

**Business Subsidy Policy  
City of Wadena**

This policy is adopted for the purposes of the business subsidies act (the Act), as outlined in Minnesota Statutes Section 116J.993 through Section 116J.995. Terms used in this policy are intended to have the same meaning as used in the Act. This policy shall be applied as outlined in Section 116J.993, Subdivision 3, of the Minnesota Statutes.

It must be recognized that governmental units, at all levels, routinely provide subsidies of various form and structure to various recipient entities. This is done with the expectation that the subsidy will result in the creation or enhancement of a public benefit. The amount of the subsidy should be proportional to the anticipated level of benefit to the public. This principle will be the underlying criteria used by the City of Wadena and its agencies in evaluating subsidy requests.

Because projects vary greatly in structure and public benefit derived, each project will be considered on its own merits. Consideration will be given to projects providing public benefits in one or more of the following six categories:

- Creation of new jobs/increase in total payroll. In the case of new job creation, new jobs must pay an average equal to or greater than 1.5 times the federal minimum wage. Preference will be given to jobs that also provide benefits such as health care.
- Generation of economic activity in general. Because jobs are not always the best measure of successful economic development projects, criteria such as taxable sales and external market capture (as provided by tourism- and travel-based businesses) will be considered.
- Support-role businesses. Suppliers, professional services, and end users (of the goods or by-products of existing businesses) that serve to support and strengthen the existing economic base will be considered.
- Projects that enhance/increase diversification of the economic base of the community will also be considered. New job wage requirements will apply to any new jobs created.

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- Quality of Life based businesses/projects. Those businesses/entities that provide a desirable good or service – and address an unmet demand in the community - will be considered favorably. New job wage requirements will apply to any new jobs created.
- Retention of existing jobs. To be considered under this category, it must be demonstrated – to the satisfaction of the City of Wadena and its agencies – that the loss of jobs is specific and demonstrable.
- In every case, new jobs must pay an average wage equal to or greater than 1.5 times the federally mandated minimum wage.
- Any business locating in a designated Job Opportunity Building Zone will be required to enter into a business subsidy agreement with the City of Wadena in order to receive the tax benefits. New job wage requirements will apply to any new jobs created in the JOB Zone.

Because it is not possible to anticipate every potential project desiring a subsidy, the governing body must retain the right to review and approve subsidies that result in public benefit but vary from the principles and criteria of this policy. The burden will be on the applicant to demonstrate, to the satisfaction of the City of Wadena and its agencies, that the public benefit justifies the requested subsidy.

In all cases of business subsidy, where the subsidy is equal to or greater than the threshold prescribed in state statute, a subsidy agreement will be entered into between the funding entity and the recipient. This agreement will delineate the subsidy structure and amount, as well as the expected public benefit. The agreement will include provisions for repayment or other resolution options if the expected public benefit is not achieved. All business subsidies will be subject to the criteria outlined in Minnesota Statutes Section 116J.993 through Section 116J.995, except those subsidies as exempted by same.

Policy adopted by Wadena City Council on the 28th day of November, 2000.  
Policy revised by the Wadena City Council on the 4th day of November, 2003

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Wayne Wolden, Mayor

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Bradley Swenson,  
City Administrator