

CITY OF TRACY, MINNESOTA

RESOLUTION NO. _____

**A RESOLUTION APPROVING PROPERTY TAX ABATEMENT
FOR CERTAIN PROPERTY PURSUANT TO MINN. STAT. 469.1812 THROUGH
469.1815**

WHEREAS, Minn. Stat. 469.1812 through 469.1815 (the "Abatement Act") provides the City Council ("City Council") of the City of Tracy, Minnesota ("City") authority to grant an abatement of taxes imposed by the City to certain properties if certain criteria are met;

WHEREAS, in addition to the statutory requirements contained in the Abatement Act, the City has adopted its own guidelines which must be met before an abatement of property taxes will be approved;

WHEREAS, the City has determined a need to grant property tax abatements to the first residents of newly constructed owner-occupied single family homes to stimulate capital improvements and increase the tax base of the City in partnership with the Economic Development Authority of Tracy, Minnesota (the "EDA") through its new home construction assistance program;

WHEREAS, upon application by the first residents of newly constructed owner-occupied single family homes, the City and the EDA will approve abatements for qualifying properties so long as the City's and the EDA's guidelines and statutory requirements are met;

WHEREAS, abatement assistance may be used for costs related to land acquisition, demolition, construction costs, and site improvements (the "Eligible Costs");

WHEREAS, the City Council has reviewed the information concerning the tax abatement referenced herein and expects the benefits and incentives thereof to at least equal the costs thereof and finds that it is in the best interests of the public because it will preserve the tax base of the City, and help redevelop or renew blighted areas of the City;

WHEREAS, on the date hereof, the City Council conducted a duly noticed public hearing pursuant to Minn. Stat. 469.1813, subd. 5 on the proposed tax abatement and the views of all interested persons were heard and considered at the public hearing;

WHEREAS, the City intends to create a program to grant an abatement of the City's share of real estate taxes applicable to the increase in property taxes caused by the qualifying newly constructed owner-occupied single family homes pursuant to the terms set forth in this Resolution (the "Abatement Program");

NOW THEREFORE, THE CITY OF TRACY DOES ORDAIN:

1. It is hereby found and determined that benefits from the Abatement Program will be at least equal to the costs to the City because (a) the abatements will help stimulate the construction of new single family homes in the City and increase the tax base; (b) the abatements will help strengthen the local economy and ensure a high quality of life for residents of the City; and (c) the increased taxes collected from the new construction upon termination of the abatement are expected to exceed the amount of the abatement collected from the abatement property during the term that the abatements are provided. It is hereby found and determined that for these reasons, the Abatement Program is in the public interest.

Subject to the provisions of the Abatement Act and the terms and conditions of this Resolution, the City hereby grants and approves the Abatement Program providing for abatement of the City's share of real estate taxes applicable to the increase in property taxes caused by the newly constructed owner-occupied single family homes within the City.

2. Upon application to the EDA and satisfaction of the City's and the EDA's abatement guidelines and statutory requirements, including a duly noticed public hearing on granting the abatement for each individual property owner, the City's share of real estate taxes applicable to the increase in property taxes caused by the newly constructed owner-occupied single family homes within the City through the EDA shall be abated for a maximum period of five (5) years, at 100% in the first year, 100% in the second year, 100% in the third year, 100% in the fourth year, and 100% in the fifth year.

The EDA will reimburse the homeowner(s) when the homeowner(s) have provided the City and the EDA with evidence of the Eligible Costs totaling no more than the estimated abatement amount calculated at the time of purchase and set forth in an agreement between the homeowner and the EDA. There will be a maximum of \$20,000 of financial assistance from the City and the EDA for each property.

If the homeowner(s) do not occupy the property during the term of the abatement, the financial assistance will be cancelled and the abatement amount received by the homeowner(s), plus interest, shall be repaid to the EDA.

Each abatement provided to an individual home owner will have a maximum term of five (5) years and shall be collected commencing with the year taxes are payable on the completed market value of the property.

6. In accordance with Minn. Stat. 469.1813, subd. 8, in no year shall the abatement, together with all other abatements approved by the City under the Abatement Act and paid in that year exceed the greater of 10% of the net tax capacity of the City for that year or \$200,000 (the "Abatement Cap"). The City may grant other abatements permitted under the Abatement Act after the date of this Resolution, provided that to the extent the total abatements in any year exceed the Abatement

Cap, the allocation of Abatement Cap to such other abatements after the date of this Resolution is subordinate to the abatement granted pursuant to this Resolution. This abatement is subordinate to all abatements granted by the City prior to the date of this Resolution.

8. The abatement shall not commence until the following conditions are satisfied:
 - (i) The homeowner(s) applies and satisfies the City and the EDA's guidelines and statutory requirements for abatement and the new home construction assistance program
 - (ii) The property is not located in a tax increment financing district.
 - (iii) The homeowner(s) and EDA enter into a written agreement consistent with the terms and conditions of this Resolution, the EDA's guidelines pursuant to its new home construction assistance program, and upon terms as mutually agreed.
 - (iv) Construction shall commence within six (6) months from the approval of the abatement for the qualifying property by the City and the EDA.
 - (v) The homeowner(s) shall not be in default within the City of any of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions.
 - (vi) A duly noticed public hearing is held on the abatement for the individual property owner.
9. The Abatement Program shall not be modified or changed during the term set forth in paragraph 2 above, except with the prior written consent of the City.
10. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this Resolution in accordance with the Abatement Act.
11. This Resolution is effective upon execution.

PASSED AT THE REGULAR CITY COUNCIL MEETING OF THE CITY OF TRACY,
MINNESOTA THIS _____ DAY OF _____, 2017

MAYOR STEPHEN FERRAZZANO