

CITY OF MARSHALL, MINNESOTA

RESOLUTION NO. 25-045

**RESOLUTION APPROVING PROPERTY TAX ABATEMENT FOR CERTAIN
PROPERTY IN THE CITY**

BE IT RESOLVED by the City Council (the “Council”) of the City of Marshall, Lyon County, Minnesota (the “City”) as follows:

1. Recitals.

(a). The City has reviewed a proposal to construct and equip an approximately 84-room Hampton Inn Hotel (the “Project”) to be owned by Rebound Hotel Development Group (the “Developer”) and located on real property in the City identified as parcel identification number 27-865001-0 (the “Property”).

(b). The City believes the Project will preserve and enhance the property tax base in the City and the State of Minnesota (the “State”), and help create jobs in the City and the State.

(c). Pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the “Abatement Act”), the Developer requested a property tax abatement on the Property in order to assist in financing a portion of the costs of the Project. The proposed abatement will apply to the Developer’s share of real estate taxes which relate to the construction of the Project on the Property by the Developer and not to the real estate taxes on the Property that relate to the existing land value (the “Abatement”).

(d). On the date hereof, the Council held a public hearing on the question of the Abatement, and said hearing was preceded by published notice thereof in accordance with the Act.

2. Findings for the Abatement. The Council hereby makes the following findings:

(a) The Council expects the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because (a) based on representations of the Developer, the City believes that the development to be facilitated is not reasonably likely to occur absent the Abatement and (b) the long-term taxes collected from the Property after termination of the Abatement will exceed the amount of the Abatement provided to the Developer.

(b) Granting the Abatement is in the public interest because it is expected to result in the following public benefits:

(1) The Abatement will increase the City’s tax base through the creation of an estimated \$5,500,000 increase in taxable market value for the Property; and

(2) It will provide additional employment opportunities in the City and the State;

3. Abatement Approval. The terms of the Abatement are as follows:

(a) The term “Abatement” means 80% of the City’s share of annual real property taxes received by the City with respect to the Property in an amount calculated in each tax-payable year as follows: the City’s tax rate for such tax-payable year multiplied by the difference between the net tax capacity of the Property as improved by the Project as determined by the City in its sole discretion, as of January 2 of the prior year less existing net tax capacity of the Property for years 1-5 (2028-2032) and 60% of the City’s share of annual real property taxes received by the City with respect to the Property in an amount calculated in each tax-payable year as follows: the City’s tax rate for such tax-payable year multiplied by the difference between the net tax capacity of the Property as improved by the Project as determined by the City in its sole discretion, as of January 2 of the prior year less existing net tax capacity of the Property for years 6-10 (2033-2037). The Abatement shall be for a maximum of ten (10) years and shall apply to the taxes payable in the years 2028 through 2037, inclusive.

(b) The City will pay the Abatement in the amount, at the time, and in accordance with the terms and conditions set forth in the Agreement.

(c) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the Abatement, together with all other abatements approved by the City under the Abatement Act and paid in that year exceed the greater of 10% of the net tax capacity of the City for that year or \$200,000 (the “Abatement Cap”). The City may grant other abatements permitted under the Abatement Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement granted pursuant to this resolution:

(d) In no event shall the total payments of the Abatement to the Developer exceed \$480,000 or continue to be paid for more than 10 years as set forth in an agreement.

(e) The Abatement is subject to modification in accordance with the Abatement Act, subject to the terms of the Agreement.

(g) In accordance with Section 469.1815 of the Abatement Act, in each year during the term of the Abatement, the City will add to its levy the total estimated amount of current year Abatement granted under this resolution.

(g) The City makes no warranties or representations regarding the amount or availability of the Abatement.

Section 5. Effective Date. This resolution is effective upon execution in full of an Agreement.

Passed and adopted this May 27, 2025 by the City Council of the City of Marshall, Minnesota.

ATTEST:

Steven Anderson, City Clerk

Robert Byrnes, Mayor