Amended Business Subsidy Policy

This Policy is adopted for purposes of the business subsidy act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995, as amended. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The granting of subsidies shall be guided by the following principles and criteria:

- Each project shall be evaluated based on its perceived importance and benefit to the community from all perspectives deemed relevant, including created or retained employment positions, where applicable.

- The Act now provides that, after public hearing thereon, if the creation or retention of jobs is determined not to be a goal of a business subsidy, the wage and job goals may be set at zero. Where creation or retention of jobs is a goal, the specific number of jobs to be created or retained shall be stated in the subsidy agreement. Where creation of new jobs is required, those all non-retail jobs shall have a wage floor of the 25th wage percentile of all occupations in the metro area as determined by DEED (Minnesota Department of Employment and Economic Development).

- The specific minimum requirements under Section 116J.994, Subdivision 2, of the Act that a recipient must meet in return for the business subsidy shall be, where applicable:

  - The retention of existing jobs,

  - The creation of the specified number of new jobs at or exceeding the wage floor, and/or

  - Where the subsidy relates to the acquisition of personal property or the acquisition and/or physical development of real property, the substantial completion of the acquisition or development thereof.

  Where applicable, the foregoing shall also be the stated measurable, specific and tangible goals for the subsidy under the related subsidy agreement, as provided in Section 116J.994, Subdivision 3(3), of the Act.

- It is recognized that a particular project which does not include as a goal the creation or retention of jobs may nonetheless be worthy of support and subsidy in respect of other perceived benefits.

- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably specific and demonstrable evidence of the job loss, absent the subsidy.

- Subject to the wage floor, where applicable, the setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy, as may be permitted by but subject to the procedural and other requirements of the Act.

- As provided in the Act, deviations from the criteria of this Policy are permitted by documenting in writing the reasons for the deviation and attaching a copy of the document to the next annual report to the Minnesota Department of Employment and Economic Development (DEED).

This Policy is intended to conform to the requirements of the Act, including the year 2000 amendments thereto. A copy of this Policy (and any amendments hereto) shall be submitted along with the first annual report to DEED following its adoption.

Originally Adopted by Blaine Economic Development Authority: September 16, 1999
Amended Adopted by Blaine Economic Development Authority: June 3, 2004
Adopted by City of Blaine: June 3, 2004

CITY OF BLAINE

TO:	Mayor and City Council	APPROVED:	
FROM:	Bryan K. Schafer, Planning Director		
DATE:	June 3, 2004	NO.:	9.1

ITEM: **PUBLIC HEARING:**

Resolution No. 04-110, Amending the Policy and Criteria for Granting Business Subsidies under Minnesota Statutes, Sections 116J.993 through 116J.995

SCHEDULE OF ACTIONS:

- City Council (Public Hearing) 06/03/04

PLANNING COMMISSION:

No action is required by the Planning Commission.

BACKGROUND:

The 1999 Minnesota State Legislature adopted the Business Subsidies Act, Minnesota Statutes, Sections 116J.993 through 116J.995. As a result of this action, each local government authority must hold a public hearing and adopt its own policy. No subsidy to any business can be granted by the local governing agency until a policy has been adopted. This Policy sets basic standards. Any request for future assistance may set additional specific standards to be met.

The City Council approved a Subsidy Policy in 1999. The attached is an updated policy and would replace the original. The original is also attached for reference.

RECOMMENDED COUNCIL ACTION:

By motion, approve Resolution 04-110.

ATTACHMENT:

Resolution No. 04-110
Business Subsidy Policy
1999 Business Subsidy Policy

CITY OF BLAINE

RESOLUTION NO. 04-110

AMENDING THE POLICY AND CRITERIA FOR GRANTING BUSINESS SUBSIDIES UNDER MINNESOTA STATUTES, SECTIONS 116J.993 THROUGH 116J.995

WHEREAS, the State of Minnesota at its 1999 Legislative Session adopted the Business Subsidies Act; and

WHEREAS, as a result of this legislation, each local government authority must hold a public hearing and adopt its own policy; and

WHEREAS, no governing agency can grant a subsidy until a policy has been adopted.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Blaine, Minnesota hereby adopt the Business Subsidy Policy here attached.

PASSED by the Blaine City Council this 3rd day of June 2004.

Tom Ryan, Mayor

ATTEST:

Jane M. Cross, CMC, City Clerk

COUNCIL ACTION 04-172