



Tax Abatement Policy

for new construction of Single and Multi-family homes

Effective August 1, 2016

Intent

The purpose of the Mower County Tax Abatement for new construction of single and multi-family homes is to provide incentives to encourage the construction of new owner occupied and rental residential housing units, and to encourage replacement of dilapidated housing structures within Mower County between August 1, 2016 and December 31, 2019.

Tax Abatement Availability

Minnesota Statute §469.1813 Subdivision 8 places limitations on tax abatement. In any given year, the total amount of taxes abated by a municipality shall not exceed 10% of the net tax capacity (NTC) of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. The Mower County Policy will limit this to five percent (5%) of net tax capacity in order to be able to provide tax abatement options for non-residential projects.

Eligible Participants

Any person who constructs a new single family home, duplex, or multi-family complex and who files application material and seeks formal approval from appropriate local jurisdiction between August 1, 2016 and December 31, 2019 may be eligible to receive 100% tax abatement of the County's share of increased real estate taxes as a result of building newly constructed housing or a home, for a period of five (5) years provided all of the following criteria are met:

1. Property is located within Mower County and zoned properly for the proposed development project.
2. The applicant shall not have received other local financial assistance (tax increment financing/TIF, Workforce Housing, SCDP).
3. Project is built to any and all applicable zoning and building codes adopted at the time the building/zoning permit is obtained.
4. Property taxes are current and paid on time and in full. Failure to keep property taxes current shall result in revocation of the tax abatement for each year taxes are not current.
5. Program approvals must be obtained prior to the start of construction of the new housing/home.

Multi-family projects of a minimum of four (4) rental units may seek approval for longer tax abatement period not exceeding the maximum defined by State Statute. Each of these multi-unit requests will be considered on an individual basis.

The real estate taxes to be abated shall be for up to the full amount of the real estate taxes collected due to the added tax base of the newly constructed housing/home annually. The current value of the property is not eligible for the abatement, will not be abated as part of this program and is further defined as the "original value." Any eligible abatement years are calculated on the tax increase due to a value increase over the original value.

Partially constructed housing may result in an abatement in the first abatement year that may be significantly less than the following years. This will still be considered one of the five years of eligible abatement.

In the event the property owner refuses access to County Assessor staff to perform an appraisal for tax assessment purposes, the tax abatement shall expire for the remaining term of the abatement period.

The abatement period will begin in the tax year the property realizes a value increase over original value due to construction of the housing project. In the event construction has not commenced within one year of approval, the abatement is eliminated and the property owner will need to reapply in accordance with this policy.

This abatement will transfer with the sale of the property for the balance of the five year abatement period.

This abatement will not include voter approved property tax referendums.

This abatement does not apply to, or include, existing and/or new assessments to the property.

The County shall provide the awarded abatement payment following payment of due real estate taxes annually. One single payment shall be made to the owner of record at the time of the payment, by December 30 for that calendar year.

Application

Statute requires the County to approve each abatement application. Thus, all applications will be considered on a “first come – first served” basis. The acceptance of new applications will be contingent upon board approval and abatement capacity as defined above.

A complete application for Abatement shall consist of the following:

- * A letter requesting abatement for eligible projects addressed to the Mower County Coordinator;
- * Legal description of the subject property, including address and property identification number;
- * A site plan and construction plans for the proposed project; and
- * Submit a copy of the building/zoning permit once received.
- * Applicant shall sign a statement to the effect that no construction has started prior to the County Board decision on the applicant’s abatement request. For the purposes of this provision, construction shall include the installation of footings, slab, foundation, posts, walls or other portions of a building. Site preparation, land clearing or the installation of utilities shall not constitute construction.

The County Coordinator will forward the completed application to the County Board for consideration. The County Board shall schedule a date for a public hearing on the abatement request(s) pursuant to sections 469.1812 to 469.1815 to receive public input on each abatement request and shall pass a resolution to approve or deny said application.

The County Coordinator shall also forward the completed application to the appropriate City or Township and School District in the event one or more of these taxing jurisdictions have adopted policies and procedures for property tax abatements for single family or multi-family residential construction.

Prior to the public hearing, the County Coordinator will notify the County Assessor to perform a site inspection to verify no construction has commenced.

Each taxing entity retains its individual authority on property tax abatements. The County is solely responsible for its share of property tax abatements and this policy does not allow the County to abate City, Township or School District property taxes.