

MILLE LACS COUNTY ECONOMIC DEVELOPMENT TAX ABATEMENT POLICY

1. PURPOSE AND AUTHORITY

- 1.01 The purpose of this Tax Abatement policy is to establish the application process and the criteria for tax abatement financing investment applications in Mille Lacs County for projects that have a positive economic impact. This process and these requirements apply to the Mille Lacs County Administrative Services Office and the Mille Lacs County Board of Commissioners for reviewing and considering said applications. The County Board of Commissioners reserves the right to deviate from the criteria contained in this policy if it determines in its sole discretion that it is in the best interests of the County and its residents to do so.
- 1.02 Mille Lacs County is authorized to make tax abatement financing investments pursuant to Minnesota Statutes, §469.1812 through §469.1815.

2. APPLICATION REQUIREMENTS AND PROCESS

- 2.01 Each request for tax abatement financing investment shall be submitted in writing to Mille Lacs County Administrative Services Office on a form provided by the Administrative Services Office.
- 2.02 Mille Lacs County Administrative Services Office shall review each application and make recommendations to the Mille Lacs County Board.
- 2.03 Mille Lacs County Board of Commissioners shall hold a public hearing on the tax abatement financing investment application following which the investment may be approved. The investment will be implemented only upon passage of a resolution and Tax Abatement Development Agreement specifying the terms of the investment.
- 2.04 Mille Lacs County may share financial administration costs with other tax levying authorities whenever practical concerning abatement requests for the same project.

3. PUBLIC POLICY REQUIREMENTS

Each application is to be completed by the specific business requesting tax abatement financing investment from the County and must meet the following criteria:

- 3.01 The tax abatement request is to be received prior to the project commencing.
- 3.02 The benefits to the County will be at least equal to the costs of the tax abatement investment with a measurable payback.
- 3.03 There must be a defined financial need for the tax abatement request.
- 3.04 Other available funding mechanisms must be reviewed prior to tax abatement consideration. These include but are not limited to private sector financing, public loan / grant programs, and tax increment financing. The County's priority will be to select programs that will successfully complete the project and maximize the return on investment to the County tax payers.
- 3.05 The tax abatement investment will assist in the innovation and growth of the applicant company without adversely affecting local competing businesses.
- 3.06 It must be demonstrated that the project will benefit the County in at least two of the following ways:
 - a) Increase or preserve tax base;
 - b) Create or retain jobs (retention only considered when job loss is imminent and demonstrable);
 - c) Provide or help acquire, finance or construct public facilities;
 - d) Help develop or renew blighted areas;
 - e) Help provide access to services for residents of the County;
 - f) Retain the applicant business if it is at risk of relocating outside of the County.
- 3.07 The wages for jobs created or retained must equal or exceed the wages required under the Mille Lacs County Business Subsidy Policy. The applicant will agree to a pay back of funds if the company is unable to meet the terms of the business subsidy (claw back).

4. APPLICATION CONSIDERATION

The following criteria will be considered by Mille Lacs County when reviewing applications for tax abatement financing investment in accordance with Minnesota Statutes. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any applicant, business, community, proposed project or developer.

- 4.01 The County may consider retail or service businesses for tax abatement financing investment if it is determined the proposed project accomplishes at least two of the following goals:
- a) Creates quality employment;
 - b) Creates tax base;
 - c) Provides or helps acquire, finance or construct public facilities;
 - d) Helps develop or renew blighted areas;
 - e) Helps provide access to services for residents of the County; or
 - f) Retains a business if it is at risk of relocating outside of the County.
- 4.02 The County may consider the impact of the project on the surrounding area including but not limited to: pollution; traffic; sewer and water; parks; and, need for additional government services such as law enforcement.
- 4.03 The preferred term of tax abatement investment will be **5 years or less**. The County Board can approve longer or shorter terms at its discretion.
- 4.04 The County may limit the amount of the tax abatement financing investment:
- a) To a specific dollar amount per year or in total;
 - b) To the increase in property taxes resulting from improvement of the property;
 - c) To the increases in property taxes resulting from increases in the market value or tax capacity of the property;
 - d) In any other manner the County determines is appropriate;
 - e) The County may not abate tax attributable to the value of the land or the area wide tax under Minnesota Statutes, §276A or §473F.
- 4.05 Equal consideration may be given to businesses currently located in the County which are expanding and adding on to the space of an existing building and new businesses seeking to locate in the County. Preference may be given to businesses that demonstrate a legitimate risk of relocating to another County.
- 4.06 Tax abatement investments will only be provided within debt limit guidelines, and other appropriate financial requirements and policies.

5. COMPREHENSIVE LAND USE PLANNING AND ZONING:

- 5.01 The applicant, proposed project or potential development must comply with the applicable Comprehensive Plan and Zoning Ordinances, or required changes to the Plan and Ordinances must be under active consideration at the time of approval.

6. APPLICATIONS WILL RECEIVE PRIORITY FOR:

- 6.01 Priority will be given to projects that create or retain jobs that pay wages in excess of the wages required under the Mille Lacs County Business Subsidy Policy.
- 6.02 Preference will be given to projects which include manufacturing, distribution, or technology-based firms or businesses which employ a majority of professional or skilled labor.
- 6.03 Preference will be given to projects constructed of block, engineered concrete, brick or engineered steel buildings which contain decorative accessory materials.

Public Hearing: 08/01/2017

Approved by Mille Lacs County Board: 10/03/2017