

**To: HONORABLE MAYOR AND CITY COUNCIL.**

**FROM: Dave Maroney, Director of Economic Development.**

**SUBJECT: *Property Tax Abatement – Keith Meyers Project***

**DATE: December 13, 2018.**

**BACKGROUND.**

To minimize market risk and move this project forward, Keith and Tamara Meyers are requesting that the City of Cannon Falls approve property tax abatements to assist with financing costs incurred to redevelop and improve part of the former Scofield Drug property. The proposed *Tax Abatement Property* is described as *PID 52.100.2430 (108 Fourth Street North)*. The Meyers also own the adjacent parcel (*PID 52.100.2420, 114 Fourth Street North*) which is not part of the *Tax Abatement Property* or this particular project.

The Economic Development Authority (EDA) has reviewed plans for redevelopment of this property and recommends that the City Council approve the use of property tax abatements to assist with financing the project. The EDA has approved a \$75,000 loan to facilitate completion of \$150,000 of construction improvements to the building.

The maximum City property tax abatement during an 8-year term (2021 – 2028) is estimated to not exceed a total of \$16,100. The annual “City” portion only of new tax resulting from the proposed development project is estimated to be approximately \$2,000. This estimate assumes: (a) new taxable market value of \$150,000; (b) Class 3 Commercial Property Tax Classification with a rate of 2%; and (c) a City tax rate of 67.04% (projected rate for 2019).

**REQUESTED COUNCIL ACTION.**

The City Council is asked to conduct the public hearing pertaining to the request for property tax abatement and thereafter consider approval of the accompanying *Resolution Approving Property Tax Abatement* for this project.

**CITY OF CANNON FALLS  
GOODHUE COUNTY, MINNESOTA**

**RESOLUTION NUMBER 2401**

**RESOLUTION APPROVING PROPERTY TAX ABATEMENTS**

BE IT RESOLVED by the City Council (the "Council") of the City of Cannon Falls, Minnesota (the "City"), as follows:

1. Recitals.

(a) The City has been requested to assist in financing construction costs incurred to redevelop and improve the now vacant main level of the former Scofield Drug building (the "Project") in downtown Cannon Falls. The City proposes to grant a tax abatement and reimburse the developer for a portion of the costs of the construction of the Project in accordance with Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the "Abatement Law"). The abatement will be derived from the property taxes to be levied against 108 Fourth Street North by the City on Parcel Identification Number 52.100.2430, (the "Tax Abatement Property").

(b) On this date, the Council held a public hearing on the question of the Abatement, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice thereof at which all interested persons appeared and were heard.

(c) The City proposes to approve tax abatements on the City's portion of property taxes on the Tax Abatement Property in an amount not to exceed \$16,100 for a term of up to eight (8) years to finance a portion of the costs of the Project.

(d) The Abatement is authorized under the Abatement Law.

2. Public Hearing Notice. The City Council hereby ratifies the actions of the City Administrator in causing the publication of the Notice of Public Hearing to be published in the City's legal newspaper as required by law; and

3. Findings for the Abatement. The City Council hereby makes the following findings:

(a) The tax abatement (the "Abatement") is the City's share of taxes on the Tax Abatement Property.

(b) The Council expects the benefits to the City of the Abatement to at least equal or exceed the costs to the City thereof.

(c) Granting the Abatement is in the public interest because it will:

(i) increase or preserve tax base; and

(ii) provide employment opportunities in the City.

(d) The Tax Abatement Property is not located in a tax increment financing district.

(e) In any year, the total amount of property taxes abated by the City by this and other resolutions and agreements, does not exceed the greater of ten percent (10%) of the net tax capacity of the City for the taxes payable year to which the abatement applies or \$200,000, whichever is greater. The City may grant other abatements permitted under the Abatement Law after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Limit the allocation of the Abatement limit to such other abatements is subordinate to the Abatement granted by this resolution.

4. Terms of Abatement. The Abatement is hereby approved. The terms of the Abatement are as follows:

(a) The Abatement shall be for up to eight (8) years beginning with real estate taxes payable in 2021 and continuing through 2028, inclusive and shall not exceed \$16,100.

(b) The City will abate the Abatement as provided in this resolution.

(c) The Abatement shall be subject to all the terms and limitations of the Abatement Law.

**ADOPTED** by the City Council of Cannon Falls this 18th day of December, 2018.

**CITY OF CANNON FALLS**

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Lyman M. Robinson  
Mayor

ATTEST: \_\_\_\_\_

Lanell Endres  
Interim City Administrator