

Economic Development Tax Abatement Policy

Purpose:

The purpose of this policy is to establish Murray County's position relating to the use of Economic Development Abatements for private development in accordance with Minn. Stat. §§ 469.1812 - 1815. This policy shall be used as a guide in processing and reviewing applications requesting assistance. The fundamental purpose of Economic Development Abatements in Murray County is to encourage desirable development and/or redevelopment that would not otherwise occur "but for" the assistance provided. Tax abatement in this context is a rebate of taxes, rather than an exemption from paying property taxes.

The County shall consider Economic Development Abatements for projects that serve to accomplish the County's goals for economic development as they may change over time. The goals include facilitating projects that would result in the creation of quality jobs (e.g. stable employment, wages with benefits) and the attraction, retention, and expansion of business and housing options in the County.

Murray County is granted the power to utilize Economic Development Abatements by Minnesota law. It is the intent of the County to provide the minimum amount of assistance for the shortest term required for the project to proceed. The County reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on county services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

1. Restrictions and Requirements:

- a. Before Economic Development Abatement is considered for any project or property, it and all of the owners must be in compliance with all Murray County ordinances, tax payments, or any other legal or financial obligations to Murray County. In addition, Murray County can review the status of other properties owned by the owners outside of Murray County.
- b. The benefits to the County must be at least equal to the costs of the Economic Development Abatements.
- c. The County Board must also find that the Economic Development Abatement action is in the public interest because the tax abatement will meet at least one of the following criteria:
 - i. Increase or preserve tax base;
 - ii. Provide employment opportunities in the county;
 - iii. Provide, acquire, or construct public facilities;
 - iv. Redevelop or renew blighted areas;
 - v. Provide access to services for county residents; or
 - vi. Finance or provide public infrastructure;
- d. Preference will be given to manufacturing, distribution, or value-added business or to a business providing services to these types of businesses. Generally, establishments which will be engaged in the retail sales of merchandise to the

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public will not be considered for economic development tax abatements unless they provide substantial opportunities for quality employment and economic development.

- e. In any given year, the total amount of property taxes abated by Murray County for economic development may not exceed the limit determined by the Murray County Board. This amount can be no more than that allowed by statute.
- f. The County shall limit the amount of individual abatements in accordance with the benefits of the project.
- g. Although the statute allows the County to issue bonds to fund approved Economic Development Abatements, Murray County will not issue bonds for this purpose unless the bonds relate to County initiated projects.
- h. The County Board may set reporting requirements and restrictions upon a project.
- i. The County Board may choose to approve a subsidy contingent upon certain performance factors which will be agreed upon prior to the approval of a subsidy.

2. Criteria:

The following criteria will be considered by the County Board in determining whether an Economic Development Subsidy will be approved:

- a. Equal consideration will be given to both existing business expansion and new businesses locating in the county.
- b. The extent to which the use of Economic Development Abatements would create an unfair and significant competitive financial advantage over existing projects in the area.
- c. The extent to which the developer is able to demonstrate a market demand for a proposed project.
- d. Economic Development Abatements will not be used in circumstances where land and/or property price is in excess of fair market value.
- e. The extent to which the project increases county costs for road construction, traffic control, law enforcement, human services and other budgetary items.
- f. The extent to which other levels of local government are in support of the project.
- g. The County Board shall, prior to their consideration, receive a resolution from all other taxing jurisdictions from which the applicant intends to seek Economic Development Abatement funds to determine how these entities will be providing Economic Development abatements for the project.
- h. The nature and type of the new development.
- i. Redevelops an area that has experienced blight or contamination as described in Minn. Stat. § 469.174, subs. 10, 10a, 16; and/or brownfields remediation and environmental cleanup. For this purpose, the term “brownfields” is defined as abandoned, idled, or under-used industrial or commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

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- j. If the Economic Development Abatements will be used to facilitate the relocation of commercial or industrial enterprises within the County, the effects of the relocation on the former neighborhood will be considered and analyzed.
- k. The proposal must include property identification numbers or legal descriptions and must be an existing parcel of record.
- l. The extent to which the project adds to, diversifies, or preserves the county's net commercial, industrial, or general tax base.
- m. The project must be consistent with the County's Comprehensive Plan and Zoning Ordinance.
- n. The extent that Economic Development Abatements will result in development on sites which would not otherwise be developed.
- o. The developer shall demonstrate that the project is not financially feasible but-for the use of Economic Development abatements. This requirement must include Economic Development abatements and all other Sources of Funds from other government jurisdictions, private sector and non-profit organizations.

3. Procedure:

The following procedure will be used to gain approval of the County Board for an Economic Development Abatement. Nothing in this procedure guideline should be taken to limit the ability of a developer to apply with other jurisdictions or to work with other organizations to create an appropriate application.

- a. The developer will submit a completed application with any requested information to the Murray County Office of Economic Development, along with a non-refundable base application fee of \$500.00.
- b. Economic Development staff and other County staff will review the application. Staff may request additional data, work with other agencies or jurisdictions, and request input from other departments as deemed necessary to make a thorough review of said application.
- c. Once a completed application has been reviewed by staff, the Murray County Economic Development Authority (EDA) will review the application and make a recommendation to the County Board including amounts, duration, reporting requirements, and restrictions.
- d. If approved by the Murray County EDA, County staff will make appropriate public notice and schedule a public hearing in accordance with Minn. Stat. § 469.1813, subd. 5.
- e. The County Board grants final approval or denial of the proposal.