

**Policy 8752 ECONOMIC DEVELOPMENT TAX ABATEMENT**  
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**POLICY STATEMENT**

The Dakota County Board of Commissioners will consider granting economic development or redevelopment abatements for properties eligible under Minn. Stat. §§ 469.1812 to 469.1815.

The Dakota County Board of Commissioners will consider granting economic development or redevelopment abatements for the following purposes:

- **Provide employment opportunities within the political subdivision.** Dakota County includes in this category creation or preservation of private sector livable wage jobs.
- **Help redevelop or renew blighted areas.** Dakota County includes in this category Brownfield remediation and environmental cleanup.
- **Help to provide access for services for residents of the political subdivision.** Dakota County includes in this category creation of affordable rental and owner occupied housing.
- **Finance or provide public infrastructure.** Dakota County includes in this category public infrastructure investment for government entities.

**DEFINITIONS**

*Affordable Rental Housing:* The rental housing project must meet all of the requirements for a low income housing credit under section 142(d) of the Internal Revenue Codes, regardless of whether the project actually receives housing credit.

*Brownfields:* Abandoned, idled or under-used industrial or commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

*Eligible Properties:* Commercial and industrial property and residential property (including single family housing) that meets required conditions as outlined in Minn. Stat. § 469.1813, subv. 1.

*Livable Wage:* Living wage levels that are equal to what a full-year, full time worker would need to earn to support a family of four at the poverty line (\$17,690 or less as of year 2000).

*Low Income Rental Housing:* Housing to be rented by persons whose income is at or below 50% of the area median income.

**SOURCE**

The authority for establishing this policy resides in Minnesota Statutes 469.1812 to 469.1815

Dakota County Board Resolution No. 01-387, adopted June 26, 2001.

**BACKGROUND**

The Dakota County Board is authorized to grant an abatement of taxes imposed on a parcel of property. Under this statute the taxes are not reduced. The taxes are paid in the standard manner and then 1) rebated to the property owner, 2) reallocated to pay bondholders, 3) reallocated to pay for public infrastructure, or 4) repaid to the property owner with the agreement that they will be paid in the future. Property that is included in a Tax Increment Finance Plan may not receive an economic tax abatement. Cities, township and school districts may also grant economic tax abatements on a parcel for which the county grants it. The decision of each governmental unit does not preclude or restrict the decision of any other unit.

## **LIMITATIONS**

By law Economic Development abatements have the following limitations:

- The County Board must find that the expected benefits to the county equal or exceed the amount of county taxes subject to the abatement agreement.
- The County Board will limit approved abatements to one percent of the county tax levy for that year.
- The 10-year abatement value is granted on the land and building improvements. This per parcel limitation shall not be applicable to county owned properties.
- No abatement will be paid if property tax on the parcel is delinquent on the first business day, following the year when actual taxes were due.

Although the county may issue bonds to fund the approved abatement, the county declines to issue bonds for this purpose unless the bonds relate to county initiated projects.

## **EVALUATION STANDARDS**

The Dakota County Board shall approve tax abatements for a specific project for economic development purposes with the following being considered:

1. The extent to which the plan is compliant with Dakota County Abatement Policy.
2. The extent to which the public's interest is served.
3. The extent to which new employment opportunities provide benefits and livable wages for employees.
4. The extent to which the project creates affordable rental and owner occupied housing.
5. The extent to which the project limits costs for road construction, traffic control, law enforcement, human services and other budgetary items.
6. The extent that other local governments support the project, including but not limited to tax abatements on the subject property.
7. The extent to which other public assistance is provided to the project. State law prohibits tax abatement under this authority if the property is located in a tax increment financing district.

## **PROCEDURES**

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

1. A general description of the project, including sizes and types of building, business type and expected use.
2. A copy of a city, town, or school board position paper regarding the abatement proposal.
3. Requests, if applicable, for County participation in the project.
4. A map or site plan showing the boundary of the project and the property identification number(s) and legal description(s) of the parcels subject to the abatement.
5. Statements identifying the public benefits of the proposal.
6. Statements relating to new traffic generated, including parking capacity, projected vehicle counts, traffic flow and pedestrian safety.
7. The total amount and type of tax abatement requested and the amount and duration of the annual abatement payments.
8. A \$79 per hour fee for administrative service.