

City of Gaylord Economic Development Tax  
Abatements Policy

Adopted by City Council: December 5, 2007

*WHEREAS*, the 1997 Minnesota State Legislature authorized cities, school districts and counties to rebate all or part of their respective portions of a parcel's property tax as an incentive to economic development provided the designated project meets criteria as established; and,

*WHEREAS*, the Gaylord City Council believes that a strong economy is critical to the continued comprehensive growth and health of the City of Gaylord; and,

*WHEREAS*, the City of Gaylord is concerned that direct government involvement in the economic development process through the abatement of property taxes may shift a disproportionate share of the tax burden to other properties in the community:

*WHEREAS*, any failure by (Re) Developer to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed occurs, the City may suspend its performance under the terms of the Development Agreement.

*NOW, THEREFORE, BE IT RESOLVED* that the City of Gaylord will grant economic development abatements only where extraordinary or special circumstances exist and the abatement of taxes would be in the demonstrated interest of the tax paying public.

*BE IT FURTHER RESOLVED* that the primary purpose of the City of Gaylord economic development abatements shall be for the creation or preservation of private sector, livable wage jobs in the community or for the redevelopment or renewal of blighted areas.

*BE IT FURTHER RESOLVED* that the EDA and City Council designates the Economic Development Authority as the body responsible for reviewing and giving recommendation upon economic development abatement requests. The extent to which other levels of local government are in support of the project will be taken in consideration.

*BE IT FURTHER RESOLVED* that the City Council adopts the procedure in Exhibit A (attached), which will be in effect with regard to the consideration of economic development abatements.

## **EXHIBIT A**

### **Economic Development Abatement Procedure**

- 1.) Abatements will be considered on a case-by-case basis.
- 2.) For an abatement request to be considered, an Economic Development Abatement Worksheet (Exhibit B attached) must be submitted to the City of Gaylord Economic Development Authority.
- 3.) Each Economic Development Abatement Worksheet will be reviewed by the members of the Economic Development Authority. Information on program applicants (including but not limited to: names, credit reports, financial statements, income calculations, and asset information) is private data, which must be administered in accordance with the Minnesota Government Data Practices Act.
- 4.) The authority, along with City Administrator or their designees input will ascertain from the worksheet whether the abatement request meets statutory criteria.
- 5.) In addition, the authority will consider the City of Gaylord policy with regard to the recommendation of economic development abatements.
- 6.) If the authority votes to recommend or not recommend the abatement request, it will be forwarded to the City Council.
- 7.) The City Council will develop a proposed resolution which specifies:
  - A. The nature and extent of the public benefit or detriment resulting from the abatement.
  - B. The terms of the abatement:
    - (1) Amount (New construction not to exceed 75% of city abatable amount)
    - (2) Duration
      - a. Up to maximum of years allowed by current state statute.
      - b. City Council may limit the abatement in any other manner it deems appropriate.
- 8.) The City Council will hold a public hearing on the abatement.
- 9.) The City Council will consider for adoption a resolution for abatement.

If the Council votes to deny the abatement request, the property owner or representative will be notified in writing within two weeks subsequent to the Council meeting.

- 10.) The City Council will add to its levy amount the levy amount of all current year abatements granted. Applications approved between July 1 previous year and of June 30 of the current year will be considered current year abatements, and the total of such current year abatements granted shall be included within the proposed levy and final levy for the City. (May bond for the amount if the City wishes to provide abatement in advance.)
- 11.) The City will pay the abatement to the property owner, lessee or a representative of bondholders as provided in the abatement resolution and development agreement.
- 12.) The economic development abatements will not be transferable to another party, should the property change ownership without Council approval.
- 13.) The City Council may change or modify these procedures as it deems necessary.

**EXHIBIT B**

**Economic Development Abatement Worksheet**

Date \_\_\_\_\_

1.) Name of Property Owner \_\_\_\_\_

2.) Property Tax Number or PIN \_\_\_\_\_

3.) Description of expected financial benefit to city (the benefit must be equal or greater than the cost of the abatement.)

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4.) Description of public interest served by the proposed abatement  
Increase or preserve tax base. \_\_\_\_\_ yes or \_\_\_\_\_ no – If yes, how?

Provide jobs? When, how many, what type, proposed pay scale?

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Provide or help acquire or construct public facilities for which facilities? How?

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Redevelop or renew blighted areas. How?

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Provide access to services for residents. How?

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- 5.) Please disclose and attach income/expense statements or profit/loss projections
- 6.) Requested tax amount to be abated \_\_\_\_\_
- 7.) Requested duration of abatement \_\_\_\_\_
- 8.) Has an economic development abatement been requested or granted by the school district or county? If so, please include details of the request or the abatement.
- 9.) What other public funding programs have been applied for or utilized?

Note: Economic development abatements may not be entered into if the property is collecting tax increment financing (TIF) revenues.