



PROPERTY TAX EXEMPTION POLICY

Commercial & Industrial Property



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 #2011-0912-03; 2014-0113-D; 2014-1124-N; 2015-0608-J)

HOW IT WORKS: The project must be new construction or a substantial expansion/rehabilitation of an existing building and meet minimum project requirements for new building value and jobs. 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 that pays property taxes and is classified as commercial/industrial for property tax purposes.

A warehouse project is eligible to receive an incentive subject to the following:

- The project is owned, operated, or utilized by a *primary sector* business located in the City.
- If the project is undertaken by a third party pursuant to a lease with a *primary sector* business, the term of the lease must equal or exceed the total number of years of the property tax exemption as set forth in the schedule of exemption. The existing employment base of the primary sector business serves to satisfy job and wage goal requirements.

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.

MOORHEAD ECONOMIC DEVELOPMENT

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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. The first five years receive a 100% exemption and years 6 through 20 receive a 99% exemption (also known as payment in lieu of taxes - PILOT).

CITY-WIDE COMMERCIAL-INDUSTRIAL “DEVELOPMENT” PROJECT

New Building Taxable Value	Full Time Equivalent (FTE) Jobs Minimum Created or Retained*	Term of Exemption 100% yrs 1-5; 99% yrs 6-20
\$150,000-249,999	1	2 years
\$250,000-499,999	2	3 years
\$500,000-999,999	3	4 years
\$1 - \$1.99 million	5	5 years
\$2 – 2.99 million	6	6 years
\$3 – 3.99 million	7	7 years
\$4 – 4.99 million	8	8 years
\$5 – 5.99 million	9	9 years
\$6 – 6.99 million	10	10 years
\$7 – 7.99 million	11	11 years
\$8 – 8.99 million	12	12 years
\$9 – 9.99 million	13	13 years
\$10 – 10.99 million	14	14 years
\$11 – 11.99 million	15	15 years
\$12 – 12.99 million	16	16 years
\$13 – 13.99 million	17	17 years
\$14 – 14.99 million	18	18 years
\$15 – 15.99 million	19	19 years
\$16 million and up	20	20 years

**Minimum Wage Floor for 2018 is \$10.15*