



Legislation Text

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DATE: February 23, 2017

TO: Members of the Economic Development Authority

FROM: Nate Carlson, Economic Development Coordinator
Chris Heineman, Community Planning & Development Director

Northfield Business Subsidy Policy Review

SUMMARY AND ACTION REQUESTED:

Review current Business Subsidy Policy and staff recommendations, and direct staff to move forward with revising the Northfield Business Subsidy Policy.

BACKGROUND:

The definition of a “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. (MN Statute 116J.993 Subd. 3)

In accordance with state statute, local government agencies shall establish a business subsidy policy that meets the state requirements. (MN Statute 116J.994 Subd. 2) The local government may include additional requirements specific to said community. The current Business Subsidy Policy was last amended on April 21, 2003. The policy states eligible and ineligible uses for business subsidies awarded by the City of Northfield. The City of Northfield must report on an annual basis to the MN Department of Employment and Economic Development (DEED) regarding the subsidies delivered in the calendar year.

The current Northfield policy meets the state requirements, however, there are certain aspects of the policy now defunct and outdated. For example, the City of Northfield Business Subsidy takes several cues from the “Job Opportunity Building Zone” (JOBZ) statute. This was a state program providing business subsidies by creating specific pockets where development was encouraged. The JOBZ program officially ended December 31, 2015.

Other examples of outdated information are as follows: loan amounts, job creation, wage goals, etc. An updated Business Subsidy Policy is imperative to guiding economic development for the City of Northfield. A copy of the current Northfield Business Subsidy Policy is attached.

RECOMMENDATION:

Direct Staff to begin the review process. Staff recommends taking the following steps to update the Business Subsidy Policy:

- Review draft amendments proposed by Ehler's Municipal Advisors in 2014
 - Removal of JOBZ requirements
 - Setting new job creation requirements
 - Updating loan thresholds
 - Illustrating the process of approving a subsidy request
 - Amending the business subsidy application
 - Be in full compliance with State Statute
- A meeting of the Executive Committee will be scheduled to review final draft of Business Subsidy Policy
- The Executive Committee will be asked to provide a recommendation to the full EDA Board to recommend approval of the revised Business Subsidy Policy
- The EDA will be asked to provide a recommendation to the City Council to adopt the amended Business Subsidy Policy
- Once adopted, City staff is required to provide notice to the MN Department of Employment and Economic Development (DEED) of the amended policy