

TAX ABATEMENT POLICY

PURPOSE:

The purpose of this Policy is to ensure that the use of Tax Abatement shall be consistent with the long-term economic development program of the city. The fundamental purpose of tax abatement in Woodbury is for the City to utilize this tool to repay debt issued for installing public improvements without assessing the cost to benefiting property owners, which results in making sites more desirable for development. This mechanism thereby encourages development or redevelopment to occur that would not otherwise occur but for the use of Tax Abatement. It is not the City’s intention by this Policy to create an application process for Tax Abatement whereby abatement assistance flows directly to a developer to reduce costs associated with a project.

The City of Woodbury is granted the power to utilize Tax Abatement by State Statutes 469.1812 – 469.1815. It is the intent of the City to provide the minimum amount of Tax Abatement for the shortest term required that results in the most desirable development.

The City Council and Economic Development Authority can deviate from this policy for projects that supersede the objectives identified herein.

Authority:

Minnesota State Statutes 469-1812 through 469-1815 govern the use of tax abatement and supersede any issues that conflict with this Policy.

POLICY CONSIDERATIONS:

The City of Woodbury will consider providing Tax Abatement for public improvement projects that achieve the following:

1. Demonstrate long-term benefits to the community.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits through
 - Diversification of the local economy
 - Providing a high number of full time permanent jobs at good wages
 - Providing jobs to persons who are currently unemployed or underemployed
3. Significantly adds to the City’s commercial and industrial tax base by providing a high quality development.
4. To encourage additional unsubsidized private development in the area, either directly or indirectly through “spin off” development.
5. To facilitate the development process and to achieve development on sites which would not otherwise be developed but/for the use of Tax Abatement.
6. To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
7. To offset increased costs of redevelopment related to public improvements over and above the costs normally incurred.
8. To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
9. To aid in implementing the Strategic Plan for Economic Development.

POLICY STATEMENTS:

1. The City intends to use Tax Abatement to repay debt issued for installing public improvements without assessing the cost to benefiting property owners, which results in making sites more desirable for development.
2. The use of Tax Abatement shall be in accordance with state law. Because changes are frequently made to the state law regarding the use of Tax Abatement, conflicts in the regulations may occur from time to time. If a conflict arises between this policy and the state law, the more restrictive language will apply.
3. Tax Abatement projects must be consistent with the City's Comprehensive Plan, as determined by the Planning Commission and City Council.
4. Tax Abatement projects must be consistent with the City's Strategic Plan for Economic Development, as determined by the Economic Development Authority and City Council.
5. Tax Abatement projects that promote the completion of major public improvement projects within the City of Woodbury such as the installation of trunk sewer and water lines, and major transportation projects, are preferred.
6. The City reserves the right to utilize Tax Abatement in the most fiscally responsible manner including the issuance of Tax Abatement bonds or on a pay-as-you-go method. The use of Tax Abatement bonds will be considered on a case-by-case basis for public improvements or projects that are determined to meet/exceed the City's development goals.
7. The city of Woodbury shall only use Tax Abatement to encourage economic growth and development within the Metropolitan Urban Service Area (MUSA). (See attached map)

City Administrator

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