditor initially found that the city improperly spent \$440,234.36 of TIF bond proceeds from TIF Bond Series 2, 6, and 9 on costs not authorized by the TIF Act because the city's CAFRs reported these expenditures, but the city provided no documentation to substantiate that these expenditures were for costs authorized by the TIF Act.

The city's response included documentation sufficient to demonstrate that all amounts were spent in accordance with the TIF Act with the exception of \$22,226.48.

In the final notice, the State Auditor revised the finding to state that the city improperly spent \$22,226.48 of TIF bond proceeds on costs not authorized by the TIF Act.

25. Inadequately Documented Expenditures after Reversal of Coding—RESOLVED

The State Auditor initially found that the city improperly used \$84,604.76 of tax increment and TIF bond proceeds to pay costs not authorized by the TIF Act.

The city's response provided sufficient documentation to substantiate that \$82,016.20 of the original amount of this finding was spent in accordance with the TIF Act. The city made a violation payment to Ramsey County for the remaining \$2,588.56.

The documentation provided by the city and the city's violation payment resolved this issue.

26. Inadequately Documented Expenditures of Tax Increment and Bond Proceeds—WITHDRAWN

The State Auditor initially found that the city improperly spent \$320,597.52 of tax increment from TIF Districts 3 and 16, and TIF bond proceeds from TIF Bond Series 4 on costs not incurred within the project area for the city's TIF districts, because the city had not provided documentation to substantiate that the expenditures were for costs incurred within the project area.

The city's response included documentation substantiating that the expenditures were for costs incurred within the project area. The documentation provided resolved this issue.

27. Inadequately Documented Land Acquisition Expenditures—WITHDRAWN

The State Auditor initially found that the city improperly spent \$601,542 of TIF bond proceeds from TIF Bond Series 6 and 10 to acquire property, because the TIF plans for TIF Districts 1 through 5 and 18 through 22 (the TIF districts pledged to pay or are actually paying debt service on those bonds) did not designate the parcels as property the city intended to acquire.

The city's response stated that the city believes that all costs identified are within the TIF plans and spent in accordance with the TIF law, and contained court documents and letters from attorneys discussing condemnation and land purchase transactions. The documentation provided resolved this issue.

28. Inadequately Documented Expenditures of TIF Bond Proceeds—WITHDRAWN

The State Auditor initially found that the city improperly spent \$49,538.45 of TIF Bond Series 13 proceeds on costs not authorized by the TIF Act, because the city did not provide documentation sufficient to establish into which fund(s) the \$49,538.45 was initially deposited and subsequently spent.

The city's response included documentation substantiating the \$49,538.45 receipt and expenditure. The documentation provided resolved this issue.

29. TIF Districts 1 through 22—Failure to Segregate Tax Increment

The State Auditor initially found that the city did not segregate tax increment from TIF Districts 1 through 22 in special accounts on the city's official books and records, as required by the TIF Act.⁴⁶

The city's response acknowledged that prior to 1997 the city had not segregated the increment from its TIF districts, but pointed out that beginning in 1997 the city established separate funds for each TIF district.

In the final notice, the State Auditor reiterated the finding that the city did not segregate the tax increment from TIF Districts 1 through 22 in special accounts on the city's official books and records. The State Auditor notes that the city currently does segregate tax increment in special accounts, and commends the city for its efforts to improve its compliance with the TIF Act.

CITY OF LINO LAKES

In September of 2002, the State Auditor's Office audited the Lino Lakes Economic Development Authority's (EDA) TIF districts. The EDA voluntarily repaid \$608,014 of excess tax increment so no findings of noncompliance were found.

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

On November 6, 2002, the State Auditor sent the city of Minneapolis an initial notice of noncompliance regarding the Minneapolis Community Development Agency's (MCDA) TIF districts. The city's response fully resolved all issues described in that notice.

The State Auditor's notice of noncompliance related to the following issues.

1. Amount of Tax Increment Spent on Administrative Expenses Exceeds Limitation

The State Auditor initially found that the MCDA spent \$263,500 of tax increment from the Deep Rock District and its hazardous substance subdistrict on administrative expenses in excess of the amount allowed by statute. This finding was based upon two transfers of tax increment to the fund that the MCDA uses to pay administrative expenses. The city's response provided documentation showing that the tax increment transferred was used for development costs, and not for administrative expenses. The documentation provided resolved this issue.

⁴⁶ Minn. Stat. § 273.76, subd. 5 (1984 through 1986) and Minn. Stat. § 469.177, subd. 5 (Supp. 1987 through 1994).

2. Unauthorized Expenditures of Hazardous Substance Subdistrict Tax Increment

The State Auditor initially found that the MCDA improperly used \$35,686.80 of tax increment from the Deep Rock hazardous substance subdistrict to finance the purchase of land. In response, the city provided documentation to demonstrate that the funds were not improperly spent on land acquisition. The documentation provided resolved this issue.

3. Expenditures of Tax Increment in Excess of Total Authorized Tax Increment Expenditures Duration

The State Auditor initially found that the MCDA spent an amount of tax increment from the Deep Rock District and its hazardous substance subdistrict that exceeded the total estimated tax increment expenditures authorized in the TIF plan by \$54,931. The MCDA agreed with this finding and paid the county auditor \$54,931. The violation payment resolved this issue.

4. Expenditures of Tax Increment Outside the Project Area

The State Auditor initially found that the MCDA spent \$8,280 of tax increment from the Ninth Street and Hennepin Avenue District on costs outside the project area within which the TIF district was established. The MCDA agreed with this finding and paid the county auditor \$8,280. The violation payment resolved this issue.

CITY OF NEW YORK MILLS

On January 22, 2004, the State Auditor sent the city of New York Mills an initial notice of noncompliance regarding the city's TIF District 1-2. The city's response resolved the issue described in that notice.

The State Auditor's notice of noncompliance related to the following issue.

1. Excess Increment

The State Auditor initially found that the city had received excess increment from TIF District 1-2. The excess increment consisted of \$14,459 of tax increment the city received from TIF District 1-2 through December 31, 2002, all tax increment the city received from TIF District 1-2 from January 1, 2003, through August 1, 2003, and any interest or investment earnings on or from tax increment the city received between July 2, 1997, and August 1, 2003.

The city responded that it accepted the State Auditor's finding of noncompliance, and provided a copy of a check to the Otter Tail County Treasurer in the amount of \$21,751.83. The payment resolved this issue.

CONCLUSION

The TIF Division may be contacted at the following addresses and telephone/fax numbers:

Office of the State Auditor
Tax Increment Financing, Investment & Finance Division
525 Park Street, Suite 500
St. Paul, MN 55103
Telephone: (651) 296-4716
Fax: (651) 297-3689
email: tifdivision@osa.state.mn.us

Daniel J. Greensweig, Assistant State Auditor/Director	(651) 296-7979
Tom Carlson, Auditor	(651) 284-3543
Marsha Pattison, Finance Officer	(651) 296-4716
Lisa McGuire, Auditor	(651) 296-9255
Kurt Mueller, Auditor	(651) 297-3680
Suk Shah, Auditor	(651) 296-7001
Alex Shleifman, Management Analyst	(651) 297-8342

This report can also be viewed at www.auditor.state.mn.us.

EXHIBIT

TIF Reporting for the Year Ended December 31, 2002

The TIF Act requires TIF authorities to file annual reports with the State Auditor about their TIF districts. This reporting requirement applies to all TIF districts regardless of when they were created. TIF authorities must submit the required information to the State Auditor on or before August 1 of each year.⁴⁷ In addition to filing TIF reports, a TIF authority must publish certain statutorily required financial information about each of its TIF districts in a newspaper of general circulation on or before August 15 of each year.⁴⁸

A total of 435 TIF authorities had TIF districts for which they were required to file TIF reports with the State Auditor for the year ended December 31, 2002, which were due by August 1, 2003. These TIF authorities were required to file reports for 2,174 TIF districts.

On-Line TIF Reporting

For the TIF reports for the year ended December 31, 2002, the State Auditor continued to make available to TIF authorities a system for submitting TIF reports on the State Auditor's web site. The TIF authorities used the on-line TIF reporting system to submit 632, or 29%, of the 2,174 TIF District Reports that were required to be submitted by the August 1, 2003, deadline. This compares to 382, or 18%, of the 2,166 TIF District Reports that were required to be submitted to the State Auditor for the year ended December 31, 2001. The following 116 TIF authorities used the on-line TIF reporting system to submit some or all of their required 2002 TIF reports. The "*" indicates the TIF authority used the on-line reporting system in the 2001 reporting year also.

Ada, City of	Breezy Point, City of	Dassel, City of
Adrian, City of	Brooklyn Park EDA	Deer River, City of*
Albany, City of*	Brooten, City of	Eden Prairie, City of*
Alexandria, City of	Buffalo HRA*	Edgerton, City of*
Appleton, City of	Centerville, City of	Elk River, City of*
Austin, City of	Clarissa, City of	Foley, City of*
Bayport, City of*	Cokato, City of	Freeborn County HRA*
Belle Plaine EDA	Cold Spring, City of	Freeport EDA
Bemidji, City of	Cook County/Grand Marais Joint EDA*	Glenwood, City of
Benson, City of	Crookston, City of*	Grand Rapids, City of
Blackduck, City of	Crosby HRA*	Granite Falls, City of*
Blaine, City of	Crow Wing County HRA	Harmony, City of
Blue Earth County HRA*	Crystal, City of*	Henderson, City of
Breckenridge, City of		Hibbing, City of

⁴⁷ See Minn. Stat. § 469.175, subd. 6.

⁴⁸ See Minn. Stat. § 469.175, subd. 5.

<p> Holdingford, City of* Hopkins, City of* Houston, City of* Inver Grove Heights, City of Isle, City of Kenyon, City of* Kiester, City of* Kimball, City of La Prairie, City of Lake Crystal, City of Lakeville, City of* Lauderdale, City of* Little Falls, City of Long Prairie, City of* Lonsdale, City of Luverne EDA* Mahanomen, City of Mahtomedi, City of Mankato, City of Maple Grove, City of* Maplewood, City of* Maynard, City of Melrose, City of Milaca, City of Minneapolis, City of* Montgomery EDA </p>	<p> Morrison County RDFA Motley, City of Mound, City of* Murdock, City of* Nashwauk, City of New Ulm, City of* Newport, City of* North Mankato PA Northfield EDA* Northwest MN Multi- County HRA* Olivia, City of Onamia, City of Park Rapids, City of Paynesville, City of Pequot Lakes, City of* Perham, City of* Pine City, City of* Plymouth, City of* Princeton, City of Prior Lake, City of Proctor, City of Ramsey, City of* Randall HRA Red Lake Falls, City of* Redwood Falls, City of* Robbinsdale, City of </p>	<p> Rochester, City of* Rockford, City of* Rose Creek, City of* Roseau, City of Roseville, City of* Royalton, City of Sandstone, City of Sebeka, City of Shakopee, City of* Sherburne County HRA Shoreview, City of Southwest MN Multi- County HRA* St Paul Port Authority Stearns County HRA* Stewartville, City of* Swift County HRA* Swift County RDFA* Victoria, City of* Wabasso, City of* White Bear Lake HRA* Winsted, City of Wykoff, City of Wyoming, City of Zumbrota EDA </p>
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Many of these TIF authorities also completed and submitted evaluations of the on-line TIF reporting system. The on-line TIF reporting system will be available again for the 2003 reporting cycle.

Statistics on TIF Reporting Compliance

The State Auditor returns TIF reports that are not substantially complete and treats them as not filed. The following table shows the number of TIF authorities that by the August 1 deadline: (1) submitted substantially complete reports for all districts the TIF authority was required to submit reports for; (2) submitted incomplete reports; and (3) failed to submit any reports.

TABLE 20—Comparison of TIF Authority Reporting by Year

Reports for Year Ended Dec. 31	All Reports Substantially Complete	Some Reports Submitted	No Reports Submitted	Total
1997	176 (42%)	144 (35%)	96 (23%)	416 (100%)
1998	305 (70%)	65 (15%)	63 (15%)	433 (100%)
1999	304 (70%)	40 (9%)	92 (21%)	436 (100%)
2000	269 (61%)	82 (19%)	91 (21%)	442 (100%)
2001	290 (66%)	25 (6%)	125 (28%)	440 (100%)
2002	365 (84%)	16 (4%)	54 (12%)	435 (100%)

In 1998, the Legislature enacted Minn. Stat. § 469.1771, subd. 2a, which establishes a procedure for tax increment to be withheld by the county auditor if the TIF authority or municipality fails to file reports containing the required TIF information or a copy of the annual disclosure statement by the statutory deadline. The withheld tax increment is released and distributed whenever substantially complete TIF reports eventually are filed. These changes were effective starting with the TIF reports and annual disclosure statement that were required to be filed in 1999.⁴⁹

On August 20, 2003, the State Auditor mailed notices to 70 TIF authorities informing them that the State Auditor had not received substantially complete 2001 TIF reports for one or more of their TIF districts as of August 1, 2003, and that tax increment from those districts would be withheld.

As of November 19, 2003, the State Auditor had not received substantially complete 2002 TIF reports for certain TIF districts, non-district funds, or pooled debt issues from the following two TIF authorities:

City of Baxter
City of Manhattan Beach

Consequently, on November 20, 2003, the State Auditor mailed notices to county auditors to withhold tax increment that otherwise would have been distributed to these two TIF authorities from the identified TIF districts.

⁴⁹ Laws 1998, ch. 389, art. 11, sec. 29.

As of May 10, 2004, the following TIF authority had not filed a substantially complete 2002 TIF report for its TIF district:

City of Manhattan Beach

APPENDICES

SECTION 1

TIF Notices of Noncompliance and Responses:

City of Vadnais Heights

Lino Lakes EDA

Minneapolis Community Development Agency

City of New York Mills

**(Please note that copies of the notices of noncompliance
and the responses are not included in this pdf.)**

APPENDICES

SECTION 2

Table 2 – TIF Districts Certified in 2002 in the Seven County Metro

Table 3 – TIF Districts Certified in 2002 in Greater Minnesota

Table 4 – TIF Districts Decertified in 2002 in the Seven County Metro

Table 5 – TIF Districts Decertified in 2002 in Greater Minnesota

Table 8 – TIF Districts with Special Legislation

Table 9 – TIF Authorities with Special Taxing Districts

Table 12 – TIF Districts in Seven County Metro Generating
Most Tax Increment Revenue for 2002

Table 13 – TIF Districts in Greater Minnesota Generating
Most Tax Increment Revenue for 2002

Table 14 – Redevelopment TIF Districts Generating the Most
Tax Increment Revenue in 2002

Table 15 – Economic Development TIF Districts Generating the
Most Tax Increment Revenue for 2002

Table 16 – Housing TIF Districts Generating the Most Tax
Increment Revenue for 2002

TABLE 2

DISTRICTS CERTIFIED IN 2002 IN THE SEVEN COUNTY METRO

AUTHORITY	DISTRICT	COUNTY	TYPE	CRD	CERT DATE	REQ DEC DATE
BURNSVILLE EDA	TIF DIST 6 HEART OF THE CITY	DAKOTA	Renewal and Renovation	7/15/2002	7/21/2002	7/21/2017
CHAMPLIN	HOUSING DISTRICT 1	HENNEPIN	Housing	5/24/2002	5/24/2002	12/31/2029
CHANHASSEN EDA	TIF 8 PRESBYTERIAN HOMES	CARVER	Housing	5/3/2002	6/30/2002	12/31/2029
CIRCLE PINES	TIF 1-4 NORTH SIDE	ANOKA	Redevelopment	7/31/2001	8/26/2002	12/31/2028
DAKOTA CTY CDA	TIF 11 PENNOCK (TIMBERS, REGATTA, LEGACY)	DAKOTA	Housing	2/4/2002	4/17/2002	12/31/2029
EAGAN	DEV DIST 2-4 HWY 55/BLUE GARDIAN	DAKOTA	Redevelopment	6/24/2002	8/8/2002	6/1/2028
EDEN PRAIRIE	TIF 17 ROLLING HILLS	HENNEPIN	Housing	7/31/2001	5/23/2002	12/31/2028
EDEN PRAIRIE	TIF 18 HEIGHTS AT VALLEY VIEW	HENNEPIN	Housing	6/10/2002	6/11/2002	12/31/2020
MPLS COMM DEV AGENCY	PARCEL C - 121	HENNEPIN	Redevelopment	3/8/2002	3/25/2002	12/31/2028
MPLS COMM DEV AGENCY	BOTTINEAU - 117	HENNEPIN	Redevelopment	10/1/2001	3/27/2002	12/31/2028
MPLS COMM DEV AGENCY	900 6TH AVENUE SE - 118	HENNEPIN	Redevelopment	10/26/2001	3/27/2002	12/31/2028
MPLS COMM DEV AGENCY	IVY TOWER - 119	HENNEPIN	Redevelopment	1/11/2002	3/27/2002	12/31/2028
MPLS COMM DEV AGENCY	TOWERS AT ELLIOT PARK - 104	HENNEPIN	Redevelopment	6/28/2000	4/12/2002	12/31/2028
MPLS COMM DEV AGENCY	MANY RIVERS EAST - 122	HENNEPIN	Redevelopment	6/6/2002	6/11/2002	12/31/2028
MPLS COMM DEV AGENCY	EAST PHILLIPS COMMONS PHASE 1 - 123	HENNEPIN	Redevelopment	6/28/2002	7/3/2002	12/31/2028
MPLS COMM DEV AGENCY	EAST RIVER / UNOCAL SITE - 124	HENNEPIN	Redevelopment	6/28/2002	7/3/2002	12/31/2029
ORONO	TIF 1-1	HENNEPIN	Housing	12/4/2001	6/11/2002	12/31/2028
OSSEO	TIF 2-5 SENIOR HOUSING	HENNEPIN	Redevelopment	3/27/2002	4/3/2002	12/31/2029
PLYMOUTH	DIST 7-7 STONE CREEK VILLAGE	HENNEPIN	Economic Development	5/31/2002	6/6/2002	12/31/2029
PRIOR LAKE	TIF 3-1	SCOTT	Housing	1/31/2002	3/29/2002	12/31/2028
PRIOR LAKE	TIF 1-3	SCOTT	Redevelopment	1/31/2002	3/29/2002	12/31/2028
RAMSEY	TIF 10	ANOKA	Economic Development	11/8/2001	10/31/2002	12/31/2011
RAMSEY	TIF 9	ANOKA	Housing	11/8/2001	10/31/2002	12/31/2029
ROBBINSDALE	PROJ 2000-4	HENNEPIN	Redevelopment	12/24/2001	3/27/2002	12/31/2029

Districts Certified in 2002 in the Seven County Metro - Continued on Next Page

TABLE 2 (Continued)

ROGERS	TIF 12 202 HOUSING	HENNEPIN	Housing	3/12/2002	3/25/2002	12/31/2030
ROGERS	TIF 13 ROGERS PLAZA	HENNEPIN	Renewal and Renovation	6/29/2002	7/3/2002	12/31/2018
SAVAGE	TIF 8 PROJ 1 DAN PATCH	SCOTT	Redevelopment	12/14/2001	3/29/2002	12/31/2028
ST PAUL HRA	RIVERFRONT RENAISSANCE	RAMSEY	Redevelopment	4/2/2001	1/7/2002	12/31/2027
ST PAUL HRA	STRAUS PARK TAX INCREMENT DISTRICT	RAMSEY	Redevelopment	6/28/2002	3/25/2002	12/31/2028
ST PAUL HRA	PHALEN VILLAGE TIF DISTRICT	RAMSEY	Redevelopment	12/11/2001	12/31/2002	12/31/2028
ST PAUL HRA	HUBARD	RAMSEY	Soils Condition	6/30/1998	1/2/2002	12/31/2019
STILLWATER	TIF 9 CURVE CREST VILLAS	WASHINGTON	Housing	6/17/2002	6/17/2002	12/31/2029
VICTORIA	TIF 1-3	CARVER	Redevelopment	6/27/2002	6/27/2002	12/31/2029

33 Districts Certified

2 - Economic Dev

10 - Housing

18 - Redevelopment

2 - Renewal & Renovation

1 - Soils Condition

TABLE 3

DISTRICTS CERTIFIED IN 2002 IN GREATER MINNESOTA

AUTHORITY	DISTRICT	COUNTY	TYPE	CRD	CERT DATE	REQ DEC DATE
ALBERT LEA	TIF 5-13 FARMLAND FOODS AREA REDEV	FREEBORN	Redevelopment	6/11/2002	6/20/2002	12/31/2029
ALEXANDRIA	TIF 26 THE TRAILS	DOUGLAS	Housing	11/14/2002	11/19/2002	12/31/2029
ALEXANDRIA	TIF 25 THE PRESERVE	DOUGLAS	Housing	11/14/2002	11/19/2002	12/31/2028
ANNANDALE	TIF 12 HOTEL/GROCERY STORE	WRIGHT	Redevelopment	5/15/2002	12/31/2002	12/31/2029
BARNESVILLE EDA	TIF 1-5 HAMMERS	CLAY	Housing	6/27/2002	7/1/2002	12/31/2029
BIG LAKE	TIF 1-3	SHERBURNE	Redevelopment	3/22/2002	4/1/2002	12/31/2029
BRAINERD	TIF 4-12 WILLOWS II	CROW WING	Housing	12/26/2001	1/22/2002	12/31/2028
BRAINERD	TIF 4-13 TIMBERLAND TOWNHOMES	CROW WING	Housing	5/29/2002	7/24/2002	12/31/2028
CANNON FALLS EDA	TIF 2-5 MIDWEST	GOODHUE	Economic	3/21/2002	4/1/2002	12/31/2012
COLERAINE	TIF DIST 3 INDUST PARKS PROJ	ITASCA	Redevelopment	7/12/2002	8/9/2002	6/10/2029
CROSSLAKE	TIF 1-8 CROSSWOODS REVISED	CROW WING	Economic	6/12/2002	7/24/2002	12/31/2012
DETROIT LAKES	TIF 8-9 RICHWOOD HGTS	BECKER	Economic	3/14/2002	5/21/2002	12/31/2029
GARFIELD	TIF 1-1 GCI	DOUGLAS	Economic	12/13/2002	12/16/2002	12/31/2013
HAYFIELD	TIF 7-1 A & W	DODGE	Economic	4/17/2000	12/17/2002	4/17/2011
HOLDINGFORD	TIF 2 INDUSTRIAL PARK	STEARNS	Economic	7/24/2001	8/13/2002	12/31/2012
ISANTI	TIF 8 ICC IND PARK	ISANTI	Economic	5/29/2002	6/10/2002	12/31/2012
JACKSON	TIF 3-3	JACKSON	Housing	9/24/2001	3/19/2002	12/31/2028
LAKEFIELD	TIF 1-5 SCHULTZ	JACKSON	Economic	4/9/2002	6/18/2002	12/31/2012
LITTLE FALLS	TIF 1-24 CRESTLINER EXPANSION	MORRISON	Redevelopment	9/10/2001	3/27/2002	12/31/2028
MENAHA	TIF 1-5 THE COTTAGE HOUSE	WADENA	Economic	6/10/2002	6/12/2002	12/31/2012
MONTICELLO	TIF 1-29 FRONT PORCH ASSOC, INC	WRIGHT	Housing	6/14/2002	8/22/2002	12/31/2029
MONTICELLO	TIF 1-30 CMHP	WRIGHT	Housing	6/28/2002	8/22/2002	12/31/2029
MOORHEAD	TIF 18 MAPLE COURT	CLAY	Housing	5/7/2002	5/7/2002	12/31/2029
MOUNTAIN LAKE	TIF 2-1 JENNY'S	COTTONWOOD	Economic	6/21/2002	6/28/2002	12/31/2012
NEW ULM	ED-13 CANYON OUTBACK	BROWN	Economic	9/17/2001	3/19/2002	12/31/2011
NORTHFIELD EDA	TIF 2-1 HILEY NEFF	RICE	Housing	4/15/2002	6/21/2002	12/31/2028

DISTRICTS CERTIFIED IN 2002 IN GREATER MINNESOTA

AUTHORITY	DISTRICT	COUNTY	TYPE	CRD	CERT DATE	REQ DEC DATE
TABLE 3 (Continued)						
OLIVIA EDA	TIF 1-7	RENVILLE	Housing	6/10/2002	6/11/2002	12/31/2029
OLIVIA EDA	TIF 1-6	RENVILLE	Redevelopment	4/30/2002	5/2/2002	12/31/2030
ORR	DIST 1-2	ST LOUIS	Redevelopment	1/3/2002	9/10/2002	12/31/2029
PERHAM	TIF 2-19	OTTER TAIL	Redevelopment	6/24/2002	6/27/2002	12/31/2029
PINE RIVER	TIF 1-6 STEVERS	CASS	Redevelopment	6/12/2002	6/18/2002	12/31/2029
PLAINVIEW	TIF 1-7 PLAINVIEW MILK	WABASHA	Economic	10/28/2002	10/28/2002	12/31/2012
RENVILLE	TIF 2-1 EASTRIDGE CT	RENVILLE	Housing	6/26/2002	6/27/2002	12/31/2013
RICHMOND	TIF 1-3 INDUSTRIAL PARK EXP	STEARNS	Economic	12/6/2001	8/13/2002	12/31/2011
ROCHESTER	TIF 21-1 VALLEYSIDE ESTATES 2ND	OLMSTED	Housing	10/24/2001	7/17/2002	12/31/2028
ROCHESTER	TIF 24-1 MANOR WOOD LAKES 6TH	OLMSTEAD	Housing	7/17/2002	9/16/2002	12/31/2029
ROCHESTER	TIF 23-1 MANOR WOOD WEST CENTRAL	OLMSTED	Housing	6/5/2002	9/26/2002	12/31/2029
ROCHESTER	TIF 25-1 ROSE HARBOR EST 2ND-5TH SUBD.	OLMSTED	Housing	10/22/2002	12/5/2002	12/31/2029
ROCHESTER	TIF 2-2	OLMSTED	Redevelopment	5/10/2002	5/28/2002	12/31/2030
SPICER	TIF 9 CARWASH	KANDIYOHI	Redevelopment	7/24/2001	5/14/2002	12/31/2028
SPRINGFIELD	TIF 1-3	BROWN	Housing	1/14/2002	3/19/2002	12/31/2029
ST CLOUD HRA	DIST 10 ANTIOCH COMPANY PROJECT	STEARNS	Economic	8/1/2002	8/1/2002	12/31/2012
ST CLOUD HRA	DIST 83 EICH HOLDINGS LLC PROJECT	STEARNS	Redevelopment	11/5/2002	11/5/2002	12/31/2029
ST JAMES	TIF 1-4	WATONWAN	Housing	10/21/2002	10/23/2002	12/31/2029
THIEF RIVER FALLS	TIF 1-4	PENNINGTON	Housing	6/10/2002	9/17/2002	12/31/2029
WANAMINGO	TIF 1-2 MEDICAL FACILITY	GOODHUE	Redevelopment	8/6/2001	3/19/2002	12/31/2029
WARROAD PA	TIF 6 INDUST PK	ROSEAU	Economic	7/26/2001	3/14/2002	12/31/2011
WARROAD PA	TIF 7	ROSEAU	Economic	12/2/2002	12/4/2002	12/31/2012
WASECA	TIF 24 WASECA VILLAGE	WASECA	Housing	3/14/2002	3/14/2002	12/31/2028

49 Districts Created

16 - Economic Dev

20 - Housing

13 - Redevelopment

TABLE 5

DISTRICTS DECERTIFIED IN 2002 IN GREATER MINNESOTA

AUTHORITY	DISTRICT	COUNTY	TYPE	CRD	CERT DATE	REQ DEC DATE	DEC DATE
ALBERT LEA	TIF 8-1 FOUNTAIN LAKE POINTE	FREEBORN	Housing	6/25/2001	6/27/2001	12/31/2029	12/23/2002
BENSON	DEV DIST 1 TIF 1	SWIFT	Pre-1979	11/7/1975	11/7/1975	12/31/2008	9/23/2002
BENSON	DEV DIST 2 TIF 2	SWIFT	Pre-1979	11/7/1975	11/7/1975	12/31/2008	9/23/2002
BLOOMING PRAIRIE	TIF 2-1	STEELE	Redevelopment	4/23/1986	4/23/1986	12/31/2013	5/13/2002
BRECKENRIDGE	TIF 3	WILKIN	Pre-1979	12/29/1977	3/24/1978	4/1/2001	12/5/2002
CANNON FALLS EDA	DEV DIST 1, REDEV DIST 1	GOODHUE	Pre-1979	5/4/1978	6/27/1978	8/1/2009	5/15/2002
CHISAGO CITY	TIF 1-6 CHISAGO LAKES DISTRIBUTING	CHISAGO	Economic Development	6/23/1992	6/23/1992	6/23/2002	6/23/2002
CLOQUET	TIF 3	CARLTON	Economic Development	12/9/1992	3/4/1993	8/4/2002	8/4/2002
COOK CTY/GRAND EDA	TIF 1-2 MOUNTAIN INN	COOK	Economic Development	11/3/1992	11/5/1992	12/31/2002	12/31/2002
EDEN VALLEY	TIF 4-2	MEEKER	Housing	3/31/1997	4/1/1997	12/31/2025	8/7/2002
ELK RIVER	TIF 14 MARKETECH	SHERBURNE	Economic Development	6/21/1996	6/19/1996	4/8/2007	12/31/2002
EVELETH	TIF 2 LINCOLN AVE	ST LOUIS	Economic Development	10/16/1993	10/16/1993	12/31/2002	12/31/2002
GRAND RAPIDS HRA	TIF 1-3 COLLEGE HSG WANAGAN APTS	ITASCA	Housing	4/10/1985	4/10/1985	12/31/2012	12/31/2002
HIBBING EDA	TIF 9	ST LOUIS	Redevelopment	6/1/1997	6/30/1997	12/31/2002	12/31/2002
HOYT LAKES	TIF 1-2	ST LOUIS	Economic Development	1/15/1992	3/14/1992	3/14/2002	3/14/2002
INTERNATIONAL FALLS	DIST 1-1 BILDRITE	KOOCHICHING	Redevelopment	12/15/1986	12/15/1986	12/31/2013	12/23/2002
ITASCA CTY HRA	ITASCA CTY HRA TIF DIST 5-1	ITASCA	Economic Development	5/11/1993	5/11/1993	5/11/2020	8/6/2002
JACKSON	US 71/I-90 REDEVEL PLAN	JACKSON	Pre-1979	11/13/1978	11/13/1978	12/31/2002	12/31/2002
LITCHFIELD	TIF 4-9 HUTCHINSON COMM	MEEKER	Economic Development	6/30/1999	9/10/1999	6/7/2010	12/31/2002
MILLE LACS CTY HRA	TIF 3 EDDY'S MARINA	MILLE LACS	Redevelopment	5/26/1992	6/30/1992	2/1/2002	2/1/2002
MONTICELLO	TIF 1-14 SUBURBAN	WRIGHT	Economic Development	9/4/1992	9/4/1992	8/10/2002	8/7/2002
NEW ULM	TIF ED-5 HOLM IND	BROWN	Economic Development	5/19/1993	5/19/1993	5/18/2003	12/31/2002
NEW ULM	TIF ED-6 STEEL & RECYCLING	BROWN	Economic Development	7/30/1993	8/5/1993	7/20/2004	12/31/2002
NISSWA	TIF 1-5 DH DOCKS, INC	CROW WING	Economic Development	9/29/1992	3/3/1993	7/5/2002	12/31/2002

Districts Decertified in 2002 in Greater Minnesota - Continued on Next Page

DISTRICTS DECERTIFIED IN 2002 IN GREATER MINNESOTA

AUTHORITY	DISTRICT	COUNTY	TYPE	CRD	CERT DATE	REQ DEC DATE	DEC DATE
TABLE 5 (Continued)							
PAYNESVILLE							
PAYNESVILLE	TIF 1-4	STEARNS	Economic Development	4/2/1993	4/2/1993	12/31/2002	7/24/2002
PEQUOT LAKES	TIF 1-5	STEARNS	Redevelopment	5/5/1993	5/5/1993	12/31/2020	12/31/2002
PINE CITY	TIF 1-6 KINZIE CANDLES	CROW WING	Economic Development	6/29/1998	9/10/1998	4/7/2009	8/6/2002
PINE ISLAND EDA	HSG DIST 3-2 HAAVISTO ADDN	PINE	Housing	10/8/1989	10/9/1989	12/31/2015	12/31/2002
PLAINVIEW	TIF 034-5 OLMSTED MEDICAL	GOODHUE	Redevelopment	4/25/1990	3/29/1990	12/31/2002	12/31/2002
PLATO	TIF 1-2	WABASHA	Housing	7/20/1989	7/20/1989	12/31/2015	1/1/2002
REDWOOD FALLS	TIF 1 PLATO C STORE 1993	MCLEOD	Economic Development	4/7/1993	4/8/1993	3/16/2003	12/31/2002
ROCHESTER	TIF 5-2 SCHULT HOMES	REDWOOD	Economic Development	10/27/1992	4/29/1993	10/27/2002	9/3/2002
SARTELL	TIF 10-1 VOLUNTEERS OF AMERICA	OLMSTED	Housing	2/2/1999	7/28/1999	2/1/2022	12/16/2002
SARTELL	MD DIST 3 TIF 3-4 30 UNIT APT BLDG	BENTON	Economic Development	1/3/1990	1/30/1990	5/8/1999	1/30/2002
SARTELL	MD DIST 3 TIF 3-6 36 UNIT APT BLDG	BENTON	Economic Development	5/17/1990	5/17/1990	11/27/1999	1/30/2002
SARTELL	MD DIST 5 TIF 5-1 DEZURIK PROP ACQUISITION	STEARNS	Economic Development	12/29/1999	7/25/2000	10/25/2010	12/31/2002
TRUMAN	MD DIST 2 TIF 2-1 LAGOON	STEARNS	Redevelopment	8/7/1986	8/7/1986	12/31/2003	12/31/2002
TWO HARBORS	TIF 1-3 LARRY BAARTS TRUCKING	MARTIN	Economic Development	1/3/1995	1/24/1995	1/3/2006	9/3/2002
WELLS	TIF 2 COUNTRY INN	LAKE	Economic Development	9/9/1992	6/28/1993	6/22/2002	6/22/2002
WORTHINGTON	DIST 2-4 WELLS READY MIX	FARIBAULT	Economic Development	10/18/1993	2/18/1994	12/31/2003	12/31/2002
	TIF 9 LAKE SHORE PK	NOBLES	Renewal and Renovation	5/8/1995	6/19/1996	6/15/2013	12/23/2002

41 Decertified Districts

22 - Economic Dev
6 - Housing
5 - Pre-1979
7 - Redevelopment
1 - Renewal and Renovation

TABLE 8

TAX INCREMENT FINANCING DISTRICTS WITH SPECIAL LEGISLATION

AUTHORITY	TIF DISTRICT	COUNTY	DISTRICT TYPE	CERTIFICATION	DECERTIFICATION	SPECIAL LEGISLATION (YEAR, CHAPTER, ARTICLE, SECTION)
				DATE	DATE	
AURORA HRA	SEVEN BLK DWNTWN DIST 7	ST LOUIS	Pre-1979	12/6/1978	12/31/2009	2001, CH 5, ART 15, SEC 34
BRECKENRIDGE	TIF 1	WILKIN	Pre-1979	3/30/1976	4/1/2009	1996, CH 471, ART 7, SEC 25
BROOKLYN CENTER	2102 TIF 3	HENNEPIN	Redevelopment	5/15/1995	4/19/2021	1994, CH 587, ART 9, SEC 14
BROOKLYN PARK EDA	TIF 15 CTY	HENNEPIN	Economic Development	5/8/1995	5/23/2005	1994, CH 587, ART 9, SEC 20
BROOKLYN PARK EDA	TIF 17 DISTRESSED RENTAL HSG	HENNEPIN	Uncodified Law	7/22/1996	12/31/2012	1996, CH 471, ART 7, SEC 28
BROWERVILLE	TIF 2	TODD	Economic Development	5/2/1997	4/17/2008	1988, CH 389, ART 11, SEC 15
BUFFALO LAKE	TIF 1-1 MN ENERGY ETHANOL	RENVILLE	Economic Development	11/13/1995	9/18/2006	1997, CH 231, ART 10, SEC 15
BURNSVILLE EDA	DEV DIST 2 TIF DIST 2-1 McGOWAN PUD	DAKOTA	Economic Development	1/23/1991	4/26/2000	1998, CH 389, ART 11, SEC 18
CRYSTAL	2152	HENNEPIN	Uncodified Law	5/24/1996	12/31/2012	1995, CH 264, ART 5, SEC 44-47
CRYSTAL	TIF 2153	HENNEPIN	Uncodified Law	4/15/1997	12/31/2013	1995, CH 264, ART 5, SEC 44-47
DAKOTA CTY CDA	TIF 10 SIGNAL HILLS	DAKOTA	Redevelopment	8/2/1996	12/31/2022	1998, CH 389, ART 11, SEC 20
DAWSON	TIF 7 PRAIRIE FARMERS COOP	LAC QUI PARLE	Economic Development	6/3/1999	12/31/2020	1999, CH 243, ART 10, SEC 2-13
EAST GRAND FORKS	ECON DEV DIST 2 GATEWAY EAST	POLK	Economic Development	10/4/1989	12/31/2005	1998, CH 231, ART -, SEC 473.25
FALCON HEIGHTS	TIF 2 IN DEV DIST 1 (1-2 HSG)	RAMSEY	Housing	6/25/1985	12/31/2013	1989, CH 1, ART 4, Sec 15
FERGUS FALLS PA	TIF DIST I-8 SPECIAL LEGISLATION PROJ	OTTER TAIL	Economic Development	7/14/1994	12/31/2009	1994, CH 587, SEC 19
FOUNTAIN	TIF 1-1	FILLMORE	Economic Development	4/25/1997	12/31/2008	2000, CH 490, ART 11, SEC 38
FREEBORN CTY HRA	TIF 1-1 EXOL ETHANOL PLANT	FREEBORN	Economic Development	2/17/1998	2/17/2009	1998, CH 273, ART 1399, SEC 6-7
GOLDEN VALLEY	VALLEY SQUARE	HENNEPIN	Pre-1979	8/1/1979	12/31/2006	1998, CH 389, ART 11 SEC 14
HASTINGS HRA	DWNTWN REDEV AREA PROJ 1	DAKOTA	Pre-1979	1/10/1975	12/31/2006	1995, CH 264, ART 5, SEC 37
INVER GROVE HEIGHTS	TIF 3-2 ARBOR POINTE	DAKOTA	Economic Development	6/12/1992	5/1/2004	1993, CH 375, ART 14, SEC 22
JACKSON	US 71/I-90 REDEVEL PLAN	JACKSON	Pre-1979	11/13/1978	12/31/2002	1999, CH 243, ART 10, SEC 21
LAKE CRYSTAL	TIF 2-1 SOUTHWEST DEV DIST	BLUE EARTH	Redevelopment	2/16/1983	12/31/2018	1994, CH 587, ART 9, SEC 13
LAKEFIELD	TIF 1-3 TEIGEN-OLSON	JACKSON	Housing	6/29/1995	12/31/2012	1995, CH 645, ART 5, SEC 43
MANKATO	DOWNTOWN	BLUE EARTH	Pre-1979	12/10/1973	8/1/2009	1993, CH 375, ART 14, SEC 23
MENDOTA HEIGHTS	DEV DIST 1	DAKOTA	Redevelopment	5/12/1981	12/31/2007	2000, CH 490, ART 11, SEC 39
MINNETONKA	SOILS DIST 1 HEDBERG	HENNEPIN	Soils Condition	7/19/1995	8/22/2006	1995, CH 375, ART 14, SEC 20
MORRIS	TIF 5 KLEEPSIE	STEVENS	Economic Development	3/19/1992	12/31/2005	1995, CH 26.4, ART 5, SEC 40
MOUNTAIN IRON HRA	TIF 6 SAWMILL PROJ	ST LOUIS	Economic Development	8/15/1990	8/7/2004	1996, CH 471, ART 7, SEC 26
MPLS COMM DEV AGENCY	HSG REPLACE DIST W-0 & W-3	HENNEPIN	Uncodified Law	4/4/1997	12/31/2013	1995, CH 264, ART 5, SEC 44-4
MPLS COMM DEV AGENCY	HOLLMAN HSG TRANSITION	HENNEPIN	Uncodified Law	7/30/2001	12/31/2024	1997, CH 231, ART 10, SEC 17-19
MPLS COMM DEV AGENCY	LAKE STREET CENTER - 127	HENNEPIN	Redevelopment	4/28/2003	9/13/1932	1998, CH 389, ART 11, SEC 19
NORTH ST PAUL	DEV DIST 2-2 SPIRIT HILLS	RAMSEY	Soils Condition	10/1/1992	12/31/2010	1995, CH 264, ART 5, SEC 22,1 G
OAKDALE	DIST 1-2 OAKDALE CROSSING	WASHINGTON	Economic Development	7/31/1993	12/31/2011	1995, CH 264, ART 5, SEC 41
OAKDALE	SOILS CORR. TIF 9 FLEET FARM	WASHINGTON	Soils Condition	5/23/1989	12/31/2004	1995, CH 264, ART 5, SEC 41

TAX INCREMENT FINANCING DISTRICTS WITH SPECIAL LEGISLATION

AUTHORITY	TIF DISTRICT	COUNTY	DISTRICT TYPE	CERTIFICATION DATE	DECERTIFICATION DATE	SPECIAL LEGISLATION (YEAR, CHAPTER, ARTICLE, SECTION)
TABLE 8 (Continued)						
RUSHFORD	TIF 1	FILLMORE	Redevelopment	10/6/1980	12/31/2008	2002, CH 377, ART 7, SEC 8
SOUTH ST PAUL HRA	CONCORD ST REDEV PROJ	DAKOTA	Pre-1979	12/31/1972	8/1/2009	1994, CH 587, ART 9, SEC 1
ST CLOUD HRA	DIST 57 FINGERHUT II	BENTON	Economic Development	12/6/1994	3/7/2005	1994, CH 376
ST CLOUD HRA	DIST 2 NORWEST	STEARNS	Redevelopment	5/21/1982	12/31/2008	1999, CH 243, ART 10, SEC 19
ST LOUIS PARK EDA	OAK PARK VILLAGE REDEV DIST	HENNEPIN	Pre-1979	11/6/1972	8/1/2009	1995, CH 264, ART 5, SEC 36
ST LOUIS PARK EDA	EXCELSIOR BLVD REDEV DIST	HENNEPIN	Pre-1979	8/22/1977	8/1/2009	1995, CH 264, ART 5, SEC 36
ST PAUL PORT AUTH	WILLIAMS HILL	RAMSEY	Redevelopment	2/5/1999	12/31/2026	1999, CH 243, ART 10, SEC 20

TABLE 9

TIF AUTHORITIES WITH SPECIAL TAXING DISTRICTS AS OF DECEMBER 31, 2002

AUTHORITY	DISTRICT	COUNTY	DISTRICT TYPE	CERTIFICATION		REQUIRED
				REQUEST DATE	CERTIFICATION DATE	DECERTIFICATION DATE
BROOKLYN PARK EDA	TIF 15 CTY	HENNEPIN	Economic	7/5/1994	5/8/1995	5/23/2005
COLERAINE	TIF DIST 1	ITASCA	Redevelopment	9/13/1994	9/13/1994	12/30/2022
CRYSTAL	2152	HENNEPIN	Uncodified Law	10/4/1995	5/24/1996	12/31/2012
CRYSTAL	TIF 2153	HENNEPIN	Uncodified Law	4/8/1997	4/15/1997	12/31/2013
EDGERTON	TIF 2	PIPESTONE	Redevelopment	11/25/1994	1/5/1995	12/31/2020
EDGERTON	TIF 1	PIPESTONE	Housing	5/25/1985	5/25/1985	12/31/2010
FROST	TIF 1-2	FARIBAULT	Redevelopment	8/24/1994	8/30/1994	12/31/2021
FROST	TIF 1-1	FARIBAULT	Redevelopment	11/1/1993	11/8/1993	12/3/2020
HOPKINS	TIF 2-6	HENNEPIN	Housing	10/14/1992	3/4/1993	12/31/2019
LAFAYETTE	TIF 1-2	NICOLLET	Redevelopment	3/30/1990	3/31/1990	12/31/2017
LAKE BENTON	TIF 1-1	LINCOLN	Housing	4/19/1999	4/19/1999	12/31/2024
LANDFALL HRA	REDEV DIST 1	WASHINGTON	Redevelopment	12/2/1993	1/24/1994	12/31/2023
LYLE	DIST 1	MOWER	Redevelopment	1/7/1994	1/19/1994	12/31/2022
MORTON	TIF 1-2 COMMERCIAL FACILITY	RENVILLE	Economic	4/29/1999	6/9/1999	4/19/2010
SARTELL	MD DIST 3 TIF 3-4 30 UNIT APT BLDG	BENTON	Economic	1/3/1990	1/30/1990	5/8/1999
SARTELL	MD DIST 3 TIF 3-6 36 UNIT APT BLDG	BENTON	Economic	5/17/1990	5/17/1990	11/27/1999
SPRING PARK	TIF 1-1 HSG DEV (2500)	HENNEPIN	Housing	11/10/1986	11/10/1986	12/31/2014
WALDORF	TIF WALDORF HSG PROJ	WASECA	Housing	4/25/1983	4/25/1983	12/31/2010
WHITE BEAR LAKE HRA	TIF 23 CSM/TRANE DEV	RAMSEY	Economic	4/14/1997	2/27/1998	12/31/2008

TABLE 12

**TIF DISTRICTS IN THE SEVEN COUNTY METRO AREA GENERATING
THE MOST TAX INCREMENT REVENUE FOR 2002**

TIF Authority	TIF District	County	District Type	Decertification Date	2002
					Tax Increment Revenue
MPLS COMM DEV AGENCY	CONVENTION HOTEL AND RETAIL	HENNEPIN	Redevelopment	12/31/2012	7,004,162
MPLS COMM DEV AGENCY	NORTH LOOP	HENNEPIN	Pre-1979	8/1/2009	6,728,440
BLOOMINGTON PA	TIF 1-C IND DEV DIST 1 STADIUM	HENNEPIN	Redevelopment	12/31/2015	6,610,112
MPLS COMM DEV AGENCY	LORING PARK	HENNEPIN	Pre-1979	8/1/2009	4,244,310
MPLS COMM DEV AGENCY	CONSERVATORY	HENNEPIN	Redevelopment	12/31/2012	3,810,133
BROOKLYN PARK EDA	TIF 3 85TH & 93RD AVES	HENNEPIN	Redevelopment	12/31/2011	3,807,661
MPLS COMM DEV AGENCY	INDUSTRY SQUARE	HENNEPIN	Pre-1979	8/1/2009	3,769,573
CHANHASSEN EDA	TIF 1 CHANHASSEN HRA	CARVER	Pre-1979	8/1/2009	3,421,074
MPLS COMM DEV AGENCY	CEDAR-RIVERSIDE	HENNEPIN	Pre-1979	8/1/2009	3,358,193
MPLS COMM DEV AGENCY	CITY CTR	HENNEPIN	Pre-1979	8/1/2009	3,300,360
				TOTAL	\$46,054,018

TABLE 13

**TIF DISTRICTS IN GREATER MINNESOTA GENERATING
THE MOST TAX INCREMENT REVENUE IN 2002**

TIF Authority	TIF District	County	District Type	Decertification Date	2002
					Tax Increment Revenue
ROCHESTER	TIF 2 DWNTWN	OLMSTED	Pre-1979	12/31/2005	2,544,895
DULUTH EDA	DD 6 ST LOUIS BAY ENERGY/IND PK	ST LOUIS	Pre-1979	12/31/2012	1,427,057
DULUTH EDA	DD 2 DWNTWN DEV PROG	ST LOUIS	Pre-1979	8/1/2009	1,350,725
DULUTH EDA	TIF 4 E WATERFRONT BUS DIST	ST LOUIS	Redevelopment	12/31/2009	1,014,580
WAITE PARK	REDEV DIST 2	STEARNS	Redevelopment	12/31/2015	814,502
DULUTH EDA	DD 3 WEST DULUTH-ONEOTA	ST LOUIS	Redevelopment	12/31/2007	741,206
SAUK RAPIDS	TIF 4	BENTON	Redevelopment	12/31/2013	689,874
BUFFALO HRA	TIF 2	WRIGHT	Pre-1979	12/31/2009	667,680
CLOQUET	TIF 4	CARLTON	Economic	7/29/2004	617,013
ST CLOUD HRA	DIST 25 ST CLOUD STATE UNIV	STEARNS	Housing	12/31/2014	513,455
				TOTAL	\$10,380,987

TABLE 14

**REDEVELOPMENT TIF DISTRICTS GENERATING
THE MOST TAX INCREMENT REVENUE IN 2002**

TIF Authority	TIF District	County	District Type	Decertification Date	2002
					Tax Increment Revenue
MPLS COMM DEV AGENCY	CONVENTION HOTEL AND RETAIL	HENNEPIN	Redevelopment	12/31/2012	7,004,162
BLOOMINGTON PA	TIF 1-C IND DEV DIST 1 STADIUM	HENNEPIN	Redevelopment	12/31/2015	6,610,112
MPLS COMM DEV AGENCY	CONSERVATORY	HENNEPIN	Redevelopment	12/31/2012	3,810,133
BROOKLYN PARK EDA	TIF 3 85TH & 93RD AVES	HENNEPIN	Redevelopment	12/31/2011	3,807,661
CHASKA EDA	TIF 4 FLOOD CONTROL	CARVER	Redevelopment	12/31/2011	3,127,067
EDINA	CENTENNIAL LAKES	HENNEPIN	Redevelopment	12/31/2014	2,799,514
ST PAUL PORT AUTH	ENERGY PARK 11	RAMSEY	Redevelopment	12/31/2008	2,640,496
CHAMPLIN	TIF 1	HENNEPIN	Redevelopment	12/31/2012	2,482,069
MPLS COMM DEV AGENCY	IDS DATA CTR	HENNEPIN	Redevelopment	12/31/2014	2,452,268
GOLDEN VALLEY	GOLDEN HILLS	HENNEPIN	Redevelopment	12/31/2011	2,441,644
				TOTAL	\$37,175,126

TABLE 15

**ECONOMIC DEVELOPMENT TIF DISTRICTS GENERATING
THE MOST TAX INCREMENT REVENUE FOR 2002**

TIF Authority	TIF District	County	District Type	Decertification Date	2002
					Tax Increment Revenue
BROOKLYN PARK EDA	TIF 15 CTY	HENNEPIN	Economic	5/23/2005	2,223,340
BROOKLYN PARK EDA	TIF 18 OPUS	HENNEPIN	Economic	12/16/2007	1,620,464
INVER GROVE HEIGHTS	TIF 3-2 ARBOR POINTE	DAKOTA	Economic	5/1/2004	1,320,216
CLOQUET	TIF 4	CARLTON	Economic	7/29/2004	617,013
OAKDALE	DIST 1-2 OAKDALE CROSSING	WASHINGTON	Economic	12/31/2011	607,887
SHAKOPEE	TIF 11 SEAGATE TECH	SCOTT	Economic	6/15/2007	539,945
ST CLOUD HRA	DIST 8 NEW FLYER	STEARNS	Economic	9/14/2009	465,729
RAMSEY	TIF DIST 6 (DD I)	ANOKA	Economic	9/2/2006	459,388
LINO LAKES EDA	TIF 3-1	ANOKA	Economic	12/31/2004	387,454
MAPLE GROVE	SCIMED LIFE SYSTEMS PHASE II DIST 6	HENNEPIN	Economic	12/7/2004	369,639
				TOTAL	\$8,611,075

TABLE 16

**HOUSING TIF DISTRICTS GENERATING
THE MOST TAX INCREMENT REVENUE FOR 2002**

TIF Authority	TIF District	County	District Type	Decertification Date	2002
					Tax Increment Revenue
MPLS COMM DEV AGENCY	LAUREL VILLAGE	HENNEPIN	Housing	12/31/2015	1,447,771
DAKOTA CTY CDA	TIF 2	DAKOTA	Housing	12/31/2010	1,057,390
SAVAGE	TIF 5 PROJ 2	SCOTT	Housing	12/31/2008	710,997
MPLS COMM DEV AGENCY	HERITAGE LANDING HSG DIST	HENNEPIN	Housing	12/31/2026	681,920
MPLS COMM DEV AGENCY	110 GRANT	HENNEPIN	Housing	12/31/2010	543,524
ST CLOUD HRA	DIST 25 ST CLOUD STATE UNIV	STEARNS	Housing	12/31/2014	513,455
BLAINE EDA	DIST 1-1 EASTSIDE	ANOKA	Housing	1/1/2010	486,151
MPLS COMM DEV AGENCY	ELLIOT PARK I & II	HENNEPIN	Housing	12/31/2008	434,805
ST ANTHONY VILLAGE	KENZIE HSG REDEV I	HENNEPIN	Housing	12/31/2008	421,020
ST PAUL PARK	DEV DIST 2 STEVENS RIDGE PROJ	WASHINGTON	Housing	12/31/2012	262,073
				TOTAL	\$6,559,106