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## **TAX ABATEMENT FINANCING POLICY**

### **Section 1: Introduction**

- 1.1 The purpose of this policy is to establish the City of Goodview's ("City") procedure in processing and reviewing applications requesting tax abatement. Tax abatement is an important economic development instrument and when used properly can be useful to accomplish the city's development and redevelopment goals. This policy should be used to determine whether or not to utilize tax abatement for economic development purposes on a case to case basis.
- 1.2 The fundamental purpose of tax abatement in Goodview is to encourage desirable development, redevelopment, or public improvements that has a clear and demonstrated need for assistance and also has a public benefit. Public entities are granted the authority to utilize tax abatement financing by the Minnesota Tax Abatement Act (Minnesota Statutes, Section 469.1812 to 469.1815, as amended).
- 1.3 It is the intent of the City to provide the minimum tax abatement, as well as other incentives, on a case by case basis, taking into consideration established policies, project criteria, and other potential criteria the City deems necessary at the time of the project.
- 1.4 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 similar project. Each project will be reviewed on a case to case basis.

### **Section 2: Objectives for use of Tax Abatement**

- 2.1 The City shall consider using tax abatement financing to achieve one or more of the following public interests:
  - a. To diversify, retain or provide increased local employment opportunities in the City of Goodview
  - b. To increase, enhance and diversify the City of Goodview's economic base.
  - c. To finance or help acquire or construct public facilities and public infrastructure.
  - d. To help redevelop or renew blighted areas.
  - e. To help provide access to services for City residents.
  - f. To finance or provide public infrastructure.

- g. To offset increased costs of redevelopment over and above the costs normally incurred in development.
- h. To create affordable housing opportunities.
- i. To contribute to the implementation of other public policies as adopted by the City.

### **Section 3: Eligibility**

3.1 The City shall consider tax abatement financing in cases that serve to accomplish the City's goals in development or redevelopment.

3.2 The decision to use tax abatement for a project will be based on the following criteria:

- a. The applicant must have the authority to incur debt.
- b. The applicant must be a US citizen or is able to work in the US legally.
- c. The project must comply with the City's Comprehensive Plan and Zoning Ordinances.
- d. The project shall meet at least one objective set forth to further the public interest, as defined in Section 2 of this document.
- e. The use of tax abatement is limited to the following:
  - Industrial development, expansion, redevelopment, or rehabilitation;
  - Commercial redevelopment or rehabilitation;
  - Office or research facilities;
  - Housing and infrastructure; or
  - Public infrastructure
- f. The demonstration of the project's benefits to the City
- g. The demonstration that the project is not financially feasible without the tax abatement financing by using the "but for" test. The "but for" test says the proposed development project would not occur "but for" the assistance.
- h. Please note that exceptions may apply.

### **Section 4: Procedure**

4.1 Tax abatements will be considered on a case to case basis

4.2 For an abatement request to be considered the applicant must provide all necessary paper work including but not limited to the application and other attachments as stated in Section 5. Also, if necessary complete the City's request for additional information.

4.3 The application will include \$150 fee to cover processing the project.

- 4.4 City Staff and Staff Committees will review the information and following the review the application is then submitted to the City Council for preliminary review and commentary.
- 4.5 If preliminary approval is granted, all necessary notices are prepared and distributed, staff prepares the required documents and the City Council will hold a public hearing.
- 4.6 The City Council will act on a resolution that identifies conditions upon which an application is approved or findings upon which an application is denied. The City Council will grant final approval or denial of the project.

### **Section 5: Application Requirements**

- 5.1 Prior to the consideration by the City and the EDA, the applicant must supply the City the following:
- a. Completed Request for Assistance General Application form.
  - b. A document answering the following:
    1. Detailed Project Description
    2. Projected timeline: estimated beginning and end date
    3. Narrative explaining that without the assistance the project cannot happen.
    4. Narrative describing the expected financial benefit for the City.
    5. Personal and business references
  - c. A base application fee of \$150, as stated in Section 4, to cover the administrative fees of processing the application.
- 5.2 The applicant shall agree to allow the City and the EDA to check the backgrounds and financial history of the applicant, applicant's officers and major owners, if requested.
- 5.3 Please note the tax abatement will not be transferable to another party should property change hands.

### **Section 6: Tax Abatement Agreement**

- 6.1 In granting a tax abatement, the City shall enter into a tax abatement agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for failure to meet goals required by the Statutes.
- 6.2 This agreement may be incorporated into a broader development agreement for a project.