2004-19

RESOLUTION
OF THE COUNTY
OF
MEEKER

To *Amend* Its

"Business Subsidy Policy and Criteria"

Originally passed on August 17, 1999

RESOLVED by Meeker County that it shall adopt the following **Business Subsidy Policy and Criteria**:

Preamble. Whenever Meeker 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 FTE jobs that pay a living wage possible for the residents of the County and the 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. If a particular project does not involve the creation of jobs, but is nonetheless found worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

Business Subsidy Public Purpose. The public purposes of this policy shall be to accomplish any of the following on behalf of Meeker County.

1. Enhance economic growth in this area
2. Create high quality job growth in this area
3. Retain high quality jobs in this area
4. Stabilize the community

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 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) statute M.S. §§ 469.310 - 469.320; and/or as required by the Business Subsidy statute M.S. §§ 116J.993 - 116J.995.

All other things being equal and to the extent legally possible, the County shall give preferential treatment for business subsidies to businesses that engage in responsible labor relations defined as not having been adjudicated, whether civilly, criminally or through arbitration, as committing an unfair labor practice within the previous five years.

Although the primary purpose of this policy is the creation of living wage jobs, we cannot achieve our economic development goals without a trained and ready workforce and adequate childcare. The county shall commit to assist businesses to obtain trained and work-ready employees through the DEED Workforce Development Centers; MNSCU and other services; and to facilitate access to childcare.

The County agrees to require that a qualified business shall not directly compete with or engage in unfair competition, or involuntarily displace, local businesses currently operating within the subzone community.

I. DEFINITIONS

"Authorized Business Subsidy Signatory" means the County Board Chair or his/her designee, who is/are authorized by this Policy to execute business subsidy agreements on behalf of Meeker County.

"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 (OPTIONAL SECTION) 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 the Business Subsidy statute M.S. §§ 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 Business' investment 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 Subd. 7. (b).

"Criteria" means the equitably applied, uniform standards by which the Economic Development Agency and /or the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in Meeker 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 Meeker County. The Economic Development Agent for Meeker County shall be the Executive Director of Meeker County Development Corporation, hereinafter "Agent".

"Health Insurance" means basic health insurance which shall strive to include: employer premium payment of at least 70% for individual coverage or 50% premium payment for family coverage; with a maximum yearly deduction of not more than 10% of the employee annual salary.

"Living Wage Job" shall mean a job which pays wages, health and other benefits that total at least the rate of Eleven ($11.00) per hour.

"Local Governmental Unit" hereinafter LGU, means the statutory or home rule charter city, county, town, iron range resources and rehabilitation agency, regional development commission.

"Operation Start Date" shall mean the date by which the business begins is 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 shall comply with the criteria in Section II.C. of this agreement; 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 agreement.

"Recipient" mean 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" 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 full-time for 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 parcel of land designated by the Commissioner of Employment and Economic Development within a Job Opportunity Building Zone within the boundaries of Meeker 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 Employment and Economic Development under M.S. § 469.314.

II. BUSINESS SUBSIDY REQUIREMENTS

A. **Business Subsidy Policies.** Meeker County adopts the following:

1. Any time Meeker 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 recipient, in the case of a quantifiable non-JOBZ business subsidy, shall create and retain at least one full-time living wage job and provide employer paid basic health insurance for said job for each $25,000 of business subsidy received. These jobs shall be created not later than two years from the date of the subsidy agreement.

3. 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, at least one FTE job that pays a living wage for every $250,000 of the total estimated value of all tax exemptions and credits the business anticipates receiving.

4. The recipient or qualified business shall provide cash benefits including health insurance equal to 7% of wages. These jobs shall be created not later than a specific date identified in a Business Subsidy Agreement.

5. The qualified business shall be identified in the Business Subsidy Agreement as a:

   a. Trade or business located in and operating in a JOBZ or APF Zone at the time of Zone designation; **OR**

   b. New trade or business start-up located with the subzone; **OR**

   c. Business expanding in the subzone which is a business that maintains its current operations in its current location and is expanding its operations *and* its payroll within a Meeker County subzone; **OR**

   d. A business relocating from another state; **OR**

   e. A business relocating from another Minnesota non-Zone location specifying a city within Meeker County.

6. Meeker County may deviate from wage and job criteria in Section II, by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.

7. Meeker County shall encourage and give priority to businesses whose intent is to fill new job positions with Meeker County residents. It is expected that all qualified businesses or recipients shall have a quantified target for the number of residents to be hired.

8. Meeker County authorizes Meeker County Development Corporation to act as its Economic Development Agent for purposes of marketing, initiating Business Subsidy Agreements. Meeker County Development Corporation may also work in executing Business Subsidy Agreements as approved by the County Board.

9. **Requirements of businesses.** Meeker County shall require all businesses receiving a business subsidy to comply with the following:

   a. The business shall attend a properly noticed public hearing that shall be held by the *County* as provided by M.S. § 116J.994, when the value of the subsidy does or is expected to exceed $100,000 from local sources. The purpose of the hearing shall be to identify and define the criteria that the qualified business or recipient shall meet in order 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 to 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 agreement, 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

      CHOOSE ONE from 2 or 3:

      (2) Cease one or more operations or functions at a non-Zone location and begin performing substantially the same functions inside the Meeker County Zone; or

      (3) Reduce employment at the non-Zone location starting one year before and ending one year after beginning operations in the Zone where its employees in the Zone are engaged in the same line of business as the employees at the location where it reduced employment; and

      CHOOSE ONE (or BOTH, if applicable) from 4 and 5:

      (4) 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

      (5) 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".

Passed on this 6 day of April, 2004

Amy Wilde

Amy Wilde, Meeker County Board Chair

Attest:

Barbara Loch

Barbara Loch, Meeker County Auditor