



City of Marshall Abatement Policy

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I. POLICY PURPOSE

A. GENERAL

The purpose of this policy is to establish the position of the City of Marshall (the 'City') and the Economic Development Authority (the 'EDA') with respect to the use of abatement for private development within the City. This policy shall be used as a guide in the application for review and consideration of any requests for abatement assistance.

The City of Marshall and EDA shall consider abatement for projects that serve to accomplish the City'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 (i.e. stable employment and/or attractive wages and benefits) and the attraction, retention, expansion of business in the City and future tax base. This policy shall be used as a guide in the processing and review of applications requesting tax abatement assistance.

B. ABATEMENT

The City/EDA is granted the power to utilize tax abatement financing by the Minnesota Tax Abatement Act (*Minnesota Statutes, Section 469.1812 to 496.1815, as amended*). Tax abatement in the context is a rebate of taxes, rather than an exemption from paying property taxes. It is the intent of the City to provide the minimum tax abatement at the shortest term required for the project on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of tax abatement to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project.

The City Council can deviate from this policy for projects that supersede the objectives identified herein.

C. DURATION

The City may grant an abatement for a period no longer than 15 years, except as follows;

The City, when proposing to abate taxes for a parcel, may make a written request to Lyon County or a school district in which a parcel is located to grant an abatement of county or school taxes for the property. If one of the two political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel is increased to 20 years.

II. OBJECTIVES

A. PURPOSE OBJECTIVES

As a matter of adopted policy, the City will consider using the use of Tax Abatement to assist private development projects that will achieve one or more of the following objectives:

1. To enhance, diversify, or increase the City of Marshall's economic base.

2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
3. To secure projects that provide value in the forms of needed transportation and other utility infrastructure improvement that would be completed in conjunction with the project.
4. To encourage additional unsubsidized private development in the area, either directly or indirectly through “spin off” development.
5. To facilitate the development process and to achieve development on sites which would not otherwise be developed but-for the use of Tax Abatement.
6. To remove blight and/or encourage redevelopment of commercial and industrial areas in the City that result in high quality redevelopment and private reinvestment.
7. To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.
8. To create opportunities for affordable housing.
9. To secure projects that improve the quality of life in the City by providing a desirable good or service and address an unmet demand in the community.

III. QUALIFICATION STANDARDS

A. MINIMUM REQUIRED STANDARDS

All new abatement projects considered by the City/EDA must meet the following minimum qualifications. Project will be evaluated based on their ability to meet the desired qualification for assistance. However, it should not be presumed that a project meeting any or all of the qualifications will automatically be approved. All developers/businesses receiving tax abatement assistance from the City of Marshall shall be subject to the provisions and requirements set forth by State Statute 116J.993.

Abatement assistance shall be provided to private developers on a ‘pay-as-you-go’ basis which means any assistance is contingent upon prior receipt of taxes paid by the developer to the City. Request for ‘up front’ financing where the abatement is used to pay a bond will not be considered as part of this policy and may be inquired as a TIF (Tax Increment Financing) project.

1. The project shall meet one or more of the objectives outlined in Section II of this Policy.
2. The developer must demonstrate that the project is not financially feasible “but for” the use of tax abatement.
3. The Developer shall provide any requested market and financial feasibility studies, appraisals, private lender commitment, business plan, and/or other information the City, EDA, or its financial consultant may require in order to process the request for assistance.

4. The Developer must provide adequate financial guarantees to ensure the completion of the project. These may include, but not limited to: assessment agreements, letter of credit, personal deficiency guarantees, maximum cost contract, etc.
5. The project shall comply with all provisions set forth in Minnesota's Tax Abatement Law (Minnesota Statutes 469.1812 to 469.1815) as amended.
6. No property tax abatement agreements shall be allowed on a parcel if the abatement will occur while the parcel is located in a tax increment financing district.
7. In any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (1) ten percent of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. MN Statute 469.1813 sub. 8
8. The abatement request must be approved prior to any new construction or improvements being made to the proposed property. The abatement will only be calculated towards the improvement to the land.
9. Developments creating a higher ratio of property taxes paid before and after redevelopment will receive priority consideration.
10. Duration and amount limits shall be for the minimum amount necessary to meet the financial goals of the project.
11. Developer must be current on all property taxes on all properties located in the jurisdiction.

IV. EVALUATION CRITERIA

A. Evaluation of Request.

1. Confirmation that minimum qualifications are met.
2. Examination of the number of preferred qualifications met.
3. Extra consideration will be given to existing businesses seeking to expand and grow within the city. The extra consideration is an effort to support existing local business.
4. Whether or not the proposed project provides services lacking in the city, or services which are needed.
5. The adequacy of the Developer's financial guarantees to ensure completion of the project including, but not limited to: assessment agreements, letters of credit. personal guaranties, or additional documentation as necessary.

V. ADMINISTRATION

A. Application

1. The City's abatement programs shall be administered by the Marshall Economic Development Authority (EDA); however, the City Council shall take action to approve/deny a financing request.
2. A completed, written application and a fee as required under the City of Marshall Fee Resolution shall be paid to the EDA at the time of the submittal of final application.

B. Approval Process

1. The approval process for a proposal may take anywhere from three weeks to three months including any required public hearings.
2. The typical process is as follows:
 - a) City staff/ EDA reviews the application on a preliminary basis; request additional information as needed
 - b) Completion of a preliminary application form submitted to EDA Director
 - c) City Staff/EDA review completed application as to the feasibility of the project. The City Staff/EDA prepare a preliminary recommendation to the City Council regarding;
 - a. The completeness of the application.
 - b. Whether the application meets the goals of this policy.
 - c. Whether the application complies with the criteria established in the policy.
 - d) The preliminary recommendation shall be placed on the EDA agenda for Concept Review. The applicant may make a formal presentation of the project.
 - e) If the EDA's preliminary Concept Review is positive, the applicant may file a final application accompanied by an application fee.
 - f) If Planning Commission action is required, it will be necessary for the applicant, at this time, to make application to the Commission for Concept Review.
 - g) A public hearing will be set at which the City will consider a final recommendation related to the final application. Following the necessary financial analysis and preparation of detailed plans, the City shall act on the project as required in Tax Abatement statutes. If approved, EDA will be directed to prepare a development agreement and/or business Subsidy agreement based upon the terms approved.

- h) If a redevelopment plan or zoning action is required, the Planning Commission and City Council shall take the appropriate action at the same time the redevelopment agreement is considered for approval.

VI. OTHER POLICY ISSUES

A. Public Use of Tax Increment

The City and EDA shall follow applicable state laws in term of potential public improvement financing with abatements. It shall be the general policy of the City and EDA to identify public improvements at the time of adoption or amendment to the abatement.

B. Assignment of Agreement

The abatement agreement shall not be assigned to a third party without prior written approval by the City Council.

PASSED AND DULY ADOPTED this ____ day of _____, 201_ by the City of Marshall.

Mayor

Attest _____
City Administrator