

**COUNTY OF OTTER TAIL  
BUSINESS SUBSIDY POLICY**

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes Sections 116J.993 through 116J.995 (the "Act").

**A. BUSINESS SUBSIDY PUBLIC PURPOSE.**

The public purpose of this policy shall be to accomplish the following on behalf of the County of Otter Tail:

1. Enhance economic growth in Otter Tail County;
2. Create high quality job growth in Otter Tail County;
3. Retain high quality jobs in Otter Tail County; and
4. Enhance the value of surrounding properties and subsidize the area.

This policy is adopted in compliance with Minn. Stat. 116J.994, subd. 2. A copy of the policy shall be submitted to the Minnesota Department of Employment and Economic Development.

**B. DEFINITIONS.**

1. **Benefit Date**  
"Benefit date" means the date that the recipient receives the business subsidy. If the business subsidy involves the purchase, lease or donation of physical equipment, then the benefit date begins when the recipient puts the equipment into service. If the business subsidy is for improvements on property, then the benefit date refers to the earlier of either: (1) when the improvements are finished for the entire project; or (2) when a business occupies the property.
2. **Business**  
"Business" means a for-profit business entity or a non-profit entity meeting the requirements of Minn. Stat. 116J.993, subd. 3.
3. **Business Subsidy**  
"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 Act.
4. **County**  
"County" means the County of Otter Tail, Minnesota.

**C. MANDATORY CRITERIA**

A project must meet the following mandatory criteria in order to be considered for a business subsidy. The County reserves the right to approve a project that varies from these criteria if the County determines a valid public purpose will be served.

1. **Wage Floor.** If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be within two years of the assistance is received (as defined in the Act), at least equal to 125 percent of Minnesota's minimum wage as set forth in Minn. Stat. 177.24 or such greater amount as the County may require for a specific project.
2. **Retention of Jobs.** In cases where the objective is the retention of existing jobs, the recipient of the study will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.
3. **Public Purpose.** The County must determine that the business subsidy meets a public purpose and the reason that the business subsidy is needed.
4. **Compliance with Act.** The business subsidy from the County must satisfy all requirements of the Act and all other legal requirements. In addition, the business subsidy must meet any additional policies established by the County for the type of business subsidy received.
5. **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.
6. **Retail or Service Business.** A retail or service business will not be considered for a business subsidy unless the project will create substantial quality employment or a substantial tax base, provide a necessary service not already provided in the community or redevelop a blighted area.

**D. OTHER FACTORS TO BE CONSIDERED**

The County may consider the following factors when considering an application for a business subsidy:

1. **Wage and Job Goals:** It is the County's policy to target its business subsidy assistance to businesses that demonstrate a clear and ongoing commitment to the community by providing livable wage jobs to their employees. Nevertheless, not all projects assisted with subsidies derive their public purpose 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 or 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 therefore will be guided by the following principles and criteria:

- a. The evaluation of projects will take into consideration the project's importance in and benefits to the County from all perspectives, including created or retained jobs.
  - b. Wage and job goals may be set after consideration of the following factors: (i) prevailing wage rates; (ii) local economic conditions; (iii) external economic 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.
  - c. If the public purpose to be furthered by the business subsidy relates primarily to purposes other than the creation or retention of employment opportunities, then job and wage goals shall be a minor consideration in the granting of the business subsidy. Notwithstanding the amount of business subsidy, none or only a nominal number of jobs may be required if the Board of Commissioners finds that the business subsidy will serve a substantial public purpose other than the creation or retention of employment opportunities.
  - d. 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 if permitted by applicable law.
2. **Growth Potential.** Based on recipient's market studies and plans for expansion, the County may consider whether and to what extent the project is expected to be expanded to produce a net increase of full-time equivalent jobs beyond those required in the wage and job goals established by the County.
  3. **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 representations of the recipient of the business subsidy.
  4. **Tax Base.** The project will increase or preserve the tax base. (The Act requires that a project must provide at least one other public benefit.)
  5. **Public Facilities.** The project will provide or help acquire or construct public facilities.
  6. **Redevelopment.** The project will help develop or renew blighted areas.
  7. **Services.** The project will help provide access to services for residents of the County.
  8. **Retain Business.** The project will retain a business that is at risk of relocating.

9. **Impact on Surrounding Areas.** The impact of the project on surrounding areas will be taken into consideration. Impacts include but are not limited to: the extent to which the subsidy may create competitive disadvantage, pollution, traffic, sewer and water, parks and need for additional law enforcement or other governmental services.
10. **Utilization of Existing Infrastructure Investment.** Consider the extent to which the project will utilize existing public infrastructure capacity or will require additional publicly funded infrastructure investments.
11. **Leveraging of Public Funds.** Consider the extent to which public funds are leveraged in the project.
12. **Spin Off Development.** The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
13. **Community Services.** Whether the project will enhance services in the County and the need for such services. For example, the project may enhance health services, retail convenience services, such as a nearby grocery store, or transportation or social services needed in the County.
14. **Natural Environment.** Whether the project will add to or detract from the environment.
15. **Other Factors.** Depending on the nature of the project, such other factors as the County may deem relevant in evaluating the project and the business subsidy proposed for it.

**E. DEVIATION FROM CRITERIA**

Meeting all policy criteria does not guarantee approval of the requested business subsidy. The County maintains its ability to approve or deny the request at its discretion. In the unlikely event that the County chooses to deviate from the criteria rather than denying an application for a business subsidy, the County must document in writing the reason for the deviation as required by Minn. Stat. 116J.994, subd. 2.

**F. ADDITIONAL CONSIDERATIONS**

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 real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the County.

3. 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.

**G. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY**

The following forms of financial assistance are not a business subsidy as per Minn. Stat. 116J.993, subd. 3:

1. A business subsidy 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 business, size, location or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government 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. Redevelopment property polluted by contaminants as defined in Minn. Stat. 116J.552, subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under Minn. Stat. 469.174, subd. 23;
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 Minn. Stat. Chapter 474A, bonds issued to refund outstanding bonds and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under Minn. Stat. 469.174, subd. 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's 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 state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$75,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.