

# **SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY**

## **BUSINESS SUBSIDY POLICY**

**SECTION 1. PURPOSE OF POLICY.** The purpose of this Business Subsidy Policy (the “Policy”) is to establish criteria by which the Economic Development Authority in and for the City of South St. Paul, Minnesota (the “EDA”) may grant a business subsidy to a business, as defined in Minnesota Statutes, Section 116J.993, subdivision 3 (a “Business Subsidy”). This Policy sets forth the criteria to be considered by the EDA and the City of South St. Paul (“the City”) in awarding a Business Subsidy in compliance with Minnesota Statutes, Sections 116J.993 to 116J.995 (the “Act”).

**SECTION 2. PUBLIC PURPOSES.** A Business Subsidy granted hereunder must meet one or more of the following public purposes:

- A. To redevelop blighted or under-utilized areas of the community.
- B. To remove blight and/or encourage development of commercial and industrial areas in the City that will result in higher quality development or redevelopment and private investment.
- C. To provide for or promote housing for South St. Paul’s workforce within the City.
- D. To promote neighborhood stabilization and revitalization through the removal of blight and/or the upgrading of existing housing stock in residential areas of the City.
- E. To enhance economic growth by increasing the tax base of the City in order to ensure the long-term ability of the City to provide adequate services for its residents and its businesses.
- F. To create additional job opportunities within the City.
- G. To retain high quality local jobs in the City that offer stable employment and attractive wages and benefits.
- H. To offset increased costs of development or redevelopment when the unique physical characteristics of the site may otherwise preclude private investment.
- I. To accelerate the development or redevelopment process and to achieve development on sites that may not be developed or redeveloped without public financial assistance.
- J. To enhance the economic diversity of the City and to provide essential products and services within the City.

**SECTION 3. MANDATORY MINIMUM CRITERIA.** Any project for which a Business Subsidy is awarded by the EDA shall meet the following mandatory minimum criteria:

- A. When the public purpose of a project is the creation of additional job opportunities in the City, such project must create a minimum of one (1) new full-time equivalent (FTE) job in the City, with a minimum wage at least equal to the most recent average weekly wage for Dakota County, as measured by the Quarterly Census of Employment and Wages, within two years from the date the Business Subsidy is awarded.
- B. When the public purpose of a project is the retention of existing jobs in the City, (i) the party requesting the Business Subsidy shall provide evidence that the loss of jobs in the City is specific and demonstrable in the absence of the award of the Business Subsidy; and (ii) such project must retain jobs in the City with a minimum wage at least equal to the most recent average weekly wage for Dakota County, as measured by the Quarterly Census of Employment and Wages, as of the date the Business Subsidy is awarded.
- C. Any party requesting a Business Subsidy must be able to demonstrate successful general development capability, as well as specific capability in the type and size of development proposed.
- D. The project must meet a “but for” test, meaning that but for the EDA’s provision of the Business Subsidy requested, it would not be financially feasible for the project to proceed in the manner proposed, as demonstrated by the party requesting a Business Subsidy.
- E. The project must not generate significant environmental concerns or measurable nuisances in the opinion of local, state or federal governmental units.
- F. The project must be in accordance with the Comprehensive Plan, zoning, redevelopment plans, and other policies of the City.

Where the creation or retention of jobs is determined not to be a goal of a project, but the project is nonetheless found to be worthy of support and subsidy, the job and wage goals may be set at zero, but only after a public hearing.

**SECTION 4. AWARD OF BUSINESS SUBSIDY.** A project meeting the above criteria will not automatically be awarded a Business Subsidy. Meeting such criteria creates no contractual rights on the part of any party seeking a Business Subsidy. A Business Subsidy shall be provided within applicable state and local legal requirements. In awarding a Business Subsidy, the EDA shall enter into a Business Subsidy Agreement with the recipient that includes provisions regarding a description of the subsidy, wage and job goals, recourse for failure to meet such goals, the recipient’s commitment to continue operations in the City for a minimum of five years, and to provide necessary reporting data, and other covenants as required by the Act.

**SECTION 5. DEVIATION FROM CRITERIA AUTHORIZED.** The EDA may grant a recipient's request to move from the City within the statutorily required five-year period, but only after a public hearing. The EDA may deviate from other provisions of this Policy only by documenting in writing the reason for the deviation and attaching a copy of such documentation to its next annual report to the Minnesota Department of Employment and Economic Development, as provided in the Act.