

Winona County Business Subsidy Policy and Criteria

Preamble. Winona County hereby adopts the following Business Subsidy Policy and Criteria to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). This policy shall serve as a guideline for the investment of public funds or the forfeiture of taxes or other revenue for the benefit of private development projects. The Term "County" means collectively the Winona County, and its Economic Development Authority. Projects should create the greatest number of living wage jobs possible for the residents of the County and the surrounding region. Policy makers and economic development agents are directed to prioritize the creation of living wage jobs when public dollars are invested in private business or development projects.

Business Subsidy Public Purpose. All business subsidies must have a defined public purpose. Public purpose is the benefit that the general public will receive from the financial assistance. Examples of a defined public purpose may include but are not limited to:

- Job Creation
- Job Retention (when job loss is imminent and demonstrable)
- Increased tax base (may not be the sole public purpose)
- Redevelopment
- Providing or upgrading public infrastructure
- Land Clean Up
- Removal of Blight

I. BUSINESS SUBSIDY REQUIREMENTS

- 1) Any time Winona County provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage goals, job goals and other criteria set forth in this policy. In the event of a conflict between the requirements of the Business Subsidy statute M.S. 116J.993 – 116J.995 or this Policy, the most restrictive shall control.
- 2) Applicants requesting Business Subsidy are required to create and retain at least one full-time living wage job within two years after the date of a business subsidy development agreement. A living wage job is defined as employment that pays no less than 110% of the federal poverty rate for a family of four.
- 3) Capital investment will be evaluated on a case by case basis in determining eligibility for the award of a Business Subsidy.
- 4) Winona County may deviate from wage and job criteria in Section I by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.
- 5) The County shall require all recipients of a business subsidy to comply with the following:
 - i) Attend a properly noticed public hearing, which shall be held by the County as provided by M.S. 116J.994. The purpose of the hearing shall be to identify and define the criteria that the qualified business or recipient will meet in order to be eligible to receive a business subsidy or become a qualified business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals, committed to by the qualified business. As provided by M.S. 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing, identifying the location, date, time and place of the hearing; and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.
 - ii) Businesses shall enter into a Subsidy Agreement that includes;
 - (a) A statement explaining why the subsidy is needed;
 - (b) A statement of the public purpose for the subsidy
 - (c) A list of all financial assistance by all grantors for the project;
 - (d) A description of the subsidy, including the amount and type;
 - (e) Job and wage goals for the project;
 - (f) A description of the financial obligation of the business if the goals are not met.

- iii) Recipients of Business Subsidies shall agree to continue operations within the County for five (5) years.
- iv) Evidence of compliance with all permitting and environmental review requirements must be provided prior to the approval of a Business Subsidy Development Agreement.

II. IMPLEMENTATION

Evaluation. The County will evaluate each request for a business subsidy on a case-by-case basis. Applicants for assistance shall complete an application form and supply all additional information requested by the County. Meeting all or a majority of our criteria does not mean a subsidy will be awarded or denied. A decision to approve or reject a request for subsidy will be based on the merits of the project and the overall benefit to the community.

Winona County will provide business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements 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, the County recognizes that not all projects that may be assisted with subsidies will derive their public purposes and importance solely by virtue of job creation. It is also recognized that the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive and the financial and competitive circumstances of individual businesses must be taken into consideration. Therefore, where no other criteria apply, job and wage goals under this policy shall be required of Applicants on the basis of reasonable projections. Job and wage goals subsequently required under this policy shall be fulfilled by the end of the second full year of operation.

Valuation of a Business Subsidy. The County 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 County, 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 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) the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the County, which approximates the interest rate available to the business from a commercial lender.

III. DEFINITIONS

“Authorized Business Subsidy Signatory” means the County Board Chair and County Administrator, who are authorized by this Policy to execute business subsidy agreements on behalf of Winona County.

“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 County 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 sub district;
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©(3) bonds;
15. Assistance for collaboration between a Minnesota higher education institution and a business;
16. Assistance for 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% (seventy 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 Economic Development Authority and/or the County bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in Winona County.

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

"Economic Development Authority" means the County department that is empowered to solicit, negotiate and form business subsidy agreements on behalf of Winona County.

"Health Insurance" means basic health insurance which shall include: employer 100% premium payment for individual coverage or 80% premium payment for family coverage; employer minimum payment for 80% of office visits, emergency care, surgery and prescriptions; a maximum yearly deduction of \$1,000, and maternity coverage.

"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. Businesses that provide employer-paid comprehensive health insurance may pay a living wage defined as 100% of the federal poverty level for a family of four.

"Local Governmental Unit" hereinafter LGU, means the Winona County.

“Recipient” means any business entity that receives a business subsidy as defined by M.S. 116J.993, and that has signed a Business Subsidy Agreement with a County.

“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 increase full-time or full-time equivalent employment in the first full year of operation within the job opportunity building zone by a minimum of five jobs or 20 percent, whichever is greater, measured relative to the operations that were relocated and maintains the required level of employment for each year the zone designation applies; and provides for repayment of all tax benefits if these requirements 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 «Winona County» 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.

Adopted by Resolution of the County Board of Winona County on January 23, 2007.

RESOLUTION OF WINONA COUNTY
To Adopt The Business Subsidy Policy

WHEREAS, Winona County, Minnesota (the "County") acknowledges the need to provide financial assistance to businesses in the County to further the economic and development objectives of the County; and

WHEREAS, of Minnesota Statutes 116J.993 – 116J.995 and the JOBZ statute M.S. 469.310 – 469.320 requires the County to establish Business Subsidy Criteria before any new business subsidy can be provided; and

WHEREAS, the County has performed all actions required by law to be performed prior to the adoption of Business Subsidy Criteria, including the holding of a public hearing upon published notice as required by law.

BE IT RESOLVED by the County Board (the "Board") of the County as follows:

1. The County hereby adopts a Business Subsidy Criteria Policy as attached hereto as Exhibit A, in fulfillment of the requirements of Minnesota Statutes 116J.993 through 116J.995 and the JOBZ statute M.S. 469.310 – 469.320

Adopted at Winona Minnesota this 23rd day of January 2007.

WINONA COUNTY BOARD OF COMMISSIONERS



Dave Stoltman, Chair

Attest:



Robert F. Reinert

Clerk/County Administrator