



STAFF REPORT

DATE: July 5, 2017

CONSENT

ITEM #: 5

AGENDA ITEM: Approval for Tax Abatement Payment for Valley Cartage

TO: Mayor and City Council

SUBMITTED BY: Amy La Belle, Accountant

BACKGROUND:

In the winter of 2012 the City of Lake Elmo was approached by a company from Wisconsin with interest in purchasing a corporate office building at 8665 Hudson Boulevard for the purpose of establishing a headquarters and creating 50 new jobs. They requested a limited property tax abatement for the years 2014-2017.

This property was not in a TIF district so those incentives were not available. City staff took the lead on the project and put together an economic development package that included limited property tax abatements, a sizable forgivable loan (\$500k), job training funds and energy credits to bring new, good paying jobs to the region. The result of this public-private partnership resulted in the building being purchased and all of the stipulations of the partnership as well as the state funding requirements being met or exceeded.

ISSUE BEFORE COUNCIL:

Should the Council approve the Tax Abatement Payment for Valley Cartage?

PROPOSAL DETAILS/ANALYSIS:

On April 26, 2013, the City Council approved a limited property tax abatement for the 8665 Hudson Boulevard Property (Parcel ID #33.029.21.44.0037) for the tax years 2014, 2015, 2016 and 2017.

On or before July 30th of each year, the tax abatement for 8665 Hudson Boulevard needs to be remitted to the owner. Staff is seeking City Council approval to issue a property tax refund to Norman James, LLC, in the amount of \$3,599.15.

FISCAL IMPACT:

\$3,599.15

OPTIONS:

- 1) Approve the payment
- 2) Do not approve the payment

RECOMMENDATION:

Motion to approve a payment to Norman James, LLC, in the amount of \$3,599.15 which represents the property tax abatement due for 2017.

ATTACHMENTS:

Washington County worksheet on Lake Elmo component of the 2017 property tax abatement

City of Lake Elmo - Valley Cartage Economic Development Tax Abatement
City Resolution 2013-27

PID: 33.029.21.44.0037 TAG 3701
Duration: 4 years Pay 2014-Pay 2017 (Pay 2018 will be considered if requested by owner)
Terms: Market Value in year of abatement must be greater than Pay 2012 Market Value of 2,125,000
 Total tax in year of abatement must be greater than Pay 2012 total tax of \$70,256.
 Maximum of \$10,000 per year/\$40,000 total
 Payment to be made on or before July 30 of each year.

Tax Year	Item	Total Tax	Taxable Market Value	Class Rate	Total Tax Capacity	FD%	FD Tax Capacity	Local Tax Capacity	Current City Rate	City NTC Tax	Change in City Tax	Amount of Abatement (\$10000 max)	Tax Payment Status Y / N (not part of city agreement)
Pay 2014:	Base Year		150,000	1.50%	2,250								
		\$70,256	1,975,000	2.00%	39,500	40.1589%	16,766	24,984	27.761%	\$6,935.74			<input checked="" type="checkbox"/> First half 2014 taxes paid?
Current Year			150,000	1.50%	2,250								<input checked="" type="checkbox"/> No delinquent taxes?
		\$77,675	2,125,000	2.00%	41,750	40.1589%	16,766	24,984	27.761%	\$6,935.74	\$0.00	\$0.00	
No Value Increase over 2012													
Pay 2015:	Base Year		150,000	1.50%	2,250								
		\$70,256	1,975,000	2.00%	39,500	34.3461%	14,339	27,411	23.798%	\$6,523.19			<input checked="" type="checkbox"/> First half 2015 taxes paid?
Current Year			150,000	1.50%	2,250								<input checked="" type="checkbox"/> No delinquent taxes?
		\$113,299	3,136,300	2.00%	62,726	34.3461%	22,317	42,659	23.798%	\$10,151.87	\$3,628.68	\$3,628.68	payable July 30,2015
Pay 2016:	Base Year		150,000	1.50%	2,250								
		\$70,256	1,975,000	2.00%	39,500	37.1277%	15,501	26,249	23.121%	\$6,069.00			<input checked="" type="checkbox"/> First half 2016 taxes paid?
Current Year			150,000	1.50%	2,250								<input checked="" type="checkbox"/> No delinquent taxes?
		\$110,005	3,136,300	2.00%	62,726	37.1277%	24,124	40,852	23.121%	\$9,445.34	\$3,376.34	\$3,376.34	payable July 30,2016
Pay 2017:	Base Year		150,000	1.50%	2,250								
		\$70,256	1,975,000	2.00%	39,500	33.1059%	13,822	27,928	20.018%	\$5,590.50			<input checked="" type="checkbox"/> First half 2017 taxes paid?
Current Year			150,000	1.50%	2,250								<input checked="" type="checkbox"/> No delinquent taxes?
		\$112,917	3,318,900	2.00%	66,378	33.1059%	22,720	45,908	20.018%	\$9,189.65	\$3,599.15	\$3,599.15	payable July 30,2017
Grand Total:												\$10,604.17	