



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### **State Auditor’s Letter Spurs Return of Excess Tax Increment Financing (TIF) Monies to Nemaha County**

State Auditor Mike Foley announced today that a May 7, 2024, letter issued by his office (available online at <https://auditors.nebraska.gov/>) helped to bring about the return to Nemaha County of \$658,003.50 in excess tax increment financing (TIF) revenues collected in Auburn, Nebraska.

That letter, addressed collectively to the Mayor of the City of Auburn, the Chairman of the Nemaha County Board of Commissioners, and the Administrator for the City of Auburn Community Redevelopment Authority (Auburn CRA), questioned certain funding practices used for the City of Auburn’s TIF projects. In particular, Foley’s letter took the Auburn CRA to task for collecting hundreds of thousands of dollars in excess ad valorem property taxes from certain redevelopment projects but retaining those unused funds to pay the costs of different projects – some of which were yet to be initiated or even anticipated with any certainty.

As pointed out in Foley’s letter, the Nebraska Department of Revenue’s administrative rules and regulations require TIF revenues to be used “for the sole purpose of paying the indebtedness incurred for the project for which the taxes were pledged.” Afterwards, according to the governing Community Development Law, the county assessor and the county treasurer are to be notified and all subsequent ad valorem taxes to be “paid into the funds of the respective public bodies.”

“The purpose of TIF is to pay the costs of a specific redevelopment project with the increased property taxes resulting from the improvements to that particular parcel of land,” emphasized Foley. “It is not to allow developers to collect excess property taxes for a slush fund to bankroll some other undertaking.”

As of December 31, 2023, the Auburn CRA held \$1,101,893.60 in TIF proceeds, but only a portion of those property tax collections were being used to fund projects within the Auburn Core Redevelopment Plan area. In addition to urging the implementation of procedures to ensure that TIF is utilized in accordance with controlling laws and regulations, Foley’s letter recommended returning all unexpended TIF monies to Nemaha County for proper redistribution.

“On the heels of my September 10, 2024, letter to the senators regarding the use of TIF and its impact on property taxes, I am happy to see excess funds being returned for proper distribution in Nemaha County and in other counties spread across Nebraska,” Foley observed. “In order to serve its proper role, TIF must operate within the statutory parameters created by the legislature.”

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