

# **City of Stewartville, Minnesota Business Subsidy Criteria Policy**

## **1 PURPOSE AND AUTHORITY**

- 1.1 The purpose of this document is to establish the criteria for the City of Stewartville, Minnesota (the "City") for granting of business subsidies for private development. The criteria shall be used as a guide in the processing and reviewing of applications requesting business subsidies. The business subsidy criteria contained herein amends the City's business subsidy criteria policy adopted on August 16, 1999.
- 1.2 The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995 (the "Statutes").
- 1.3 Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, 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.
- 1.4 These criteria are to be used in conjunction with other relevant policies of the City.
- 1.5 The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Trade and Economic Development with the next annual report.
- 1.6 The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes. The City may waive provisions of these criteria without holding a public hearing.

## **2 PUBLIC PURPOSE REQUIREMENT**

- 2.1 All business subsidies must meet a public purpose.
- 2.2 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. Preference will be given to those projects that create jobs. The determination that jobs are not a public purpose for the subsidy and that the related wage and job goals for a subsidy shall be zero may be made following a public hearing on that question.

- 2.3 The creation of tax base shall not be the sole public purpose of a subsidy.
- 2.4 The wage floor for wages to be paid for the jobs created shall be 110% of the established federal minimum wage level in food service businesses, 120% of the established federal minimum wage level in commercial/banking/service businesses and 155% of the established federal minimum wage level industrial businesses. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

### **3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.1 All new projects approved by the City should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.
- 3.2 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:
  - a. The subsidy must achieve a public purpose.
  - b. The project must comply with local plans and ordinances.
  - c. The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur.
  - d. The recipient must enter into an agreement pursuant to these criteria and the Statutes.
- 3.3 A recipient of a business subsidy must enter into a subsidy agreement with the City as described in Section 4.
- 3.4 A recipient of a business subsidy must make a commitment to continue operations within the City for at least five years after the benefit date.
- 3.5 Any business subsidy will be at the lowest possible level and for the least amount of time necessary, after the recipient maximizes the use of private debt and equity financing first.

### **4 SUBSIDY AGREEMENT**

- 4.1 In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for failure to meet goals required by the Statutes.
- 4.2 The subsidy agreement may be incorporated into a broader development agreement for a project.

Adopted by the City Council of Stewartville this 23rd day of March, 2004.

Chris Gray, Mayor

ATTEST:

Tony R. Chladek, City Administrator

Recommendation to Amend June 19, 2012 by the EDA

Council amended on July 10, 2012