



Public Hearing

Tax Abatement of 115 5th Street

November 12th

Joint Special Session

Northfield City Council & Rice County Commissioners

Ben Martig, Nate Carlson, Jake Reilly, Nick Anhut

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- **First acquired for future redevelopment**
 - City Purchased Building on 6/21/2022
 - Purchase Price: \$1.2 million
 - City intention to acquire key property for future development opportunities



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- **Interested Buyer – Loon Liquors Distillery**
 - First Organic Distillery in MN
 - Obtain most inputs from local farmers (90% within 15 miles)
 - Staff engaged with Business since 2019 on expansion efforts and downtown relocation
- **Higher-profile setting “win-win-win”**
- **Benefits to the new location**
 - Expansion to meet business need
 - Enhanced Northfield-area farm-to-table experience
- **“But-For” the City’s acquisition**

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- **“Destination Distillery” in Downtown**

- Acquisition of Property
- Build Out
- New Equipment Purchase
- Employment projection: 35+ jobs
- Over 100 seats for customers
- Rough Project estimate: \$4-\$5 million
- Significant tourism driver (70-80% of customers out of town)



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- **Sale Terms**

- Price – \$960,000
 - Based on current appraised value
 - City participate in 50/50 cost share for appraisal
- Council approved PA on April 23, 2024
- Closing – On or Before December 20, 2024
- Exploring Financing with EDA and other partners
 - Rice County, SMIF and MCCD
 - EDA received loan application 10/31/2024



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- **Investment in Downtown Redevelopment**

- *City investment in site to date: \$1.26 million*

- *Site acquisition and holding costs paid to date*

- *At \$960,000, appraisal is less than city's costs*

- *\$297,586 shortfall*

- *Plan for Investment Recovery:*

- *Use of Tax Abatement in partnership with Rice County*



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- **Tax Abatement Analysis**

- *Conversion to taxable use and new site improvements will create new city and county property tax revenue*

- *Taxable Value increase upon Project Completion = \$1,300,000*

Tax Abatement Analysis		
	<u>Annual Amount</u>	<u>Cumulative*</u>
City Taxes:	15,712	219,968
County Taxes:	8,870	77,618**
Combined Abatement:	24,582	297,586

**Projection at current local tax rates and does not assume any appreciation on initial property value*

*** Limited to 10-year abatement with sliding scale reductions in years 6 to 10*

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- **Close Public Hearing**
- **Consider approval of Tax Abatement Agreement**
 - Separate actions by Northfield Council and Rice County



Discussion

Open Public Comment