



BUSINESS SUBSIDY POLICY

Adopted: October 11, 1999

Over many years, the City of Worthington has provided financial commitments to industries locating or expanding within the City. These financial commitments have come in the form of tax increment financing, revolving loan funds, and/or below market land sales. Recently, in an effort to provide responsible economic participation statewide, the Minnesota Legislature adopted Minnesota Statute 116J.993 through 116J.995. The Statute calls for all Minnesota governmental agencies to clarify their goals and reasons for granting assistance to businesses by establishing criteria and requiring the business to enter into a subsidy agreement with the governmental agency. The following pages shall consist of the City of Worthington's policy establishing the criteria for eligibility on any financial assistance in which the City shall participate.

Definitions:

Business Subsidy - a state or local government 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.

Business Subsidy Policy:

The following is a list of criteria to be considered in order for the City to award a business subsidy:

- All applications must illustrate that the approval of an assistance application will achieve a public purpose other than increasing the tax base. Examples include, but are not limited to: enhancing economic diversity, creating high-quality jobs, providing job retention, stabilizing the community, etc...
- If a particular project does not involve the creation or retention of jobs, but is found to be worthy of support and assistance, it may be approved without specific job or wage goals, as may be permitted by applicable law.
- In cases where the assistance will be utilized for the retention of jobs, the applicant shall provide evidence that the loss of jobs is imminent.
- In cases where the approval of an application will assist in job creation, the job/cost ratio for each project should be 1 Full Time Equivalent (FTE) \$5,000-\$20,000 (subject to availability). All jobs created with the assistance from the City shall meet State/Federal minimum wage requirements.
- Any additional requirements established for each of the business subsidy assistance programs in existence, if applicable.

Exceptions:

Business Subsidies described in Minnesota Statute 116J.993 Subd. 3 shall be exempt from the Business Subsidy Guidelines.

Subsidy Agreement:

All applicants must enter into a subsidy agreement with the City, as required under Minnesota Statute 116J.994, Subd. 3 & 4.

Public Hearing:

The City must provide public notice and hold a hearing for any business subsidy application that exceeds \$100,000. Notice of the public hearing must be published in a local newspaper no less than 10 days prior to the scheduled hearing date.

Final Approval:

The Worthington City Council shall have final determination on all applications.