

MARTIN COUNTY

BUSINESS SUBSIDY POLICY

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995, as amended (the "Act"). The term "County" means Martin County. The term "project" means the development or property with respect to which the business subsidy is provided. The term "business subsidy" means all financial assistance deemed to be a "business subsidy" pursuant to Section 116J.993, subd. 3 of the Act.

A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. "But-For" Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representation of the recipient of the business subsidy.
2. Public Purpose. The business subsidy must meet a public purpose which may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. Suggestions for business subsidy public purposes are set forth in Exhibit A.
3. Jobs and Wages Goals. Projects provided a business subsidy must create at least 1 full-time equivalent job. The wage floor for wages to be paid for the jobs created shall be not less than 150% of the State minimum wage in effect at the time the subsidy is granted. The County will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section. Where job loss is specific and demonstrable, the project may meet the Jobs and Wages Goals by retaining jobs at the project. If the County finds that creation or retention of jobs is not a goal for a particular project, the Jobs and Wages Goals may be set at zero.
4. Economic Feasibility. The recipient must demonstrate to the satisfaction of the County that it has adequate financing for the project and that the project will be completed in a timely fashion.
5. Compliance With Act. The business subsidy from the County must satisfy all requirements of the Act.

B. PROJECT REVIEW AND EVALUATION POLICY

1. The County recognizes that the creation of livable-wage jobs is a desirable goal which benefits the community. Nevertheless, 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 level requirements may be unrealistic and counter-productive in the face of larger economic forces, and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefor will be guided by the following principles and criteria:

- a. Each project will be evaluated on a case by case basis. The evaluation will take into

consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.

b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals, provided that the County documents in writing the reasons for deviating from the Jobs and Wage Goals set forth in Section A of this policy.

c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence demonstrating that the loss of those jobs is imminent.

d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external forces over which neither the County nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.

2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the County retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein. The reasons for deviations from the business subsidy criteria set forth herein will be documented in writing.

3. Certain financial assistance provided by the County may be exempted from this policy pursuant to Section 116J.993, subd 3 of the Act.

C. PROJECT REVIEW AND EVALUATION PROCEDURE

The County will consider one or more of the criteria listed in this Section C in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply;

1. The County may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the County.

2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.

3. If the business subsidy involves the conveyance of real or personal property at a write-down, the amount of the subsidy will be difference between the conveyance price and the fair market value of the property as determined by the County.

4. If the business subsidy is received over time, the County may value the subsidy at its present value using a discount rate equal to an interest rate which the County determines is fair and reasonable under the circumstances.

D. PROJECT REVIEW AND EVALUATION CRITERIA

1. Jobs and Wages. Each project granted a business subsidy must meet the Jobs and Wages Goals described in this policy within two years of the benefit date. As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earlier of (i) when the improvements are finished for the entire project, or (ii) when a business occupies the property (upon receipt of a certificate of occupancy).
2. Continued Operation of Project. Each project granted a business subsidy must continue its operations at the site of the project for at least five years following the benefit date.
3. Increase in Tax Base. The County will consider the net increase in property taxes estimated to be generated by the project in the first full year of operation. The creation of tax base cannot be the sole public purpose for a business subsidy.
4. Land Use. The County will consider:
 - a. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example, property may be so blighted that the cost of making land ready for redevelopment exceeds the property fair market value.
 - b. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the County, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.
 - c. Highest and Best Use. Whether the project will encourage and promote the highest and best use of land.
5. Impact on Existing and Future Public Investment. The County will consider:
 - a. Utilization of Existing Infrastructure Investment. Whether and to what extent (i) the project will utilize existing public infrastructure capacity and (ii) the project will require additional publicly funded infrastructure investments.
 - b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the County to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.
6. Economic Development. The County will consider:
 - a. Leveraged Funds. The amount of the business subsidy to be provided for the project as compared to the amount of private funds which will be applied towards the capital cost of the project.

b. Spin Off Development. The dollar amount of nonsubsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

c. Growth Potential. Based on the recipient's market studies and plans for expansion, whether and to what extent the project will produce a net increase of full-time equivalent jobs and of payroll, over and above the minimum number of jobs and wages set forth in Section A above.

7. Quality of Life. The County will consider:

a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

b. Unmet Housing Needs. Whether the project will provide housing alternatives the County currently needs but which are not available.

8. Other.

a. Other Factors. Depending on the nature of the project, the County will consider such other factors as the County may deem relevant in evaluating the project and the business subsidy proposed for it.

E. BUSINESS SUBSIDY AGREEMENTS.

The terms and conditions of all business subsidies shall be documented in writing in an agreement between the County and the recipient of the business subsidy.

Adopted by the Board of Commissioners of Martin County on 5/20/, 2014
Date of Public Hearing of Board of Commissioners: 5/20/, 2014

EXHIBIT A

SUGGESTIONS FOR SUBSIDY PUBLIC PURPOSES

Grantors may wish to consider any of the following public purposes, among others, when considering an applicant's request:

1. Increasing the tax base may be used as a public purpose as long as it is not the only public purpose.
2. Job retention may only be used in cases where job loss is specific and demonstrable.
3. The project provides a service or meets a consumer need not currently addressed in the County.
4. The project represents a significant investment in an area of the County that is economically depressed.
5. The project will remove blighting influences or rehabilitate an area of the County in need of revitalization.
6. The project will stimulate additional capital investment in a geographic area of the County and act as a catalyst for future (re)development.
7. The project will cause surrounding property values to increase and will stabilize the area.
8. The project will anchor a needed commercial center for the County.
9. The project will enhance the viability of other businesses in the County.
10. The project will assist in the processing, packaging, distribution, or marketing of agricultural products grown in the region.
11. The project will assist in the orderly growth of the County and generate significant economic spin off.
12. The project will prevent the closure of business needed in the community due to merger, physical expansion, change in market or economic factors, downsizing, and other factors.
13. The project will employ a classification of people in the community at large who are not fully employed.
14. A business subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the County.