Business Subsidy Policy
City of Bloomington, Minnesota

Business Subsidy Policy

The following are Bloomington's guidelines for the granting of Business Subsidy to a business or developer. Meeting the criteria does not guarantee a project will be approved, nor does it create any contractual rights on the part of the business or developer requesting assistance. The granting or denial of a request for Business Subsidy is at the sole discretion of the Grantor.

Any Business Subsidy identified under Minnesota Statutes, Sections 116J.993 through 116J.995 as a "Business Subsidy" is covered under these policies.

A. Definitions

Benefit Date means the date that the recipient receives the Business Subsidy. If the Business Subsidy involves the purchase, lease, or donation of physical equipment, then the Benefit Date begins when the recipient puts the equipment into service. If the Business Subsidy is for improvements to property, then the Benefit Date refers to the earliest date of either: (i) when the improvements are finished for the entire project; or (ii) when a business or developer occupies the property.

Business Subsidy means a City, Port Authority or HRA grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the Recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of governmental facilities given to a business. Certain forms of financial assistance set forth in Section 116J.993, subd. 3 of the Business Subsidy Act are not considered a Business Subsidy.

Business Subsidy Act means Minnesota Statutes, Sections 116J.993 to 116J.995, as hereinafter amended.

City means the City of Bloomington.

Criteria means those elements considered by a Grantor as a guide in the consideration of each requested Business Subsidy. Meeting the Criteria does not mean that a project will automatically be approved nor does it create any contractual rights on the part of any applicant.

Development Agreement means a document between the Grantor and Recipient outlining the terms and conditions under which the Business Subsidy will be provided.

Grantor means the City, HRA or Port, as defined herein.

HRA means the Housing and Redevelopment Authority in and for the City of Bloomington.

Port means the Port Authority of the City of Bloomington.

Recipient means any for-profit business entity or any nonprofit business entity meeting the requirements of Section 116J.993, subd. 6 of the Business Subsidy Act that receives a Business Subsidy.

Subsidy Agreement means an agreement between a Grantor and a Recipient that meets the requirements of Section 116J.994, subd. 3 of the Business Subsidy Act. The Subsidy Agreement may be incorporated into a broader Development Agreement for a project.

B. Business Subsidy Criteria

The Criteria set forth in this section establishes minimum requirements that a Recipient must meet in order to be eligible to receive a Business Subsidy. The Grantor reserves the right to approve a project that varies from the Criteria if a Grantor determines a valid public purpose will be served. Criteria may be amended subject to a public hearing, the notice of which shall be published ten days prior to the hearing.

A description of the Criteria is set forth below:

- The request for Business Subsidy must meet a "public purpose." The public purpose may not be limited to an increase in tax base. Examples of public purposes are contained in Section J.
- The project is unlikely to go forward "but for" the Business Subsidy.
- Developers or businesses receiving a Business Subsidy shall be in compliance with the requirements of state and local law, including conformance with the Comprehensive Plan and zoning ordinance of the City. A Grantor can conditionally approve a request for Business Subsidy; if changes in the Comprehensive Plan, the zoning ordinance or other local laws or policies are under active consideration by the City.
- The Recipient must demonstrate the ability to develop the type and size of project proposed. Upon request, the Recipient must provide a pro forma showing all sources and uses of funds, market and financial feasibility studies, appraisals, environmental reports (if applicable), information provided to private lenders regarding the project, or other information or data that the Grantor, or its financial advisor, requests in order to independently determine the need for a Business Subsidy. A Grantor may also rely on data provided by an applicant to a financial institution.
- The project will not significantly and adversely increase the demands for public services or public facilities in the City unless plans to mitigate the project's impact are approved.
- The Recipient's request for Business Subsidy must be for the minimum amount of subsidy and duration of time required to make the project financially feasible.
- The project will effectively utilize investments in existing public infrastructure and (if applicable) support public services such as transit.

C. Job and Wage Goals

- Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Business Subsidy Act, the creation of jobs is a public purpose for granting a subsidy. Creation of at least 10 Full-Time Equivalent (FTE) jobs (retained or created) is a minimum requirement for consideration of assistance. The goals for the number of jobs to be created or retained must result in job creation or retention by the Recipient within the Grantor's jurisdiction overall.
- The wage floor for wages to be paid for the jobs created shall be not less than 175% of Minnesota State minimum wage. The City will seek to create jobs with higher wages as

appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.

- The wage and job goals set forth in this section must be satisfied within two years of the Benefit Date.
- The wage and job goals may be set at zero if the Grantor determines that creation or retention of jobs is not an objective.

D. Requirements for Business Subsidy Recipients

The Recipient of a Business Subsidy must satisfy the following requirements:

- The Recipient must retain ownership of the project at least until the project is completed, a certificate of occupancy is obtained, and the business is operational.
- The Recipient or successor must continue operations at the site where the Business Subsidy is used for at least five years from the Benefit Date.
- The Recipient of a Business Subsidy must meet the wage and job goals set forth above.

E. Business Subsidy Agreements

Any Recipient receiving a Business Subsidy will be required by the Business Subsidy Act to enter into a Subsidy Agreement with the Grantor outlining the terms and conditions under which the Business Subsidy will be provided.

The Subsidy Agreement between the Grantor and the Recipient must meet the requirements set forth in Section L and all other requirements of the Business Subsidy Act and any other requirements which may be incorporated into the Development Agreement for the project.

For a Business Subsidy subject to Section 116J.994, subd. 5 of the Business Subsidy Act (those Business Subsidies exceeding $150,000), the Grantor must hold a public hearing with a public notice published in the official newspaper at least ten days before the public hearing. The notice must be sufficiently conspicuous in size and placement, make the information available in printed paper copies, and be posted on the City's website.

The Business Subsidy Agreement must be approved by the governing body of the Grantor, and if the Grantor is not the City, the Business Subsidy Agreement must also be approved by the City Council. The Business Subsidy Agreement must be executed by both the Grantor and the Recipient.

F. Exemptions

Under Section 116J.993, subd. 3 of the Business Subsidy Act, a Recipient proposing activities contained in Section K is exempt from the requirements of the Business Subsidy Act. Requests for financial assistance that are exempt from the Business Subsidy Act are still subject to review and approval of the Grantor. The granting of such assistance is at the sole discretion of the Grantor and may be subject to other regulatory requirements and/or policies.

G. Application Process

Business or developers seeking a Business Subsidy must complete an application for assistance. The Grantor may request additional information from the developer or business to determine whether the request for a Business Subsidy is consistent with the Grantor's policies. Failure to provide requested information will result in denial of the request for a Business Subsidy.

H. Fees

All applicants will be responsible for legal, financial, consultant and other costs associated with the review of the application.

I. Reports

The Recipient and Grantor must comply with the annual reporting requirements set forth in Section 116J.994, subd. 7 and 8 of the Business Subsidy Act.

J. Examples of Subsidy Public Purposes

Grantors may consider the following public purposes, among others, when considering the applicant's request:

- The project provides a service or meets a consumer need not currently met or which is underserved in the City.
- The project represents a significant investment in an area of the City that is economically depressed.
- The project will remove blighting influences or rehabilitate an area of the City in need of revitalization.
- The project will stimulate additional capital investment and act as a catalyst for future (re)development.
- The project will enhance the value of surrounding properties, stabilize the area or foster a "sense of community".
- The project will anchor a needed commercial center in the City.
- The project will enhance the viability of other businesses in the City.
- The project will assist in the orderly growth of the City and generate significant economic spin off.
- The project will prevent the closure of businesses due to merger, physical expansion, change in market or economic factors, downsizing, and other factors of business needed in the community.
- The project will employ underserved people in the community who are not fully employed.
- A Business Subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the City.
- The project will provide a needed service in the City, including but not limited to health care or social services.
- The project will include necessary environmental clean-up of a site for development.
- The project will preserve or increase the City's tax base.

NOTE: By state law, increasing the tax base may not be solely used as a public purpose, nor can job retention be used unless job loss is specific and demonstrable.

K. Exemptions from the Business Subsidy Act

Section 116J.993, subd. 3 of the Business Subsidy Act provides that the following forms of assistance are not a Business Subsidy within the meaning of the Business Subsidy Act;

- A business subsidy of less than $150,000, (although certain exceptions exist for business loans and guarantees);
- Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- Redevelopment of property polluted by contaminants as defined in Section 116J.552, subd. 3 of the Business Subsidy Act;
- Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
- Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- Assistance of (exemptions) housing;
- Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under Minn. Stat. Section 469.174, subd. 23;
- Assistance for energy conservation;
- Tax reductions resulting from conformity with federal tax law;
- Workers' compensation and unemployment compensation;
- Benefits derived from regulation;
- Indirect benefits derived from assistance to educational institutions;
- Funds from bonds allocated under Chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- Assistance for a collaboration between a Minnesota higher education institution and a business;
- Assistance for a tax increment financing soils condition district as defined under Minn. Stat. Section 469.174, subd. 19;
- Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and
- General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

- Funds from dock and wharf bonds issued by a seaway port authority;
- Business loans and loan guarantees of $75,000 or less;
- Federal loan funds provided through the United States Department of Commerce, Economic Development Administration;
- Property tax abatements granted under Minn. Stat. Section 469.1813 to property that is subject to valuation under Minnesota Rules, Chapter 8100; and
- Such other exemptions as provided by amendments to Section 116J.993, subd.3 of the Business Subsidy Act, as it may be amended.
- Requests for subsidies exempt from the Business Subsidy Act are still subject to review and approval of the Grantor. Such approval is at the sole discretion of the Grantor.

L. Requirements for Subsidy Agreements

Section 116J.994, subd. 3 of the Business Subsidy Act requires a Recipient must enter into a Subsidy Agreement with a Grantor that includes the following:

- A description of the subsidy, including the amount and type of subsidy and type of district if the subsidy is tax increment financing;
- A statement of the public purposes for the subsidy;
- Measurable, specific and tangible goals for the subsidy;
- A description of the financial obligation of the recipient if the goals are not met;
- A statement of why the subsidy is needed;
- A commitment to continue operations at the site where the subsidy is used for at least five years after the Benefit Date;
- The name and address of the parent corporation of the recipient, if any;
- A list of all Business Subsidies by all grantors for the project;
- Wage and job goals;
- Agreement to repay all or a portion of the subsidy if the business subsidy goals set forth in the Development Agreement are not met; and
- Such other requirements as set out in Section 116J.994, subd. 3 of the Business Subsidy Act.
- If a successor takes over operations within the five years from the Benefit Date, the Recipient is responsible to notify the Grantor

M. Data Practices Law

The City of Bloomington is a governmental body and is subject to the requirements of Minn. Stat. Chapter 13 (the "Minnesota Government Data Practices Act"). Some of the data provided by the applicant to the City as part of the application for a Business Subsidy may be required to be disclosed if requested pursuant to the Minnesota Government Data Practices Act.

N. Amendments to Business Subsidy Act

The references to the Business Subsidy Act in this Business Subsidy Policy shall include any and all amendments to the Business Subsidy Act that are made after this policy is adopted.

(Added 11/19/2007; Amended 5/7/2012; Amended 11/18/2019)

FINANCIAL MANAGEMENT POLICIES ADOPTION

The Financial Management Policies shall be adopted by resolution by the City Council. The policies shall be reviewed by the Finance and Accounting staff on an ongoing basis and any modifications made thereto must be approved by the City Council.

Adopted by City Council August 31, 1987; Adopted by Bloomington Housing and Redevelopment Authority and Bloomington Port Authority November 10, 2009.

Policy	Origination Date	Last Revision Date	Page #
Financial Management Policies	***8/31/1987***	***2/22/2021***	***All***
Abatement District Policy	5/20/2002	1/27/2020	35
Budgetary and Financial Control Policy	1/23/2012	1/2/2018	7
Business Subsidy Policy	11/19/2007	11/18/2019	37
Capital Improvement Program Policy	undated	1/2/2018	23
Conduit Debt Policy	4/10/1978	11/18/2019	24
Debt Policy	undated	5/20/2002	28
External Auditor Independence Policy	5/20/2002	1/23/2012	6
Forfeited Funds Policy	undated	1/23/2012	10
Fund Balance Year-End Classification Policy	undated	12/19/2011	47
Investment Policy	3/3/1997	12/1/2014	12
Mileage Reimbursement Policy	undated	4/20/2018	72
Post-Issuance Compliance Policy for Tax-Exempt Govt. Bonds	6/22/2009	1/27/2020	29
Public Purpose Expenditure Policy	undated	5/22/2017	50
Purchasing Policy	5/20/2002	9/12/2011	54
Revenue Policy	8/31/1987	1/23/2006	60
Risk Management Policy	undated	1/19/2006	62
Self-Insurance Reserve Policy	1/23/2012	1/23/2012	63
Tax Increment Policy	6/10/1991	1/27/2020	43
Travel Policy	11/1/1980	2/4/2019	65
Uniform Grant Guidance Policy	2/22/2021	2/22/2021	57
Utility Collection Policy	10/21/2013	10/21/2013	61