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BUSINESS SUBSIDY POLICY FOR JOBZ SITE DEVELOPMENTS

Preamble. Whenever the City of Austin invests public funds or agrees to voluntarily forfeit tax or other revenue that benefit qualified business development projects, those projects should create the greatest number of living wage jobs possible for the residents of the City of Austin. The City of Austin policy makers and economic development agents must keep the critical need for living wage jobs the priority whenever public dollars are invested in a private business or development project.

Business Subsidy Public Purpose. The essence of the Job Opportunity Building Zones (JOBZ) Program is to help new and expanding companies that pay a living wage create manufacturing, industrial and service jobs in greater Minnesota. The program is not intended for the creation of retail jobs. The public purposes of this policy shall be to accomplish the following on behalf of the City of Austin.

1. Enhance economic growth and diversity in this area
2. Create high quality job growth in this area
3. Retain high quality jobs in this area
4. Stabilize the community

This policy is adopted in compliance with M.S. § 116J.994 Subd. 2. A copy of the policy shall be submitted to the Department of Employment and Economic Development along with the first annual Business Subsidy report.

Business Subsidy Implementation. The City of Austin will focus its business subsidy assistance to businesses which demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to Austin residents, where applicable, by giving priority to those businesses over businesses that have not traditionally paid living wages.

The City of Austin will focus its business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements as required by Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 - 469.320; and/or as required by the Business Subsidy statute M.S. §§ 116J.993 - 116J.995.

Although the primary purpose of this policy is the creation of living wage jobs, we cannot achieve our economic development goals without a trained and ready workforce and adequate childcare. The city will commit to assist businesses to obtain trained and work-ready employees through the DEED Workforce Development Centers; MNSCU and other services; and to facilitate access to childcare.

I. DEFINITIONS

- A. “Authorized Business Subsidy Signatory” means the president and secretary of the Port Authority who are authorized by this Policy to execute business subsidy agreements on behalf of the City of Austin.
- B. “JOBZ Business Subsidy” means tax exemptions or tax credits available to a qualified business located in a job zone under the Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 - 469.320;
- C. “Benefits” shall include mandated federal and state benefits, and may also include health benefits that are mutually agreed to by the benefiting business and the City of Austin.
- D. “Business Subsidy Report” means the annual report submitted by the LGU required to comply with M.S. § 116J.994 Subd. 7. (b).
- E. “Criteria” means the equitably applied, uniform standards by which the Economic Development Agency and /or the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City of Austin.
- F. “DEED” means Minnesota Department of Employment and Economic Development.
- G. “Economic Development Agent” means the city department, local or regional economic development agency or other authorized entity that is empowered to solicit, negotiate and form business subsidy agreements on behalf of the City of Austin. The Economic Development Agent for the City of Austin shall be the Austin Port Authority (hereinafter “Agent”) and the Community Development Department serving as its staff.
- H. “Living Wage Job” means full-time positions that pay wages and benefits which total at least the rate of 110% of the current poverty level for a family of four (*currently \$9.75/hour, \$10.07/hour as of July 2004*).
- I. “Local Governmental Unit” hereinafter LGU, means the statutory or home rule charter city, county, town, iron range resources and rehabilitation agency, regional development commission.
- J. “Qualified Business” means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in M.S. § 469.310 Subd. 11; and complies with the reporting requirements specified by M.S. § 469.313 Subd. 2. (5); and shall comply with the criteria in Section II.B. of this agreement; and shall also mean “Recipient” as defined by Business Subsidy law. A qualified business shall not include a retail business, a low-wage service business, or a business that pays less than the living wage defined in this agreement.
- K. “Recipient” means any business entity that receives a business subsidy as defined by M.S. § 116J.993 and that has signed a Business Subsidy Agreement with a city.

- L. “Relocating Business” A business relocating from another Minnesota non-JOB Zone location.
- M. “Relocation Agreement” means a binding written agreement between a relocating qualified business and the commissioner of DEED pledging that the qualified business will either: (a) increase full-time for full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, *or* (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.
- N. “Retail” means sale of a product to a consumer. An enterprise is considered retail when the true essence of the business is selling a product, even though the enterprise may include a service element which is a benefit for the customer.
- O. “Subzone” means the parcel or parcel of land designated by the Commissioner of Employment and Economic Development within a Job Opportunity Building Zone within the boundaries of Austin to receive certain tax credits and exemptions specified under M.S. § 469.310-469.320.
- P. “Zone” means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the commissioner of Employment and Economic Development under M.S. § 469.314.

II. BUSINESS SUBSIDY REQUIREMENTS

- A. Any time the City of Austin provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage goals, job goals and other criteria set forth in this policy. In the event of a conflict between the requirements of the Business Subsidy statute M.S. §§ 116J.993 - 116J.995 and the JOBZ statute M.S. §§ 469.310 - 469.320, the JOBZ statute shall control.
- B. The qualified business must create and retain for the period of the JobZone duration or until December 31, 2013, whichever is shorter, at least one job for each \$25,000 of annual estimated benefit received.
- C. The City of Austin may deviate from wage and job criteria in Section II by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.
- D. The City of Austin shall require all businesses receiving a business subsidy to comply with the following:
 - 1. Attend a properly noticed public hearing held by the Austin Port Authority as provided by M.S. § 116J.994. The purpose of the hearing shall be to identify and define the criteria that the qualified business or recipient will meet in order to be eligible to receive a business subsidy or become a qualified business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals committed to by the qualified business. As provided by

M.S. 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing, identifying the location, date time and place of the hearing; and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.

2. If the business is qualified to receive JOBZ tax benefits, that business shall agree to continue operations in the jurisdiction where the subsidy is used (the subzone) for at least the duration of the job zone term as negotiated.
3. If the qualified business or recipient is a relocating business under the definition in this agreement, the business shall be required to enter into a binding written “Relocation Agreement” between the qualified business and the commissioner of DEED pledging that the qualified relocating business will either:
 - (a) increase full-time for full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent; *or*
 - (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.