

**HOUSTON COUNTY, MINNESOTA**

**Tax Abatement Policy (2010)**

**TA-I. INTRODUCTION**

Public entities are authorized pursuant to Minnesota Statutes 469.812 through 469.815 to provide tax abatements for economic development purposes. The county should use this policy in determining whether or not to utilize tax abatement for economic development purposes.

**TA-II ABATEMENT ELIGIBILITY**

1. Benefit to the county must be greater than the cost of the abatement
2. Public interest must be served in one of the following ways:
  - a. Increase or preserve the tax base
  - b. Provide employment opportunities within the county
  - c. Provide or help acquire or construct public facilities
  - d. Help develop or renew blighted areas
  - e. Help provide access to services for county residents
3. The following criteria can be used to determine whether to grant a tax abatement (but not limited to):
  - a. The extent to which the proposal adds to the net commercial or industrial tax base
  - b. The extent to which the proposal results in an increase in new employment opportunities or retain current opportunities, which provide good wages and benefits for employees
  - c. Whether the proposal provides services not already provided to the county or which are needed
  - d. Whether or not the project will generate significant environmental problems or alleviate such problems
  - e. The extent that the use of tax abatements would create an unfair and significant competitive financial advantage over an existing project in the area
  - f. The extent to which the project increases costs for road construction, traffic control, law enforcement, human services or other budgetary items
  - g. The extent to which other public assistance is provided for the project
  - h. The EDA will give equal consideration to both existing business expansion and new businesses locating to the county
  - i. The project must be consistent with city or county comprehensive land use plans

- j. The extent that the abatement will result in development of sites which would not otherwise be developed

### **TA.-III ECONOMIC DEVELOPMENT ABATEMENT PROCEDURE**

1. Abatements will be considered on a case by case basis.
2. For an abatement request to be considered, an Economic Development Abatement Application must be submitted to the Houston County Economic Development Finance Committee, through the Houston County EDA.
3. Each Economic Development Abatement Application will be reviewed by the members of the Houston County Economic Development Finance Committee.
4. The committee, with staff input, will ascertain from the worksheet whether the abatement request meets statutory criteria.
5. Total tax abatements in the county cannot exceed five percent (5%) of the current net levy (M.S. 469.1813, Subd. 8).
6. In addition, the committee will consider Houston County policy with regard to the granting of economic development abatements.
7. If the committee votes to deny the abatement request, the property owner or representative will be notified in writing within two weeks subsequent to the committee meeting.
8. If the committee votes to approve the abatement request, it will be forwarded to the County Board.
9. The County Board will develop a proposed resolution which specifies:
  - A. The nature and extent of the public benefit resulting from the abatement.
  - B. The terms of the abatement
    - (1) Amount
    - (2) Duration
      - a. Up to ten years allowed
      - b. If not specified, the abatement will be in effect for eight years
      - c. Other (County Board may limit the abatement in any other manner it deems appropriate.)
10. The County Board will hold a public hearing on the abatement.
11. The County Board will consider for adoption a resolution for abatement.
12. The County will add to its levy amount the total estimated levy amount of all current year economic developments granted. Applications approved between September 16 of the previous year and September 15 of the current year will be considered current year abatements, and the total of such current year abatements granted shall be included within the proposed levy and final levy for the county.
13. The County will pay the abatement to the property owner, lessee or a representative of bondholders as provided in the abatement resolution.
14. The economic development abatements will not be transferable to another party, should the property change hands.
15. Buildings vacated in order to occupy a building utilizing an economic development abatement, will not in turn, be eligible for an abatement

## **TA-IV            APPLICATION REQUIREMENTS**

**The County/EDA requires that a development agreement be completed for each Tax Abatement Project. While each agreement will be customized to each project, and recommendations of the County/EDA will be the basis of the agreement, each agreement will contain specific language regarding the following:**

1. A base application fee of \$200 to cover the administrative fees of processing the application
2. The developer must provide adequate financial guarantees to ensure completion of the projects such as, assessment agreements, letters of credit, personal guaranties, financing commitments, etc.
3. The tax abatement will not be transferable to another party without EDA or County approval
4. Events of default
5. Reporting Requirements

# Tax Abatement Financing Application

## Tax Abatement Financing Application

### I. General Information

Business Name \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

Email \_\_\_\_\_

Business Form

Corporation

Partnership

Sole Proprietorship

State of Incorporation \_\_\_\_\_

Years in Houston  
County \_\_\_\_\_

### II. Description of Business

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### III. Proposed Project Site

Location \_\_\_\_\_

Present Ownership \_\_\_\_\_

Please attach a layout of the proposed site (if available)

### IV. Estimated Project Costs

Land Acquisition	\$ _____
Site Development	\$ _____
Building Cost	\$ _____
Equipment	\$ _____
Legal Fees	\$ _____
Architectural Fees	\$ _____
Financing Costs	\$ _____
Broker Costs	\$ _____
Contingencies	\$ _____
Other (please specify)	\$ _____
Total Project Cost	\$ _____

1. Estimated current market value of project area: \$ \_\_\_\_\_
2. Total Estimated market value at completion: \$ \_\_\_\_\_
3. Description of proposed project: square footage, size of property, building and material description, etc. (attach extra sheets if necessary):

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4. Sources of Financing:

a. Equity	\$	_____
b. Bank Loan	\$	_____
c. Tax Abatement	\$	_____
d. Other public financing (RLF)	\$	_____
e. Other (please specify)	\$	_____
<b>TOTAL</b>	<b>\$</b>	_____

5. Requested County taxes to be abated: \$ \_\_\_\_\_ per year
6. Requested tax abatement duration \_\_\_\_\_ years
7. Has tax abatement been submitted to the school district or city? If yes please provide details:

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8. Please provide a description of the expected financial benefit for the County:

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9. Project construction schedule:

- a. Construction start Date: \_\_\_\_\_  
b. Construction completion Date \_\_\_\_\_

10. Current and projected employment

Type	Existing Jobs	First Year	Second Year	Wage
Professional/Managerial	___FT	___FT	___FT	\$ ____/ ____
	___PT	___PT	___PT	
Technical/Skilled	___FT	___FT	___FT	\$ ____/ ____
	___PT	___PT	___PT	
Unskilled/Semi-Skilled	___FT	___FT	___FT	\$ ____/ ____
	___PT	___PT	___PT	

11. Statement of necessity for the use of tax abatement financing for this project:

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12. Signatures:

I declare that any statement in this application or information provided herein is true and complete in substance and in fact. I also authorize this information to be released to the appropriate agencies that may be able to assist in this request.

Name of Business \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Note: Economic development abatements may not be entered into if the property is located in a tax increment financing district.