

May 15, 2023

**To: Iron Range Area County Auditors**

**Re: TIF Fiscal Disparity Contribution Option “A” – Taxes Payable 2022**

The forms, instructions, and some of the values needed to calculate the tax increase are available on the Department of Revenue’s web site for every city and town in your county that had a tax increment for taxes payable in 2022. These cities and towns are required to calculate the tax increase resulting from the use of fiscal disparity contribution option “A” instead of option “B”. The information is provided to them as an aid in making these tax increase calculations.

The Department of Revenue can provide the cities and towns with most of the basic data needed for making the tax increase calculations. However, they will need to contact your office for some of the data. These data items are identified on the enclosed calculation form and are also listed below. Please note that the data are for taxes payable in 2022.

- Identification of the taxing districts in which each TIF district is located. Special taxing districts do not need to be identified.
- (Line 1) Current Year Commercial-Industrial Net Tax Capacity in TIF District — This is the commercial-industrial net tax capacity included in the total “Current Net Tax Capacity” of the TIF district. Total “Current Net Tax Capacity” is item number 240 on the 2022 TIF District Supplement Summary. The definition of commercial-industrial is the fiscal disparity definition of commercial-industrial property.
- (Line 2) TIF Retained Captured Value Proportion — This is the “TIF Percentage” which is equal to the retained captured net tax capacity divided by the total current year net tax capacity of the TIF district. It is item number 295 on the 2022 TIF District Supplement Summary. For the purpose of the option “A” tax increase calculation, this proportion is to be provided to the cities and towns in a decimal format and not in a percentage format. Example: 88.1234% = 0.881234.



- (Line 4) Fiscal Disparity Average Contribution Proportion — This is the “FD Contribution Percent” which is equal to the final city/town fiscal disparity contribution net tax capacity divided by the total commercial-industrial net tax capacity in the city/town. It is item number 1865 on the 2022 Tax Lists Summary. For the purpose of the option “A” tax increase calculation, this proportion is to be provided to the cities and towns in a decimal format and not in a percentage format. Example: 33.1234% = 0.331234.

If you have any questions regarding this letter, please contact us.

Sincerely,

Data & Analysis Unit  
Property Tax Division  
Minnesota Department of Revenue