



TAX ABATEMENT POLICY

Authority

Minnesota Statutes 469.1812 – 469.1815 grant counties the authority to abate property taxes for economic development purposes.

Purpose and Goals

The purpose of the Mille Lacs County tax abatement policy is to establish objective criteria for the evaluation of requests for tax abatement from the County regardless of their location in a city or township.

The Mille Lacs County Comprehensive Land Use Plan states that “The County shall encourage and promote economic development in the identified growth centers of the County”. Tax abatement is an implementation tool supporting this goal statement. Tax abatement will be used for projects that:

- Support existing businesses and retain existing jobs within the County
- Attract businesses interested in establishing long-term tenure in the County
- Diversify the products and services that are provided in the County
- Promote funding partnerships between the County and local government units
- Inject “new” dollars into the County
- Protect or enhance the environment
- Generate few demands on existing service levels

Tax Abatement Available

The amount of tax abatement available in any given year may not exceed ten (10) percent of the net levy or \$200,000, whichever is greater. No individual annual tax abatement may exceed one (1) percent of the net levy. The County Board reserves the right to reject any and all proposals.

Consistent with Statute, the County Board may further limit the amount of the abatement by:

- a. a specific dollar amount per year or in total;
- b. the increase in property taxes resulting from improvement of the property;
- c. the increase in the property taxes resulting from increases in the market value or tax capacity of the property;
- d. the interest and penalty that would otherwise be due on taxes that are deferred;
- e. in any other manner the Board determines is appropriate.

Criteria

Adopted by the Mille Lacs County Board of Commissioners on March 20, 2007.

In determining whether the Board should grant tax abatement for a specific project, the following criteria will be evaluated:

- a. The benefits to the County are equal to or greater than the costs of the abatement,
- b. The project will serve the public interest in at least one or more of the following:
 - i. Increase or preserve tax base;
 - ii. Provide employment opportunities in the County;
 - iii. Provide, construct, or help acquire public facilities;
 - iv. Help develop or renew blighted areas;
 - v. Help provide access to services for County residents;
 - vi. Finance or provide public infrastructure; or
 - vii. Phase in property tax increases on a parcel that results from an increase of fifty (50) percent or more in one year of the estimated market value of the parcel, provided it is not attributable to improvement of the parcel.
- c. The project cannot proceed in the manner as proposed without the assistance,
- d. The project will create a minimum of five (5) new full-time equivalent jobs at a minimum wage, inclusive of medical benefits offered, of \$9.50 per hour.

Application and Review Process

An application for tax abatement shall be completed and submitted to the County Coordinator for processing. The application is attached as Exhibit A to this policy. The following information shall be submitted:

- a. Completed County application.
- b. Map or site plan, prepared by an architect or engineer, showing the boundaries of the proposed development, the size and location of the building(s) and parking areas.
- c. Written narrative describing the project, the size and type of building(s), business type and use, traffic information (parking capacity, vehicle counts, traffic flow, pedestrian facilities), project timing, and estimated market value.
- d. A statement identifying the public benefits of the proposal, including estimated increase in property valuation and other community benefits.
- e. Information on new jobs to be created with estimated wage levels, including medical insurance benefits to be provide and proposal of when jobs will be added
- f. Statement showing the private investment and any public investment dollars for the project
- g. A written prospectus of the applicant's company, corporation, principles, history, and past projects. A sole proprietor applicant shall also provide credit history information.
- h. Financial information including past performance and pro forma future projections for the project.
- i. Fee as set by County Board. The 2007 fee is \$500 per application.

Review Process

Adopted by the Mille Lacs County Board of Commissioners on March 20, 2007.

Within sixty (60) days of receipt, the application packet shall be reviewed by the Auditor/Treasurer, Assessor, Highway Department if adjacent to a County Highway, and the Zoning and Environmental Services Administrator. The internal checklist attached as Exhibit B shall be completed by the County Coordinator. A written report shall be prepared and submitted to the Finance Committee for their consideration.

The Finance Committee shall review the staff report, the project, the financial analysis, meet with the applicant, if applicable, and make a recommendation to the County Board regarding the tax abatement request.

Approval

A public hearing shall be conducted on the request for tax abatement. Notification for the public hearing shall be as required by Statute. The Board will determine if tax abatement should be granted based on the staff analysis and recommendation from the Finance Committee. Approval for tax abatement shall be made by resolution which specifies the following:

- a. The terms of the abatement,
- b. The nature and extent of the public benefit resulting from the abatement, and
- c. The duration of the abatement period.

Once tax abatement financing has been provided, the file shall be reviewed annually to determine consistency with the original approval. The applicant and County shall execute a Tax Abatement Agreement outlining the terms and conditions of approval and payment of tax abatement financing.

Tax abatement shall be provided only once per project unless a substantial expansion is proposed. "Substantial expansion" is defined as an expansion that is equal to or greater than fifty (50) percent of the original project.

Payment

The abatement payment will be paid only after the taxes have been paid in full for the year on the property and the applicant has submitted a completed Department of Employment and Economic Development Minnesota Business Assistance Form to the Auditor/Treasurer. Deadlines for submittal of the report will be determined by the County Auditor / Treasurer. Failure to comply with the reporting requirement will be cause for default of the abatement.

The applicant will be required to submit proof of employment levels, wages and insurance benefits; such proof may be in the form of payroll reports or other reports as agreed to by the County. The County will pay the abatement to the property owner, lessee, or a representative of the bondholders as provided by the abatement resolution or separate agreement, if applicable.

Adopted by the Mille Lacs County Board of Commissioners on March 20, 2007.