

### 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:

1. 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. Five points will be awarded if any or all of the above criteria are met.

2. Developments that create jobs paying an average wage of \$2.00 per hour over and above the current minimum wage. Five points awarded.
3. 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. Five points are awarded for each five jobs up to a maximum of 25 points.
4. Projects constructed of block, engineered concrete, brick or quality metal buildings (not pole) which contain decorative accessory materials (brick). Five points awarded.
5. Retail designed to expand the current trade area or areas selected by Council for growth. Five points awarded.
6. Retail businesses that purchase at least 10% of their products from a local Waseca County business. Five points awarded.

Equal consideration will be given to both existing business expansion and new businesses locating in the City.

Retail or service businesses will not be considered for tax abatements unless the project creates substantial quality employment, creates substantial tax base, provides a necessary 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 for additional law enforcement.

There is an application fee of \$500 to consider tax abatement.

The maximum term of abatement is ten years.

The minimum project size shall be \$75,000 of construction.

The city may limit the amount of the abatement 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 chapter 276A or 473 F.

The benefits to the city must be at least equal to the costs of the abatements. \*

The following items are designated as qualified expenditures that may be reimbursed through tax abatement:

- New property acquisition. Property currently owned cannot be reimbursed using tax abatement.
- Site Preparation, which includes only the following: removal of buildings and other improvements from parcel, grading including fill, environmental testing and soil correction.
- Streets and utilities
- Landscaping
- Trails

The City will not necessarily reimburse the total expenses for qualified expenditures. Prior to reimbursement for qualified expenditures, proof through receipts or invoices must be provided to the City.

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 will make the final decision on granting tax abatements.

\* (Based on requirements of MN Statutes 469.1812-1815)

**Points Tally Sheet**

1. 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.

5 points will be awarded if any or all of the above criteria are met Points: \_\_\_\_\_

2. Points will be given to developments that create jobs paying an average wage of \$2.00 per hour over and above the current minimum wage.

5 points Points: \_\_\_\_\_

3. Points will be given to manufacturing, distribution, high tech firms that employ (full time equivalent) as follows:

0-5 jobs:	5 points	16-20 jobs:	20 points
6-10 jobs:	10 points	20 job plus:	25 points
11-15 jobs:	15 points		

Number of qualifying jobs \_\_\_\_\_ Points: \_\_\_\_\_

4. Points will be given to projects that are constructed of the materials outlined in the City's construction and building standards.

5 points Points: \_\_\_\_\_

5. Points will be awarded to projects expected to expand the current trade area or developed in areas that are targeted for growth in the Comprehensive Plan such as North State Street and downtown.

5 points Points: \_\_\_\_\_

6. Points will be awarded to retail businesses that purchase at least 10% of their products from local Waseca County businesses. Applicants to provide documentation annually.

5 points Points: \_\_\_\_\_

**TOTAL**

**POINTS: \_\_\_\_\_**

**Award Criteria**

<u>Points</u>	<u>No. of Years of Abatement</u>
15-20 points	5 years
21-39 points	7 years
40 and above	10 years

## Tax Abatement Program Application

### I. Applicant Information:

Name(s) of Applicant: \_\_\_\_\_

Business Name: \_\_\_\_\_

Corporation: \_\_\_\_\_ Sole Proprietorship: \_\_\_\_\_ Partnership: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code \_\_\_\_\_

New Business: \_\_\_\_\_ Existing Business: \_\_\_\_\_

### II. Brief Description of Project:

III. Building Exterior Type: \_\_\_\_\_ Size: \_\_\_\_\_

(Include a site plan showing building locations, size, parking)

### IV. Project Funding:

(if needed, financial information may be required)

Amount of Abatement Request: \$ \_\_\_\_\_ Total Project Cost \$ \_\_\_\_\_

Use of Abatement Funds. Please identify for what purposes the tax-abated funds will be used. (Please refer to the City of Waseca Tax Abatement Policy for allowable uses of tax abated funds.)

### 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