



RICE COUNTY Tax Abatement Policy

Effective Date: March 2008

Responsible Department: Economic Development

Policy Statement: Rice County is committed to enhancing the quality of life and stimulating the local economy through the attraction of high quality development and the retention and creation of high quality jobs. Tax abatement is one technique to encourage private development projects by allowing the rebate of property taxes to the owner, reallocating the taxes to pay for public infrastructure costs or deferring the property taxes and rebating the interest penalty. This policy establishes minimum requirements and a uniform set of standards and procedures to be used when considering a request for a tax abatement and is developed in conformance with Minn. Stat. §§469.1812-1815

I. MINIMUM REQUIREMENTS FOR TAX ABATEMENTS

- A. Abatements shall be subject to duration and amount limits.
- B. Such duration and amount limits shall be for the minimum amount necessary to meet the financial goals of the project.
- C. Benefits to the County of the proposed abatement shall be:
 - 1. At least equal to or greater than the cost of the abatement; or
 - 2. The abatement will be used to phase in a property tax increase and the County finds that the abatement will be in the public interest because it will accomplish at least one of the following purposes:
 - a. Increase or preserve the tax base;
 - b. Provide employment opportunities within the political subdivisions;
 - c. Provide or help acquire or construct public facilities;
 - d. Help redevelop or renew blighted areas;
 - e. Help provide access to services for residents of the political subdivision;
 - f. Finance or provide public infrastructure; or
 - g. Phase in a property tax increase of the parcel resulting from an increase of 50-percent or more in one year on established market value of the parcel, other than increase attributable to improvement made to the parcel.
- D. Rice County will not support tax abatement for proposals that are not economically feasible.
- E. All projects seeking tax abatement assistance must meet or exceed the job creation and wage goals as established in the Rice County Business Subsidy Policy.

- F. No property tax abatement agreements shall be allowed that provides for abatement of taxes on a parcel if the abatement will occur while the parcel is located in a tax increment-financing district.
- G. Property tax subject to abatement is the net tax capacity based tax of real property including land and buildings. Market value based taxes and special assessments are not eligible for abatement.
- H. In any calendar year, the total amount of property taxes abated by Rice County may not exceed 5-percent of the current levy.

Example: 2008 Levy (total) = \$19,093,972
 5-percent of Rice County levy = \$954,698
- I. The County will not issue bonds to provide advance payment of abatements.
- J. The abatement request must be approved prior to any new construction or improvements being made to the proposed property.

II. EVALUATION CRITERIA

- A. Private Development Objectives. Rice County will consider using Tax Abatement to assist private development projects that strive to achieve one or more of the following objectives:
 1. To retain local jobs and/or increase the number and diversity of high quality jobs that offer attractive wages and benefits.
 2. To encourage additional unsubsidized private development in Rice County, either directly or indirectly through “spin off” development (without the use of tax abatement).
 3. To facilitate the development process and to achieve development of sites that would not be developed without tax abatement assistance.
 4. To remove blight and/or encourage redevelopment of commercial and industrial areas that result in high quality redevelopment, private investment, and an increase in the County tax base.
 5. To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.
 6. To provide infrastructure necessary to accommodate economic development.
 7. To meet other public policy goals, as adopted by Rice County from time to time.
- B. Additional Objectives. Rice County will also consider the following factors when evaluating tax abatement requests to assist private development projects:
 1. In an effort to support local businesses, extra consideration will be given to existing businesses seeking to expand and grow within Rice County.
 2. The extent to which the proposed project creates high quality jobs in the county, paying wages equal to or greater than wages established in the Rice County Business Subsidy Agreement.
 3. The extent to which the proposed project adds to the net commercial, industrial or general tax base of the County and optimizes the private development of the proposed site.

4. Whether or not the proposed project provides services not already provided in the county, or services which are needed.
5. Whether or not the proposed business would be in direct competition with existing businesses in Rice County. Abatements should not be given to businesses, which would receive a competitive advantage over existing businesses in Rice County.
6. The extent to which the project represents “new” dollars into the county.
7. The extent to which the project requires improvements in county infrastructure, such as pollution control, road construction, or other traffic problems. Also to be considered is the impact of the proposal on other county services such as law enforcement, human services, or prosecutions.
8. Whether or not the project will significantly impact environmental/natural resources.
9. The extent to which other political subdivisions are in support of the project.
10. Consistency of the proposed project with County land use regulations.
11. How the proposed project furthers the goals and objectives of the county and/or community.
12. The level of private financial investment into the project.

III. APPLICATION

- A. A written application, available from the Economic Development Department shall be submitted for all projects seeking tax abatement from Rice County.
- B. Applications shall include:
 1. A letter formally requesting tax abatement from Rice County.
 2. Completed application for tax abatement with all support materials attached); and
 3. An application fee of \$500.00. (The applicant will also be required to pay for all attorney and financial consultant fees).
- C. Completed applications shall be submitted, along with required fees, to the Economic Development Department.

IV. APPROVAL PROCESS

- A. The Rice County Economic Development Department will review the tax abatement application and make a finding, as to whether or not the proposed project is consistent with Minn. Stat. §§ 469.1812 to 469.1815 and the requirements and objectives of this policy.
- B. A public hearing shall be scheduled before the Rice County Commissioners.
- C. An Abatement Resolution shall be submitted for consideration by the Rice County Board of Commissioners, who are the final authority on granting approval of tax abatement requests.

V. DEVELOPMENT AGREEMENT AND ANNUAL REPORTING REQUIREMENTS

- A. Development Agreement. All projects granted tax abatement will be required to enter into a Development Agreement. The Development Agreement will be recorded against the property, and will clearly define the responsibilities of the property owner(s) receiving the abatement, and will require annual reporting.
- B. Annual Reporting Requirements. All projects granted tax abatement shall submit annual reports, which comply with Business Subsidy Reporting Requirements as established in Minn. Stat. §§116J.993-116J.995.

VI. RECAPTURE OF ABATEMENT

- A. Imposition of any recapture is at the sole discretion of the Rice County Board of Commissioners and shall be considered on a case-by-case basis.
- B. Recapture considerations may include but are not limited to the:
 - 1. Sale or closure of the facility and departure of the company from the jurisdiction.
 - 2. Significant change in the use of the facility and /or the business activities of the company.
 - 3. Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic condition.
 - 4. Failure to achieve the minimum number of net new jobs and wage level as specified in the abatement policy, application, and County Business Subsidy Policy.
 - 5. Failure to comply with annual reporting requirements.