



Legislation Text

File #: 21-0499R, **Version:** 1

RESOLUTION AUTHORIZING TAX ABATEMENT AGREEMENT WITH ST. LOUIS COUNTY FOR THE ST PAPER1 LLC REDEVELOPMENT PROJECT

CITY PROPOSAL:

Resolved, that the proper city officials are hereby authorized to enter a tax abatement agreement with St. Louis County pursuant to which the County will provide up to \$600,000 in tax abatement proceeds to the City for the City to provide said proceeds to ST Paper I LLC as part of the redevelopment package for the former Verso Paper mill property at 100 North Central Avenue in Duluth, said sum to be deposited in 310-030-4654-02 (General Obligation, Finance, Other Reimbursements Refunds).

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize an agreement with St. Louis County pursuant to which St. Louis County will provide up to \$600,000 in tax abatement payments related to the former Verso Paper mill property to the City for the City to include in the redevelopment package being provided to ST Paper 1 LLC to convert and reopen the facility as a tissue manufacturing plant.

The Verso facility which previously manufactured super calendarized paper and for which there is now a very limited market, has been idle for some time and the City has been actively seeking someone to reopen the papermaking facility in some form or another. ST Paper has now purchased the facility and is planning to convert it to the manufacture of tissue paper but can only do so with public assistance.

The City, working with St. Louis County and the Minnesota Department of Employment and Economic Development has assisted in putting together a package of incentives that will result in an investment in the plant of over \$40 Million. In addition to the \$600,000 in tax abatement from the County, the plan includes \$600,000 in tax abatement and a \$242,000 forgivable loan from the City, previously approved, and a \$3 Million MIF loan from DEED which still awaits legislative approval.

The plan will result in the creation of at least 80 full time jobs paying between \$22 and \$48 per hour