

239-04

Etc

City of Rochester
Subsidy Policy

RESOLUTION

WHEREAS, as part of the law governing the State of Minnesota's JOBZ program, participating communities awarding business subsidies under the program must adopt specific JOBZ business subsidy criteria.

NOW, THEREFORE, BE IT RESOLVED that the City of Rochester hereby adopts the following JOBZ Business Subsidy Policy and Criteria:

Preamble. Whenever the City of Rochester agrees to voluntarily forfeit tax or other revenue that benefit private development projects, those projects should create the greatest number of living wage jobs. City policy makers must keep the critical need for living wage jobs the priority whenever public dollars are invested in a private business or development project.

Business Subsidy Public Purpose. The public purposes of this policy shall be to accomplish the following on behalf of the City of Rochester.

- 1. Enhance economic growth
- 2. Create high quality jobs
- 3. Retain high quality jobs
- 4. Stabilize the community
- 5. Such other objectives as may be established by the City Council

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.

Business Subsidy Implementation. The City of Rochester will focus its business subsidy assistance to businesses which demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees by giving priority to those businesses over businesses that have not traditionally paid living wages.

The City of Rochester will 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.

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 child care. The city will encourage businesses to obtain trained and work-ready employees through the DEED Workforce Development Centers; MNSCU and other services; and to facilitate access to child care.

I. DEFINITIONS

"Authorized Business Subsidy Signatory" means the Mayor and City Clerk, who are authorized by this Policy to execute business subsidy agreements on behalf of the City of Rochester.

"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;

"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 subsidy does 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 City of Rochester 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 from 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 report submitted by the LGU required to comply with M.S. § 116J.994 Subd. 7. (b).

"Criteria" means the equitably applied, uniform standards by which the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City of Rochester.

"DEED" means Minnesota Department of Employment and Economic Development.

"Economic Development Agent" means the city department that is empowered to solicit, negotiate and form business subsidy agreements on behalf of the City of Rochester".

"Living Wage Job" shall mean a job which pays wages and health benefits that total at least the rate of 110% of the current poverty level for a family of four.

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

"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 policy; 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" means any business entity that receives a business subsidy as defined by M.S. § 116J.993, and that has signed a JOBZ Business Subsidy Agreement with the City of Rochester.

"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 will 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 the City of Rochester 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.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF
ROCHESTER, MINNESOTA, THIS 17th DAY OF May, 2004.

John H. Hartzel
PRESIDENT OF SAID COMMON COUNCIL

ATTEST: Natori Kangaseth
Deputy CITY CLERK

APPROVED THIS 18th DAY OF May, 2004.

Leidell F. Breda
MAYOR OF SAID CITY

(Seal of the City of
Rochester, Minnesota)