

**BUSINESS SUBSIDY POLICY
CITY OF HARMONY**

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 “City” means collectively the City of Harmony and the Harmony Economic Development Authority. 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. Criteria

The City will consider and give preference to the following criteria when considering the approval of business subsidies:

1. **But-For Test.**
The City in its sole discretion will determine whether or not there is a substantial likelihood that the project would not move forward without assistance requested. It is acceptable for this test to be supported solely upon the representations of the applicant.

Projects that do not meet this test will not be granted business subsidies.
2. **Redevelopment.**
Projects that remove, prevent, or reduce blight or other adverse conditions of property, thereby protecting the City’s property values and the general public health, safety, and welfare.
3. **Attraction of New Business.**
Projects that attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. **Highest and Best Land Use.**
The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City’s Comprehensive Plan.
5. **Needed Services.**
Projects that provide a needed service in the community, including health care, convenience, and social services.
6. **Unmet Housing Needs.**
Projects that provide housing needs not currently available in the community.
7. **Economic Feasibility.**
The applicant must demonstrate that they have the experience and financing necessary for the project and that the project can be completed in a timely manner.
8. **Impact on City Services and Infrastructure.**
Projects that do not significantly and adversely increase the demand for City services.

9. **Job Creation.**
Projects that create and/or retain jobs which pay at least the higher of the current Federal Minimum Wage or State of Minnesota minimum wage, plus appropriate benefits.

Whenever the City invests public funds or agrees to voluntarily forfeit tax or other revenue that benefits private development projects, those projects should create and/or retain the greatest number of FTE jobs that pay a living wage possible for the residents of the City and the surrounding region. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.

10. **Tax Base.**
Projects that will directly and indirectly increase the City's tax base and generate new property tax revenue.

B. Evaluation

The City will evaluate each request for a business subsidy on a case by case basis. Applicants must complete an application form and supply all additional information requested by the City. Meeting all or a majority of the Criteria above does not mean a subsidy will be awarded or denied. A decision to approve or reject an application for a business subsidy will be based on the merits of the project and overall benefit to the community. Because of the fluid nature of economic development, the City reserves the right to deviate from the above criteria if deemed in the best interest of the City.

C. Valuation of a Business Subsidy

The City will calculate the value of assistance provided to a business in the following manner:

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.
2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of the subsidy will be the principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time (such as pay-as-you-go tax increment financing) the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the City.

The following are not business subsidies:

Any assistance provided that meets a statutory exemption as defined by the Act.