



Legislation Text

File #: 18-0299R, **Version:** 1

RESOLUTION ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 30 AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

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

Section 1. Recitals.

1.01. The Board of Commissioners of the Duluth Economic Development Authority ("DEDA") has heretofore established Development District No. 17 and adopted a Development Program therefor. It has been proposed by DEDA and the City that the City establish Tax Increment Financing District No. 30 (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor, said TIF Plan is attached hereto as Exhibit A; all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.090 to 469.1082 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the TIF Plan, and presented for the Council's consideration.

1.02. DEDA and the City have investigated the facts relating to the TIF Plan and have caused the TIF Plan to be prepared.

1.03. DEDA and the City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed TIF Plan, including, but not limited to, notification of St. Louis County and Independent School District No. 709 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the TIF Plan by the City Planning Commission, approval of the TIF Plan by DEDA on March 28, 2018, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the TIF Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the TIF Plan. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

Section 2. Findings for the Establishment of Tax Increment Financing District No. 30

2.01. The Council hereby finds that the District is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, Subd. 10 of the Act.

2.02. The Council further finds that the proposed redevelopment would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan, that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole; and that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

2.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit B.

Section 3. Public Purpose

3.01. The adoption of the TIF Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit B, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 4. Approval and Adoption of the TIF Plan

4.01. The TIF Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Director of Business and Economic Development.

4.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of St. Louis County is requested to certify the original net tax capacity of the District, as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and DEDA is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The Director of Business and Economic Development is further authorized and directed to file a copy of the TIF Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

Statement of Purpose

The purpose of this resolution is to establish tax increment Financing District No. 30 and approve the Tax Increment Financing Plan in order to provide tax increment financing assistance to the Ramsey V Townhome Project. The TIF District is a 26-year redevelopment district consisting of 17 parcels in the Ramsey neighborhood. In order to qualify as a redevelopment district, at least 70 percent of the area of the parcels in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. Tax increment can be used for certain eligible costs allowed under state statute such as acquisition, demolition, relocation, contamination clean-up, public streets and utilities.