

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2013-27

**A RESOLUTION AUTHORIZING LIMITED PROPERTY TAX ABATEMENT FOR
8665 HUDSON BOULEVARD FOR YEARS 2014, 2015, 2016, 2017**

WHEREAS, the City of Lake Elmo, Minnesota, under Minnesota State Statutes Chapter 272, 273 and Chapter 489, has the authority to value and assess all real property within its jurisdictional boundaries and,

WHEREAS, Minnesota law authorizes political subdivisions to grant property tax abatements for economic development to encourage businesses to locate or expand to an area (Minn. Stat. §§ 469.1819-459.1816) and,

WHEREAS, abatements are available for up to 15-20 years and the total abatement cannot exceed the larger of ten percent (10%) of the net tax capacity or \$200,000.00 and,

WHEREAS, Norman James LLC of Woodbury, MN wishes to purchase and relocate to 8665 Hudson Boulevard in the City of Lake Elmo, Minnesota creating approximately fifty (50) or more jobs providing significant compensation in the area of logistics transportation that will stimulate the local economy and,

WHEREAS, the fifty (50) or more jobs include positions in the transportation logistics industry that pay between \$35,000-\$90,000 per year created by 2015 and that are subject to Minnesota state income tax and,

WHEREAS, the current assessed market value of 8665 Hudson Boulevard has been placed at \$2,125,500 for the last two years and the building is currently built out at approximately the 80% level and,

WHEREAS, the purchase price will include non-real property assets and thus will not solely reflect the value of the improvements and land and,

WHEREAS, Norman James LLC has requested a limited property tax abatement for the years 2014-2017 as well as consideration of limited property tax abatement for 2018, and

WHEREAS, the City Council finds that the public benefits involved would include, but will not be limited to, general economic development, ultimately increasing the tax base, increasing the number of jobs in the area, and spurring economic activity along the I-94 corridor and these benefits would exceed the cost of abating the City portion of property taxes for the years 2014-2017 arising from any increase in the property value above the current assessed valuation (\$2,125,200.00).

NOW, THEREFORE, IT IS HEREBY RESOLVED,

That the City Council of the City of Lake Elmo, Minnesota, agrees to abate the increase in the city portion of property taxes paid, excluding fiscal disparities, on parcel 33.029.21.44.0037 as follows:

1. For the purpose of this agreement, “increase in the city portion of property taxes paid, excluding fiscal disparities” specifically excludes any portion of the tax attributable to the area-wide tax under M.S. § 473F from abatement. The amount of tax abatement is calculated as follows for each parcel with an increase in taxable market value for a given year:
 2.
 - a. Calculate the base year city tax for the parcel
 - i. Multiply current year class rates by the taxable market value for taxes payable in 2012 (\$2,125,200) to determine the total tax capacity.
 - ii. Multiply the total tax capacity by the fiscal disparity percentage for the current year to determine the fiscal disparity portion of the tax capacity.
 - iii. Subtract the fiscal disparity portion of the tax capacity from the total tax capacity to determine the local tax capacity.
 - iv. Multiply the local tax capacity by the city tax rate for the current year to determine the base year city tax.
 - b. Calculate the current year city tax for the parcel
 - i. Multiply current year class rates by the taxable market value for the current year to determine the total tax capacity.
 - ii. Multiply the total tax capacity by the fiscal disparity percentage for the current year to determine the fiscal disparity portion of the tax capacity.
 - iii. Subtract the fiscal disparity portion of the tax capacity from the total tax capacity to determine the local tax capacity.
 - iv. Multiply the local tax capacity by the city tax rate for the current year to determine the current year city tax.
 - c. Subtract the base year city tax from the current year city tax to determine the change in city tax.
 - d. The change in city tax greater than \$0 is the amount of tax abatement for the year.
3. Notwithstanding any provision to the contrary, no city abatement will be granted if the total taxes due on the parcel is less than the total tax amount due for taxes payable in 2012 of \$70,256.
4. The maximum duration of the abatement shall be for four years, beginning for taxes payable in 2014, except that the City Council will consider an abatement for the year 2018 if requested by the property owner.
5. The maximum annual tax abatement amount shall not exceed \$10,000.00 in any year and maximum total abatement for all years for all abating parties shall not exceed \$40,000.00.

6. The City of Lake Elmo will make payment of the abatement to the property owner on or before July 30 of each year. No payment will be made after July 30, 2017 or after the total abatement for the four abatement years has been paid.

ADOPTED BY THE LAKE ELMO CITY COUNCIL ON THE SIXTEENTH DAY OF APRIL 2013.

CITY OF LAKE ELMO

By: _____
Mike Pearson
Mayor

(Seal)

ATTEST:

Adam Bell
City Clerk