



City of Blaine Anoka County, Minnesota

Blaine City Hall
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Blaine MN 55449

Legislation Text

File #: RES 18-130, Version: 1

ADMINISTRATION - *Joe Huss, Director of Finance*

ESTABLISHING A TAX INCREMENT FINANCING AND TAX ABATEMENT POLICY

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| Workshop Review | April 12, 2018 |
| Workshop Review | June 7, 2018 |
| Council Approval | June 21, 2018 |

Council reviewed various drafts of the attached Tax Increment and Abatement Policy at Workshops in April and June and directed staff to bring the policy forward for official adoption.

Key elements of the policy include:

- TIF or abatement will be used only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
- TIF or abatement will only be used in cases where the City has the financial capacity to provide the needed public assistance, the Council deems it fiscally prudent to provide such assistance, and the developer can clearly demonstrate that the development will be able to meet its financial and public purpose commitments.
- The City will recapture the public subsidy to the maximum extent feasible after allowing the developer a reasonable return.
- TIF is to be paid solely from related tax increment revenue. Projects that employ "pay as you go" (PAYGO) financing and reimbursement of front-end public redevelopment costs with tax increment revenues, are preferable to bond financing and are to be considered and used when appropriate.
- If a TIF project is to be bond-financed, it is the City's preference to structure the bond issue as a TIF Revenue Bond, with repayment of the debt solely from the increment generated from the project.
- Except in the case of financing necessary public infrastructure, use of General Obligation (G.O.) Tax Increment Bonds (those bonds guaranteed or backed by the full faith, credit, and taxing power of the City) are allowed under this policy only with an affirmative vote of at least five (5) Councilmembers. In addition, the following conditions must be met:
 - Such G.O. backed financing will not, in the opinion of the Council, place an undue burden on tax rates and relative debt load (in terms of per capita debt, or percentage of debt to Assessor's Market Value);

- No other, better, financing alternative exists;
- There is a significant return, as measured by enhanced property values or jobs created, relative to the risk taken or it is found that there are overriding socioeconomic considerations which are significant to the City overall, as determined by the City Council.
- G.O. Tax Increment Bonds may also be used to refinance debt that was previously issued to pay for such costs.
- The City will analyze each potential new TIF district and recommend whether it should be included or excluded from the fiscal disparities contribution. The impact of the fiscal disparities election on the City's general tax base will be analyzed using the methodology prescribed by the Minnesota Department of Revenue.

Adopt the following resolution for the City's TIF & Abatement Policy

WHEREAS, the City of Blaine recognizes the importance of establishing policies to effectively improve and direct decision making; and

WHEREAS, the attached Tax Increment Financing and Tax Abatement Policy establishes guidelines and parameters for the effective governance, management, and administration of Tax Increment Financing and Abatement districts established by the City of Blaine and the Blaine EDA; and

WHEREAS, the Blaine City Council has reviewed the attached policy and supports the policy's objectives and standards;

NOW, THEREFORE, BE IT RESOLVED, that the Blaine City Council does hereby establish the attached as the Blaine Tax Increment Financing and Tax Abatement Policy.

PASSED by the City Council of the City of Blaine this 21st day of June, 2018