

**BUSINESS SUBSIDY POLICY AND CRITERIA
FOR
BECKER COUNTY**

(Supersedes all prior Business Subsidy and Tax Abatement Policies)

RESOLUTION #07-07-1D

Adopted by resolution on July 10, 2007

RESOLVED, by the Becker County Board of Commissioners that it shall adopt the following **Business Subsidy Policy and Criteria**:

Preamble. Whenever Becker County (County) invests public funds or agrees to voluntarily forfeit tax or other revenue that benefit private development projects, those projects should create the greatest number of Full Time Equivalent (FTE) jobs that pay a living wage possible for the residents of the County and surrounding region. County policy makers and economic development agents must keep the critical need for living wage FTE jobs the priority whenever public dollars are invested in a private business or development project.

Business Subsidy Public Purpose. The public purposes of this policy include, but are not limited to accomplishing the following on behalf of the County:

1. Increase or preserve the tax base;
2. Create high quality job growth;
3. Retain high quality jobs;
4. Stabilize the community; and
5. Create additional tax base.

This policy is adopted in compliance with M.S. § 116J.994, Subd. 2. A copy of the policy shall be submitted to the Department of Employment and Economic Development (DEED) along with the first annual Business Subsidy report.

Principles of Business Subsidy Implementation. The County shall target its business subsidy assistance to businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to County residents, where applicable, by giving priority to those businesses over businesses that have not traditionally paid living wages.

The County shall focus its business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements as required by Job Opportunity Building Zone (JOBZ) statutes M.S. §§ 469.310-469.320; and/or as required by the Business Subsidy statute M.S. §§ 116J.993-116J.995.

The County agrees to require that a qualified business shall not compete with or displace local businesses currently operating within the subzone community.

I. DEFINITIONS .

“Authorized Business Subsidy Signatory” means the Chairperson of the Becker County Board of Commissioners, who is authorized by this Policy to execute business subsidy agreements on behalf of Becker County, Minnesota.

“JOBZ Business Subsidy” means tax exemptions or tax credits available to a qualified business located in a job zone under the Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310-469.320. JOBZ Business Subsidies shall include:

1. Exemption from individual income taxes as provided under M.S. § 469.316; and
2. Exemption from corporate franchise taxes as provided under M.S. § 469.317; and
3. Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in M.S. § 297A.68. subdivision 37; and
4. Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under M.S. § 297B.03; and
5. Exemption from the property tax as provided in M.S. § 272.02, subdivision 64; and
6. Exemption from the wind energy production tax under M.S. § 272.029, subdivision 7; and
7. The jobs credit allowed under M.S. § 469.318.

“Business Subsidy” means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business, and as defined by Business Subsidy statutes Sections 116J.993 -116J.995. Business subsidies shall include, but not be limited to:

1. Loan
2. Grant
3. Tax abatement
4. TIF or other tax reduction or deferral
5. Guarantee of payment
6. Contribution of property or infrastructure
7. Preferential use of governmental facilities
8. Land contribution
9. Other specified subsidy.

Business subsidies do not include the following:

1. Assistance of less than \$25,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of businesses, size, location or similar general criteria;

3. Public improvements to buildings or lands owned by the County that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Property polluted by contaminants being redeveloped as defined in M.S. § 116J.552, subd. 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance to designated historic preservation sites or districts, provided that the assistance is equal to or less than 50% of the total cost of the development;
6. Assistance to provide job readiness and training services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance from a TIF hazardous substances subdistrict;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under M.S., Chapter 47A refunding bonds and 501 (c)(3) bonds;
15. Assistance for collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under M.S.469.174 subd.19;
17. Redevelopment when the recipients or qualified businesses invest in the purchase of the site and in-site preparation is 70 percent or more of the assessor's current years estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to and reinvested by the local governmental unit;
20. Funds from dock or wharf bonds issued by a seaway port authority;
21. Business loans or loan guarantees of \$75,000 or less; and
22. Federal loan funds provided through the U.S. Economic Development Administration.

"Business Subsidy Report" means the annual reports submitted each year for each business receiving a business subsidy in the community. The report is submitted by the LGU in order to comply with M.S. § 116J.994 Subdivisions 7 and 8.

"Criteria" means the equitably applied, uniform standards by which the Economic Development Agency and/or the County bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the County.

"DEED" means Minnesota Department of Employment and Economic Development.

"Economic Development Agent" means the city department, local or regional economic development agency or other authorized entity that is empowered to solicit, negotiate and form business subsidy agreements on behalf of the County. The Economic Development Agent for the County shall be the Becker County Economic Development Agency (EDA).

"Living Wage Job" shall mean a job which pays wages and health benefits that total at least the rate of 110% of the current poverty level for a family of four.

"Local Governmental Unit" (LGU), means the County.

"Operation Start Date" shall mean the date by which the business begins its operations in the zone as evidenced by constructing a facility or relocating to an existing building in a facility and beginning revenue generating operations and/or hiring employees.

"Qualified Business" means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in M.S. § 469.310 Subd. 11; and complies with the reporting requirements specified by M.S. § 469.313 Subd. 2 (5); and complies with the criteria in Section II. of this policy; and shall also mean "Recipient" as defined by Business Subsidy law. A qualified business shall not include a retail business, a low-wage service business, an agricultural production business, or a business that pays less than the living wage defined in this policy.

"Recipient" means any business entity that receives a business subsidy as defined by M.S. § 116J.993 and that has signed a Business Subsidy Agreement with a city.

"Relocating Business" means a business relocating from another Minnesota non-JOB Zone location.

"Relocation Agreement" means a binding written agreement between a relocating qualified business and the commissioner of DEED pledging that the qualified business shall either: (a) increase fulltime or full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, or (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.

"Subzone" means the parcel or parcels of land designated by the Commissioner of DEED within a Job Opportunity Building Zone and within the boundaries of Becker County to receive certain tax credits and exemptions specified under M.S. § 469.310 - 469.320.

"Zone" means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the Commissioner of DEED under M.S. § 469.314.

II. BUSINESS SUBSIDY REQUIREMENTS

A. Business Subsidy Policies. Becker County adopts the following:

1. Any time the County provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage levels, job creation and other criteria set forth in this policy and specified in the Business Subsidy Agreement made with the LGU. In the event of a conflict between the requirements of the Business Subsidy statute M.S. §§116J.993-116J.995 and the JOBZ statute M.S. §§ 469.310-469.320, the JOBZ statute shall supersede.
2. The qualified business, in the case of a JOBZ business subsidy that is non-quantifiable at the time of the Business Subsidy Agreement, must create and retain for the period of the Job Zone duration or until December 31, 2015, whichever is shorter, an appropriate number of jobs that pay a living wage giving consideration to the total amount of business subsidy received by the business. These jobs shall be created not later than two (2) years from the operating start date of the business or two (2) years from the benefit qualifying date of the business, whichever comes later.
3. The recipient or qualified business shall provide wages equal to 110% of the current poverty level for a family of four. These jobs shall be created not later than a specific date identified in a Business Subsidy Agreement.
4. The County shall have the option of amending or waiving sections of this policy and criteria when determined necessary or appropriate. The Business Subsidy Act allows the County and the EDA to deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to DEED. Amendments to this policy and criteria are subject to public hearing requirements pursuant to M.S., Section 116J.993 through 116J.995.
5. Meeting all or a majority of the criteria, however, does not mean that the business subsidy will be awarded or denied by the County. The County maintains their ability to approve or reject a business subsidy at their discretion, based on the merits of the project and the overall benefit to the community, using the criteria as a means of measuring overall benefit.
6. It is the intent of the County and the EDA to provide a minimum amount of municipal subsidies, as well as other incentives that they may deem appropriate, at the shortest term required for the project to proceed. The County reserves the right to approve or reject projects on a case-by-case basis, taking into account established policies, specific project criteria, and demand on city services in relation to the potential benefits to be received from a proposed project.

Meeting policy guidelines or other criteria does not guarantee the award of business subsidies. Furthermore, the approval or denial of one project is not intended to set precedent for approval or denial of another project.


7. Whenever possible, it is the County and EDA's intent to coordinate the use of business subsidies with other applicable taxing jurisdictions.
8. **Requirements of Businesses.** The Becker County shall require all businesses receiving a business subsidy to comply with the following:
 - a. The business shall attend a properly noticed public hearing shall be held by the County as provided by M.S. § 116J.994. The purpose of the hearing shall be to identify and define the criteria that the qualified business or recipient must meet to be eligible to receive a business subsidy or become a qualified business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals committed to by the qualified business. As provided by M.S. 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing, identifying the location, date time and place of the hearing; and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.
 - b. If the business is qualified to receive JOBZ tax benefits, that business shall agree to continue operations in the jurisdiction where the subsidy is used (the subzone) for the duration of the job zone term.
 - c. If the qualified business or recipient is a relocating business under the definition in this policy, the business shall be required to enter into a binding written "Relocation Agreement" between the qualified business and the commissioner of DEED pledging that the qualified relocating business shall:
 - (1) Commit to signing a Relocation Agreement with DEED; and
 - (2) Increase full time employment by 20% (measured relative to the operations that were relocated) within the first full taxable year of operation within the Zone and maintains the required level of employment during each year of zone designation; or
 - (3) Make a capital investment in the Zone equivalent to at least 10% of gross revenues for the taxable year immediately preceding relocation to the Zone.
 - d. The business shall identify an operation start date when business operations for the proposed qualified business are planned to begin in the zone. The date when business operations begin is called the "operation start date."

Adopted by the Becker County Board of Commissioners, Becker County, Minnesota,
effective upon the adopted date.

For: _____

Against: _____

Date Adopted: 7/10/07



Barry Nelson, County Board Chair

Date: 7-10-07



Brian C. Berg, County Administrator

Date: 7/10/07