



PROPERTY TAX EXEMPTION POLICY

Urban Progress (UP) Zone Property Commercial & Residential Projects



The Moorhead City Council and Moorhead Economic Development Authority find that granting property tax exemptions pursuant to the program requirements set forth herein, increases the community's long term economic vitality through the creation of new jobs, increasing employment opportunities for Moorhead residents and expanding Moorhead's property tax base. Further, that existing business will benefit by increasing the total number of businesses in Moorhead, thereby positioning Moorhead as a destination to more customers. The property tax exemption program is available to new business seeking to locate in Moorhead and to existing Moorhead business looking to expand in Moorhead. (Resolution #2015-0608-J; 2017-0313-3)

HOW IT WORKS: The project, which may be commercial-industrial or multi-family residential, must be new construction or a substantial expansion/rehabilitation of an existing building and meet minimum project requirements for new building value and jobs (if applicable). Only building improvements are eligible for the exemption. Land and existing improvements (unless demolished) remain taxable.

ELIGIBLE BUSINESS: Any for-profit or non-profit business **located in the Urban Progress (UP) Zone** that pays property taxes and is classified as commercial/industrial or apartment (4 or more residential units) for property tax purposes.

A commercial multi-tenant project in which the Project Operator intends to sell units to Qualified Businesses is eligible to receive an incentive subject to the following:

- The "aggregate new building value" for all units meets the minimum new building requirements.
- Length of exemption for each unit is based on the aggregate new building value.
- The Project Operator agrees to sell units only to Qualified Businesses under Minnesota Statute 469.171 Subd. 6a.

INELIGIBLE BUSINESS: A property tax exemption, tax increment financing, or a combination thereof, will not be considered or provided if the business, business owner or operator meets any of the following:

- The business is prohibited under Minnesota Statute 469.171 Subd. 6a.
- The project does not comply with the City's Comprehensive Plan and/or Zoning Ordinance.
- The project will likely place an extraordinary demand on City services.
- The project has been constructed or is currently under construction.
- The property is located in a tax increment district established on or before July 1, 2011.

APPLICATION PROCESS: The City will accept applications at any time. A \$525 application fee must accompany the application. A notice to competitors is placed in the City's official newspaper and a public hearing set before City Council. The City Council has final authority to grant the project a property tax exemption. Please allow up to 8 weeks for approval process.

SCHEDULE OF EXEMPTION: A project which meets the minimum qualifications for jobs and new (assessed) building value shall receive a property tax exemption for the term shown on the table below. Land and existing improvement value remain taxable throughout the term. During the Standard Term, the first five years receive a 100% exemption and years 6 through 10 receive a 99% exemption (also known as payment in lieu of taxes - PILOT). In addition, UP Zone Projects receive an additional 4 years of exemption with a "ramping up" of public benefit in increased tax base.

MOORHEAD ECONOMIC DEVELOPMENT

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URBAN PROGRESS ZONE PROJECT

The UP Zone is a zone targeting urban development, infill, and redevelopment of commercial or residential properties within the zone to concentrate reinvestment in Moorhead's downtown, near downtown, and transitional areas.

New Building Taxable Value	Full Time Equivalent (FTE) Jobs Minimum Created or Retained*	Standard Term 100% yrs 1-5; 99% yrs 6-10	UP Zone Project Additional 4 Years - % of Exemption
\$150,000-249,999	1	2 years	80 – 60 – 40 – 20
\$250,000-499,999	2	3 years	80 – 60 – 40 – 20
\$500,000-999,999	3	4 years	80 – 60 – 40 – 20
\$1 - \$1.99 million	5	5 years	80 – 60 – 40 – 20
\$2 – 2.99 million	6	6 years	80 – 60 – 40 – 20
\$3 – 3.99 million	7	7 years	80 – 60 – 40 – 20
\$4 – 4.99 million	8	8 years	80 – 60 – 40 – 20
\$5 – 5.99 million	9	9 years	80 – 60 – 40 – 20
\$6 – 6.99 million	10	10 years	80 – 60 – 40 – 20
\$7 – 7.99 million	11	11 years	80 – 60 – 40 – 20
\$8 – 8.99 million	12	12 years	80 – 60 – 40 – 20
\$9 – 9.99 million	13	13 years	80 – 60 – 40 – 20
\$10 – 10.99 million	14	14 years	80 – 60 – 40 – 20
\$11 – 11.99 million	15	15 years	80 – 60 – 40 – 20
\$12 – 12.99 million	16	16 years	80 – 60 – 40 – 20
\$13 – 13.99 million	17	17 years	80 – 60 – 40
\$14 – 14.99 million	18	18 years	80 – 60
\$15 – 15.99 million	19	19 years	80
\$16 – 16.99 million	20	20 years	No ramp up

*Minimum Wage Floor for 2018 is \$10.15

*Projects that meet four of the following criteria are exempted from the job creation requirement:

1. Intensity of development – The project's Floor Area Ratio (FAR) is 2.5 or greater
2. Underground and/or structured parking – The project has one story of underground and/or structured parking that is equivalent to the footprint of the building.
3. Land to building ratio – The land to building ratio is 75% or greater.
4. Value per square foot of land created – The project has a projected minimum assessed value of \$100 per square foot, including the land value.
5. Redevelopment Expenditures – The project has a minimum of \$100,000 of redevelopment expenditures (contamination, remediation, and/or demolition), paid for out-of-pocket by the developer. State grants and assistance do not count toward this threshold.

