

City of Osakis, Minnesota

Business Subsidy Application

Business Name: _____ Business Address: _____ City: _____ State: _____ Zip: _____ Contact Person: _____ Daytime Phone: _____ Email Address: _____	<i>For office use only:</i> Application # _____ Date Received _____ Development District _____ Finance District _____ Application Fee Paid _____
Type of assistance requested: ____ Tax Increment ____ Tax Abatement ____ Low Interest Loan ____ Other (please specify) Amount of assistance requested: \$ _____ Projected start date: _____ Projected completion date: _____	

Project Information

<i>Please attach a description of the proposed project.</i> <i>Please attach a description of why the assistance is needed, be specific.</i>	
Estimated Costs (please itemize) _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ <div style="text-align: right;">Total Costs \$ _____</div>	Financing Sources (please itemize) _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ _____ \$ _____ <div style="text-align: right;">Total Funds \$ _____</div>
Project Site: Parcel #'s: _____ <i>Please attach a legal description of the property.</i>	
If the assistance is for a building project: Estimated value <i>after</i> project completion: \$ _____ Size of Building _____ sq. ft. Building Type _____ Function of Building: _____ <i>Provide a sketch plan and/or site plan for the project.</i>	

Public Purpose and Job Creation Information

What benefits will the City and its residents gain if assistance is provided?

_____ Job Creation _____ Job Retention _____ Job Training _____ Land Clean Up
_____ Tax Base _____ Removal of Blight _____ Redevelopment _____ Other(please list)

If job creation is part of your proposal please list:

of full-time jobs created _____ # of part-time jobs created _____
Average full-time salary \$ _____ Average part-time salary \$ _____

Banker's Information

Name of Bank: _____ Contact Name: _____
Address: _____ Phone Number: _____

Ownership/Company Information

Type of company (corporation, etc): _____

Owner(s) name(s): _____ Address: _____

Phone number: _____ Is there a parent company? _____

If there is a parent company, please describe the relationship in detail.

Has the business, owners or parent company ever declared bankruptcy? No _____ Yes _____

If yes is checked, you must include information about the bankruptcy.

Has your business or parent company received a business subsidy, for this or any other project, from another Minnesota unit of government during the past 5 years?

Yes _____ No: _____

If yes is checked, please attach a description of the subsidy and by whom it was provided.

- ❖ **Please attach a narrative description of the project, why the project is needed, what the project will accomplish for the business.**
- ❖ **If Tax Increment Financing (TIF) assistance is sought, please attach a letter indicating why the project would not move forward without TIF assistance.**

This application must be accompanied by a \$ _____ application fee. Depending upon the type of assistance requested, you may also be required to provide the City with a deposit to cover administration and consulting expenses associated with your project. Unused funds will be returned upon completion of this process. The applicant agrees to provide additional information if requested by the City. .

Applicant _____ Title _____ Date _____



City of Osakis

Criteria for Business Subsidies

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria. However, the City reserves the right to approve or reject the use of business subsidies for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies that provide significant employment potential and opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
5. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
6. The project will not significantly and adversely increase the impacts on existing service needs in the City.
7. The project will not proceed in its present design and time table without the business subsidy.
8. The project proposed is generally compatible with the City's overall development plans and objectives and with those of the area for which the project is to be located.
9. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
10. The business subsidy for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service, which is currently not offered in the community.
11. The project should result in the creation or retention of jobs, which pay a livable wage in the area. The City will consider granting subsidies to businesses that pay \$7.50 per hour plus benefits. The value of benefits will not be defined, as it is believed that this will vary depending upon the size and nature of the individual businesses receiving assistance.

The City, when considering projects that request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs that will result from the project). The City will also consider the contribution that the project makes to the community's overall development plan and how it complements existing services and businesses.



City of Osakis

TYPES OF BUSINESS ASSISTANCE

Osakis Revolving Loan Funds

Revolving loan funds (RLF's) can provide businesses with direct loans, loans guarantees and other financial assistance. As the fund receives the principal and interest payments from outstanding loans, the money is made available to another borrower. RLF's are designed to alleviate the high cost and short supply of capital by providing flexible loan terms. RLF's usually provide lower rates, longer terms and reduce the overall risk of the loan.

The City of Osakis has three types of revolving loan funding:

- Commercial: Eligibility – acquisition for demolition, building rehabilitation improvements, demolition of non-functional buildings and public facilities
- Industrial: Eligibility – land, building, machinery, equipment, working capital, relocation, demolition and public facilities.
- Equipment Eligibility – projects must be located within city limits and open to businesses located in zoning districts C-1 (Central Business), C-2 (General Commerce), C-3 (Hwy Commercial)

Tax Abatement

The City is empowered under the provisions of Tax Abatement Law to grant property abatements if it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the City of the proposed agreement; and it finds that doing so, is in the public interest because it will:

- A) Increase or preservice tax base
- B) Provide employment opportunities in the City
- C) Provide or help acquire or construct public facilities
- D) Help redevelop or renew blighted areas
- E) Help provide access to services for residents of the City
- F) Finance or provide public infrastructure
- G) Phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel
- H) Stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

Tax Increment

Tax Increment Financing (TIF) is a method of financing real estate development costs.

- 1) to encourage developers to construct buildings or other private improvements.
- 2) to pay for public improvements, such as streets, sidewalks, sewer and water and similar improvements.

TIF uses the additional property taxes paid as a result of development in the district to pay for part of the development costs. When a new building is constructed, the market value of the property and its property taxes typically rise. Classic examples would be a new store on an undeveloped parcel or replacing one or more old buildings with a new, larger building. In both of these instances, the market value of the property will rise because the improvements add value to the property.