

Tax Abatement Investment Policy

The following requirements and policies will be considered by the City of Waseca when reviewing applications for tax abatements, in accordance with Minnesota Statutes 469.1812 – 1815.

Project Qualification

To qualify for tax abatement, the project must benefit the city in one or more of the following ways:

- a) increase or preserve tax base;
- b) create or retain jobs;
- c) provide or help acquire or construct public facilities;
- d) help develop or renew blighted areas;
- e) help provide access to services for residents of the City.

Failure to meet at least one of the above criteria will disqualify the applicant for further consideration of tax abatement.

Equal consideration will be given to existing business expansion and new businesses relocating within the City of Waseca.

Retail or service businesses will be considered for tax abatements provided the project creates substantial quality full time employment as defined in Section 1 below, creates substantial tax base, provides a necessary line of products or service not already provided in the community, or redevelops blighted areas.

Projects should have minimal impact on the surrounding areas, including but not limited to: pollution; traffic; sewer and water; parks, and need public safety personnel or equipment.

Abatement Term

The following criteria will determine the term, in number of years, of the abatement:

1. Developments that create jobs paying an average wage of \$2.00 per hour over and above the current minimum wage. Five points awarded.
2. Manufacturing, distribution, and high tech firms that have at least 50% of its employees as professional or skilled labor. Each employment position must be a full time equivalent. One point awarded for each job up to a maximum of 25 points.
3. Projects constructed of block, engineered concrete, brick, or quality metal buildings (not pole) with brick or stone accent materials, as stated in Section 154.129 Construction and Building Standards, Waseca Code of Ordinances. Five points awarded.
4. Retail with the purpose of expanding the current trade area or that locates in areas targeted by the City Council for growth. Five points awarded.

5. Retail or service businesses that purchases at least 10% of their products from local Waseca County businesses. Ongoing evidence must be provided in the form of receipts or invoices. Five points awarded.
6. The expansion of, or development of, other specific projects identified by the City of Waseca or the Economic Development Authority of the City of Waseca as critical to the growth of Waseca, or that meet established goals of these organizations. Five points awarded.

Additional Policy Provisions

The following additional terms and policies apply:

1. There is a non-refundable application fee of \$500 to consider tax abatement.
2. The maximum term of abatement is fifteen (15) years, unless otherwise provided in Statute, and authorized by City Council.
3. The minimum project size shall be \$75,000 of construction.
4. The city may limit the amount of the abatement, as provided in MN Statutes 469.1812-1815 to the following:
 - a) a specific dollar amount per year or in total
 - b) the increase in property taxes resulting from improvement of the property
 - c) the increases in property taxes resulting from increases in the market value or tax capacity of the property
 - d) in any other manner the governing body of the subdivision determines is appropriate
 - e) the political subdivision may not abate tax attributable to the value of the and or the area-wide tax under MN Statutes Chapters 276A or 473 F.
5. The benefits to the city must be at least equal to the costs of the abatements as provided in MN Statutes 469.1812-1815.
6. The following items are designated as qualified expenditures that may be reimbursed through tax abatement:
 - Property acquisition. Property currently owned cannot be considered in calculating tax abatement reimbursement.
 - Site Preparation, which includes only the following: removal of buildings and other improvements from the property, grading and fill, environmental testing and soil correction.
 - Building construction including new construction and additions.
 - Streets and utilities
 - Landscaping
 - Trails
7. The City will not necessarily reimburse the total amount of qualified expenditures. Prior to reimbursement for qualified expenditures, proof through receipts or invoices must be provided to the City.

8. A written application provided by the City shall be completed for each abatement request. The Economic Development Authority shall review each project and make written comments to the City Council. The City Council, upon holding a public hearing, will make the final decision on granting tax abatements.

Abatement Term Points Tally Sheet

1. Developments that create jobs paying an average wage of \$2.00 per hour over and above the current minimum wage (5 points).

Points Awarded: _____

2. Manufacturing, distribution, and high tech firms that have at least 50% of its employees as professional or skilled labor. Each employment position must be a full time equivalent. One point awarded for each job up to a maximum of 25 points.

Number of qualifying jobs _____

Points Awarded: _____

3. Projects constructed of block, engineered concrete, brick or quality metal buildings (not pole) with brick or stone accent materials, as stated in Section 154.129 Construction and Building Standards, Waseca Code of Ordinances (5 points).

Points Awarded: _____

4. Retail with the purpose of expanding the current trade area or that locates in areas targeted by the City Council for growth (5 points).

Points Awarded: _____

5. Retail or service businesses that purchases at least 10% of their products from local Waseca County businesses. Ongoing evidence must be provided in the form of receipts or invoices (5 points).

Points Awarded: _____

6. The expansion of, or development of, other specific projects identified by the City of Waseca or the Economic Development Authority of the City of Waseca as critical to the growth of Waseca, or that meeting established goals of these organizations (5 points).

Points Awarded: _____

TOTAL POINTS: _____

Term of Abatement in Years

Points Awarded

15-20 points

21-25 points

26-34 points

35 points or more

Years of Abatement*

5 years

7 years

10 years

15 years

Tax Abatement Program Application

I. Applicant Information:

Name(s) of Applicant: _____

Business Name: _____

Corporation: _____ Sole Proprietorship: _____ Partnership: _____

New Business: _____ Existing Business: _____

Applicant Address: _____

Property Address: _____

II. Description of Project:

III. Building Type/Size/Exterior Finishes: _____

(Must include a site plan showing building locations, size, parking, etc.)

IV. Project Funding:
(if needed, financial information may be required)

Abatement Amount Requested: \$ _____ Total Project Cost \$ _____

Please identify the purpose for which the abated tax funds will be used.

(Refer to the City of Waseca Tax Abatement Investment Policy for Qualifying Expenditures.)

V. Employment:

Number of existing employees: _____ Number of jobs retained: _____

Number of jobs created: _____ Average hourly wage of new jobs: \$ _____

VI. Lender Information:

Participating Bank: _____

Bank Contact: _____ Phone: _____

VII. Tax Impact:

Estimated market value after completion: _____

Estimated property taxes after completion: County: _____ City: _____

Authorized Signature of Applicant

Date

Authorized Signature of Applicant

Date

| Deleted: