

Wilkin County Economic Development

1. Purpose

Wilkin County is committed to enhancing the quality of life for the citizens in Wilkin County through the attraction and retention of high quality development in order to stimulate the economy.

The purpose of the policy is to establish Wilkin County's position relating to the use of Tax Abatement for development to meet its economic development goals. This policy shall be used as a guide in processing and reviewing applications for tax abatement assistance. The policy has been set by Wilkin County above and beyond the requirements and limitations set forth by State Law.

2. Limitations

The following requirements and policies will be considered by Wilkin County when reviewing applications for tax abatement, in accordance with Minnesota Statutes 469.1812-1815. The statutory abatement authority limits total Wilkin County tax abatements to five percent of its current net tax capacity. The Wilkin County Board may impose a more restrictive limitation so that the total amount of approved tax abatements in any year shall not exceed one percent of the county net tax capacity for that year. In addition, the County Board will limit the total tax abatement for a specific parcel or associated parcels to a maximum of \$200,000 for the full term of the abatement. This per parcel limitation shall not be applicable to county owned properties. No abatement will be paid if the property tax on the parcel is not timely paid.

3. Abatement Authority

One or more taxing jurisdictions may "abate" all or a portion of its property tax on one or more parcels of real property for economic development purposes, subject to a duration limit and a limit on the amount of abatements.

1. Either (a) the benefits to Wilkin County must be at least equal to the amount of the proposed abatement **OR** (b) Wilkin County intends the abatement to phase in a property tax increase as provided in (2)(g) below; **AND**
2. Wilkin County must find that the project is in the public interest because it will accomplish at least one of the following purposes:
 - a) Increase or preserve tax base;
 - b) Provide employment opportunities within the political subdivision;
 - c) Provide or help acquire or construct public facilities;
 - d) Help redevelop or renew blighted areas;
 - e) Help to provide access for services for residents of the political subdivision;
 - f) Finance or provide public infrastructure; or
 - g) Phase in a property tax increase for a parcel resulting from a one-year increase of 50% or more in the estimated market value of the parcel, other than the increase in estimated market value attributable to improvements made to the parcel.

4. Duration

The duration of the tax abatement will be determined by Wilkin County, but will be no longer than 15 years. Wilkin County will provide tax abatement for the minimum duration of time necessary to meet the financial goals of the tax abatement within the project.

5. Objectives of Tax Abatement

Wilkin County will consider using Tax Abatement to assist private development projects to achieve one or more of the following objectives:

1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
2. To enhance and diversify the economic base.
3. To encourage additional unsubsidized private development in Wilkin County, either directly or indirectly through “spin off” development.
4. To facilitate the development process and to achieve development on sites that would not be developed without Tax Abatement assistance.
5. To remove blight and/or encourage redevelopment of commercial and industrial areas that result in high quality redevelopment and private reinvestment
6. To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.
7. To provide infrastructure necessary to accommodate economic development.
8. To contribute to the implementation of other public policies, as adopted by Wilkin County from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

6. Application

A written application to the County Board should be made to request approval of tax abatement of county levy. The application shall include the following:

1. General description of the project, including size and type of building, business type and expected use.
2. A map or site plan showing the boundary of the project and the property identification number (s) of the parcels subject to the abatement.

3. Statement identifying the public benefits of the proposal, including estimated increase in property value and tax capacity attributable to new construction and the nature and extent of new jobs to be created.
4. Statement relating to new traffic generated including parking capacity, projected vehicle counts, traffic flow and pedestrian safety.
5. A statement and documentation that the subject parcel (s) will not be redeveloped unless the county tax abatement is provided for the parcel (s).
6. The total amount of tax abatement requested and the amount and duration of the annual abatement payments.

7. Use of Tax Abatement

1. The level of business subsidy funding should be the lowest amount feasible for shortest period of time by maximizing the use of private debt and equity financing first, then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional business subsidy funding.
2. Tax Abatement shall not be used in circumstances if land and/or property prices are in excess of fair market value and it is the only reason Tax Abatement is required.
3. The developer shall be able to demonstrate a market demand for a proposed project.
4. Tax Abatement shall not be utilized in cases where it would cause significant detriment to existing businesses.
5. Tax Abatement shall not be used for projects that would place extraordinary demands on public services or for projects that would generate significant environmental impacts.
6. The developer must provide adequate financial guarantees to ensure completion of the project including but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
7. The developer shall adequately demonstrate to Wilkin County sole satisfaction of its ability to complete the proposed project based on past development experience, general reputation, and/or credit history among other factors, including the size and scope of the proposed project.
8. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by Wilkin County or its consultants.

8. Project Qualifications

All of the Tax Abatement projects considered by Wilkin County must meet **each** of the following requirements:

1. The developer shall demonstrate that the project is an appropriate use of public funds.
2. The project shall comply with all provisions set forth in the state's Tax Abatement Law, Statutes 469.1812 to 469.1815, as amended as well as it shall meet the objective set forth of this document.
3. The project shall meet the economic development requirements and goals of Wilkin County and the other participating political subdivisions.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, Wilkin County retains the right pursuant to statute in its sole discretion to approve or disapprove projects and subsidies which may vary from the principles and criteria of the Policy.

Adopted by: Wilkin County Board of Commissioners