



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, December 10, 2019
<b>Category:</b>	NEW BUSINESS
<b>Type:</b>	ACTION
<b>Subject:</b>	Affirm Commercial Tax Abatement Policy Guidance
<b>Background Information:</b>	<p>The EDA Board recommended to the Council that consider commercial tax abatement applications with no penalty as per a revised policy or council directive. This is based on the following:</p> <p style="padding-left: 40px;">Due to further analysis and the belief that the county commercial tax abatement would consider an abatement for the same property with no penalty. The county commercial tax abatement policy is contingent on local approval of an abatement being granted.</p> <p style="padding-left: 40px;">The policy is new and there is still awareness to be gained and thus there has been interest from expanding businesses, after construction, for the commercial tax abatement.</p> <p>Staff recommends that the Council provide staff with the guidance to bring forward applications for abatement with no penalty if applications and construction started after the effective date of the policy and until 12/31/2020 at which time staff can evaluate the guidance and if at that time the policy is no longer new and thus approval prior to construction can be achieved starting 1/1/2021.</p> <p>Furthermore, the city's policy states:</p> <p style="padding-left: 40px;">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.</p> <p style="padding-left: 40px;">The City Council can deviate from this policy for projects that supersede the objectives identified herein.</p> <p>Thus at this time staff does not recommend formal policy revision, rather act upon the Council's direction provided and voted upon by the majority of the Council.</p>
<b>Fiscal Impact:</b>	N/A
<b>Alternative/ Variations:</b>	Follow policy as written and strictly enforce that approval is needed prior to construction.
<b>Recommendations:</b>	Approve the policy guidance that staff be directed to bring forward applications for abatement with no penalty if applications and construction started after the effective date of the policy and until 12/31/2020 at which time staff and Council can evaluate the guidance and if at that time since the policy is no longer new and awareness is gained and thus approval prior to construction can be achieved starting 1/1/2021. Any tax abatement would still be evaluated and in compliance with MN Statutes.

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