Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To ______________
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1. Name of project operator of new or expanding business ________________________________

2. Address of project ________________________________

   City ______________________ County ______________________

3. Mailing address of project operator ________________________________

   City ______________________ State ______ Zip ______________

4. Type of ownership of project
   - ☐ Partnership
   - ☐ Subchapter S corporation
   - ☐ Individual proprietorship
   - ☐ Corporation
   - ☐ Cooperative
   - ☐ Limited liability company

5. Federal Identification No. or Social Security No. ________________________________

6. North Dakota Sales and Use Tax Permit No. ________________________________

7. If a corporation, specify the state and date of incorporation ________________________________

8. Name and title of individual to contact ________________________________

   Mailing address ________________________________

   City, State, Zip ________________________________ Phone No. ______________

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.

   ☐ **Property Tax Exemption**

   ________ Number of years

   ________ Percent of exemption

   ☐ **Payments In Lieu of Taxes**

   ________ Beginning year ________ Ending year

   ________ Amount of annual payments (attach schedule if payments will vary)

10. Which of the following would better describe the project for which this application is being made:

    ☐ New business project ☐ Expansion of a existing business project

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(Rev. 2/14)

Description of Project Property

11. Legal description of project real property

____

____

____

12. Will the project property be owned or leased by the project operator? ☐ Owned ☐ Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?
☐ Yes ☐ No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? ☐ New construction ☐ Existing facility

If existing facility, when was it constructed? ______________________________

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application ______________

b. Description of project to be constructed including size, type and quality of construction

____

____

____

c. Projected number of construction employees during the project construction ______________________

14. Approximate date of commencement of this project's operations ______________________

15. Estimated market value of the property used <u>for this project</u>:

a. Land.. $____________

b. Existing buildings and structures for which an exemption is claimed......................... $____________

c. Newly constructed buildings and structures when completed .... $____________

d. Total....................................... $____________

e. Machinery and equipment .... $____________

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) ....

b. Eligible existing buildings and structures.................................. $ ____________

c. Newly constructed buildings and structures when completed................................. $ ____________

d. Total taxable valuation of property eligible for exemption (Add lines b and c).................... $ ____________

e. Enter the consolidated mill rate for the appropriate taxing district .... ____________

f. Annual amount of the tax exemption (Line d multiplied by line e) .... $ ____________

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: ☐ Ag processing ☐ Manufacturing ☐ Retailing ☐ Wholesaling ☐ Warehousing ☐ Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

____

____

____

____

19. Indicate the type of machinery and equipment that will be installed

____

____

____

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year *(12 mo. periods)*	New/Expansion Project only Year 1	New/Expansion Project only Year 2	New/Expansion Project only Year 3	New/Expansion Project only Year 4	New/Expansion Project only Year 5
Annual revenue					
Annual expense					
Net income					

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

# Current Positions		New Positions Under $13.00	New Positions $13.01-$15.00	New Positions $15.01-$20.00	New Positions $20.01-$28.00	New Positions $28.01-$35.00	New Positions Over $35.00

Year		(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1)						
	(2)						
Estimated payroll	(1)						
	(2)						

(1) - full time
(2) - part time

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☐ No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?

☐ Yes ☐ No

24. Has the project operator or any officers of the project received any prior property tax incentives? ☐ Yes ☐ No

If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).

____

____

Business Competition

25. Is any similar business being conducted by other operators in the municipality? ☐ Yes ☐ No

If YES, give name and location of competing business or businesses

____

____

Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☐ No

27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☐ No

If the answer to 26 or 27 is Yes, list and explain

____

____

Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):

☐ To present additional facts or circumstances which were not presented at the time of the original application

☐ To request continuation of the present property tax incentives because the project has:

- ☐ moved to a new location
- ☐ had a change in project operation or additional capital investment of more than twenty percent
- ☐ had a change in project operators

☐ To request an additional annual exemption for the year of ______ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, ____, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.

______________________	______________________	__________
Signature	Title	Date

PRIVACY ACT NOTIFICATION

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

Certification of Governing Body (To be completed by the Auditor of the City or County)

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the _____ day of _________________, 20____, granted the following:

☐ **Property Tax Exemption**

_______ Number of years

_______ Percent of exemption

☐ **Payments in lieu of taxes**

_______ Beginning year _______ Ending year

_______ Amount of annual payments (Attach schedule if payments will vary)

____
Auditor

Notice To Competitors Of Hearing On Application For Property Tax Incentives

Notice is hereby given that the ____
(City or county governing body)

of ____________________________, North Dakota, will meet at ____________________
(City or county) (Time)

on _______________at ______________________ to consider the application of
(Date) (Location)

____
(Project operator name and address)

for property tax relief on the project which the applicant will use in the operation of

____
(Type of business)

at ____
(Address)

____
(Legal description)

Any competitor of that applicant may appear and be heard by the ________________________
(City or county governing body)

at the time and place designated herein. A competitor may provide written comments to the governing body before the scheduled hearing.

This notice is given by the above-named applicant pursuant to the provisions of North Dakota Century Code § 40-57.1-03

Guideline - Property Tax: Incentives for New or Expanding Businesses

December 2017

North Dakota Century Code ch. 40-57.1 provides incentives in the form of property tax exemptions, payments in lieu of taxes, or a combination of both to a qualifying business. The incentives are granted at the discretion of the city or county in which the property is located.

Before a municipality may grant a property tax exemption under N.D.C.C. § 40-57.1-03, the project must be certified as a primary sector business by the Commerce Department.

A city or county with fewer than 40,000 population may grant an exemption to a project operating in the retail sector if the governing body has obtained approval from a majority of the qualified electors voting on the question at a city or county election held in conjunction with a statewide general election and if that governing body has established by resolution or ordinance the criteria that will be applied by the governing body to determine whether it is appropriate to grant an exemption for a project operating in the retail sector. Minimum criteria are specified in N.D.C.C. § 40-57.1-03(1). A city or county may not supersede or expand the provisions of this section under home rule authority.

* Before a city grants a property tax incentive on a parcel that is anticipated to receive a property tax incentive for more than five years, the governing body of the city is required to send a letter, by certified mail, to the chairman of each county commission and the president of each school district affected by the tax incentive. The letter must provide terms of the proposed property tax incentive.

* Within 30 days of receipt of the notice, each affected county and school district must notify the city, in writing, whether it elects to participate in granting the tax incentive on the county or school district portion of the property tax. If no letter is received, the city must treat each county or school district as participating in the property tax incentive.

Definitions

1. Commencement of construction means the building or erecting of any improvements other than site preparation or excavation.
2. Commencement of project operation means "the date the plant actually goes into its planned operations. To use the example..., if a manufacturing plant actually begins manufacturing of its products in December, 1970, that would be the date of commencement of project operations. The Act does not purport to authorize granting of tax exemptions for the time of construction of plants." 1969 N.D. Op. Att'y Gen. 415.
3. Local Development Corporation means a profit or nonprofit corporation incorporated in this state for the purpose of furthering the economic development of a specified community or area.

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4. Municipality means a city or a county.
5. Primary sector means a business that adds value to a product, process, or service that results in the creation of new wealth. New wealth means revenues to a North Dakota business generated by sales of products or services to customers outside North Dakota, or revenues to a North Dakota business from sales in North Dakota, if the product or service was previously unavailable or of limited availability.
6. Project means any new revenue-producing business or an expansion to an existing business.
7. Project operator means the individual, partnership, limited liability company (LLC), corporation, or association that owns or operates the project.
8. Statewide general election, as provided in N.D.C.C. § 16.1-13-01, means the general election held on the first Tuesday after the first Monday in November of each even-numbered year.
9. Structure means any property where a business is conducted. The structure might be an entire building, if occupied by one business, or individual quarters within a larger building.

What Qualifies

10. New and existing buildings, structures, and improvements owned or leased by a qualifying project may receive property tax incentives.
11. New buildings, structures, and improvements constructed and owned by a local development corporation may receive a partial or complete exemption from ad valorem taxation while unoccupied. Once occupied, the exemption continues until the next assessment date following the first occupancy. A qualifying project that locates in a building owned by a local development corporation qualifies for the property tax incentives, provided application is made and granted prior to occupancy.

Allowable Incentives

12. A qualifying project may receive a complete or partial exemption from ad valorem taxation on structures used in or necessary to the operation of a project for up to five years following the commencement of project operations.
13. The exemption period begins with the assessment date immediately following the date of commencement of project operations.
14. Projects that produce or manufacture a product from agricultural commodities may receive a complete or partial property tax exemption on structures for up to ten years.
15. A project located in a structure leased from a governmental entity and which received a five-year property tax exemption qualifies for additional exemptions for up to five years. For the additional exemptions, the municipality grants the exemption one year at a time upon annual application.
16. Payments in lieu of taxes may be used in place of, or in combination with, property tax exemptions for qualifying projects. The municipality and project operator negotiate the amount of annual payments, when the payments begin, and the ending date, which may be no later than twenty years from the date project operations began.

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ND Tax North Dakota

17. Payments in lieu of taxes are apportioned in the same manner as the general real estate taxes unless a taxing district enters into a written agreement for an alternate method. Any agreement entered into between the municipality and other taxing districts for an alternate method of apportioning the payments in lieu of taxes may not affect the apportionment to any taxing district that is not a party to the agreement.
18. The tax incentives are valid as long as the property is used for the purposes stated in the application. If there is a change in use or project operator, a new application for the incentives must be filed with and approved by the municipality to receive the remainder of the incentives.

Limitations

19. A project is not eligible for the property tax incentives if the project received a tax exemption under tax increment financing.
20. The tax exemption and the payments in lieu of taxes are limited to the new or existing buildings or structures used in the qualifying project.
21. Tax incentives may not be granted for land.
22. Payments in lieu of taxes are not eligible for the 5% discount for early payment.

Procedures

23. The project operator applies to the governing body of the municipality where the potential project is to be located. If the project will be within city limits, the project operator applies to the city governing body. If the project is outside city limits, application is made to the county commission.
24. The municipality forwards the application to the Department of Commerce, Division of Economic Development and Finance, P.O. Box 2057, Bismarck, ND 58502-2057, for its review and recommendation as to the eligibility of the project as a primary sector business.
25. Application for the property tax exemption must be made *and* granted prior to the commencement of construction if the project locates in a new structure. If the project locates in an existing structure, application must be made *and* granted before the structure is occupied.

    For qualifying projects, applications for payments in lieu of property taxes may be made after construction or occupancy of the structure.

    A representative appointed by the board of each affected school district and of each affected township is included as a non-voting member during the negotiation and deliberation of granting tax incentives.
26. The project operator publishes two notices to competitors of hearing on the application. The notices are published in the official newspaper of the city or county at least one week apart. The last notice must be published at least 15 days, but not more than 30 days, before the city or county considers the application. For example, notices published one week apart on May 1 and May 8 would be appropriate for a hearing scheduled any time between May 23 and June 7. An affidavit of publication is presented to the governing body prior to the hearing as proof of publication. Publication of notices is not required if the municipality determines that project competitors do not exist in the municipality.
27. The city or county holds a public hearing on the application and takes testimony both in favor of and in opposition to the granting of the tax incentives.

28. After the public hearing, the governing body determines the best interests of the municipality and approves or denies, in whole or in part, the application for tax incentives.
29. The municipality certifies the tax incentives granted by submitting a copy of the project operator's application with the attachments to the State Tax Commissioner and county director of tax equalization. The county director of tax equalization advises the local assessor when the property is taxable or exempt.
30. Political subdivision grantors shall maintain records of business incentives provided to recipients. They shall prepare an annual political subdivision grantor report to the Department of Commerce before April 1 each year that includes:
    - The name of the business receiving business incentives during that year;
    - The number of jobs expected to be created or retained by each business as a result of the business incentives;
    - The average compensation expected to be provided by the employer for the jobs expected to be created or retained as a result of the business incentives, including identification of the average benefits and average earnings to be provided by the employer for these jobs; and
    - The total dollar value of all business incentives provided by the political subdivision during that year.

Additional Conditions

North Dakota Century Code § 40-57.1-03 provides that the governing body of a municipality, before the beginning of a taxable year for which a property tax exemption or the option to make payments in lieu of taxes has previously been approved by the governing body, may revoke or reduce an exemption, or revoke or increase payments in lieu of taxes for that taxable year for reasons specified in a negotiated agreement or if the governing body finds that:

a. Information provided by the project operator has proven to be inaccurate or untrue;
b. Use of the property by the project operator does not comply with the reasonable expectations of the governing body at the time the property tax exemption or the option to make payments in lieu of taxes was approved;
c. The property has been improved to a substantially greater extent than the governing body reasonably anticipated at the time the property tax exemption or the option to make payments in lieu of taxes was approved; or
d. There has been a change of ownership of the property since the property tax exemption or the option to make payments in lieu of taxes was approved.

* Indicates significant change since last revised.

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City of Fargo Tax Exempt Review Committee

Policy & Guidelines

December 2019

Tax Exempt Review Committee
225 Fourth Street North
Fargo, North Dakota 58102

Table of Contents

Mission Statement

The City of Fargo supports the mission of economic development through the use of available tax incentive programs offered to the private sector. The goal of this mission is to create high quality jobs by attracting new, and expanding existing, primary sector businesses; promote historic preservation and development of the downtown district; support affordable housing opportunities and; grow the city's tax base which, collectively, enhance the city's livability, vibrancy and quality of life. The responsibility to initiate, sustain and implement economic development shall be borne primarily by the private sector with the city supporting qualifying efforts with reasonable public and private cooperation.

Effective Date and Term

This policy is effective as of January 28, 2019 and shall remain in effect until the next review. The next review will follow the June 2020 City election.

Available Incentive Options Reviewed By Tax Exempt Review Committee

Remodeling Exemption (N.D.C.C. 57-02.2) [Page 8]
This provides for an exemption of buildings that have been improved by means of renovation, remodeling, alteration, or additions. It does not apply to the replacement of one building with another. The amount of valuation added to the original assessment due to the remodeling within the existing structure may be exempted for a period of 5 years on projects started on or after August 1, 1999; 3 years on projects started prior to that. This is available to all commercial properties and residential buildings that are at least 25 years old.

Residential New Construction Exemption (N.D.C.C. 57-02-08) [Page 9]
This has allowed for an exemption of up to $75,000 in value on newly constructed residential dwellings, duplexes, townhomes, and condominiums. New legislation in 2008 expanded this exemption to up to $150,000 with separate exemptions allowed to builders and first owners after the builder.

New or Expanding Business Exemption/PILOT (N.D.C.C. 40-57.1) [Page 10]
This allows for a 5 year exemption for buildings of certain new or expanding business projects. A 10 year exemption may be granted to projects producing or manufacturing a product from agricultural commodities. In addition to, or instead of a property tax exemption, projects may be granted an option to set up to 20 years of payments in lieu of taxes (PILOT). The amount of those payments would be determined through negotiations with the City and the project operator.

Tax Increment Financing (N.D.C.C. 40-58)
This allows for the encouragement of private enterprise to rehabilitate or redevelop urban renewal areas by means of tax increments. This may be provided by the issuance of bonds to be paid back by the private operator through the incremental difference in property taxes between the original value and rehabilitated property value. This may also be provided in the form of a tax exemption with an amount granted initially and the incremental exempted tax being applied to reduce that amount with interest.

Incentive Options Available Through The Planning & Development Department

Renaissance Zone Incentives (N.D.C.C. 40-63)
This allows for the encouragement of private investment to rehabilitate or redevelop downtown Fargo through the use of property tax, state income tax and historic preservation & renovation tax credit incentives. The Renaissance Zone Authority administers the Zone incentives.

Community Development Incentives
In an effort to develop a high quality downtown and neighborhoods by providing quality housing and a suitable living environment, a combination of the above programs will be utilized.

General Evaluation Objectives For Job Creation and Retention Projects

The City of Fargo will use the general review criteria below in evaluating the applications for assistance. These are broad areas of consideration which serve as part of the underlying City economic development policy. More specific detailed policies and guidelines may apply differently to each individual incentive option. Each incentive option will be administered according to the appropriate state law in conjunction with the specific policy or guideline adopted by the Fargo Board of City Commissioners.

<u>Economic Impact to the City of Fargo</u>
The economic impact to the City to be considered will be determined by increased construction activity and the purchase of local equipment, goods and services. Also, consideration will be given in terms of the size of the payroll and the value of the real property which ultimately serves to increase the tax base of the city.

<u>Diversification and Growth of the Economic Base</u>
The City is concerned about attracting and retaining companies that provide diversification from the existing industrial base in order to bring about a more stable economic environment in the city.

<u>Number and Type of Jobs to be Created</u>
The City of Fargo is interested in knowing the projection for job creation over the term of the assistance. Consideration will be given to the salary, benefits, and type of jobs to be created or anticipated jobs to be added in the future.

<u>Local Competition</u>
It is the intention of the City to not give an unfair advantage over other local existing companies through the use of these incentives.

<u>Benefits To Accrue To The Project Operator</u>
It is the intention of the City of Fargo that benefits granted accrue to the successful applicant, whether the applicant is the owner or tenant of a property, unless approval is otherwise specified.

<u>Quality and Growth Potential of the Client</u>
Consideration will be given to the company's reputation in other areas of the country in terms of the client's track record, credit history, stability, and overall industry standing. The City will also be interested in the company's past history of growth, potential for future growth, and the general outlook for growth of the industry as a whole.

<u>Kinds of Businesses Targeted For Possible Incentives</u>
- The City will typically assist primary sector businesses.
- Primary sector businesses are those in which at least 70% of the revenues generated by the end product or service they provide come from outside the Fargo trade area (150-mile radius). The end product may be completed by another firm (i.e. Cardinal Glass provides glass to Integrity Windows). This information will be provided by the business as part of the application process.
- The business must receive “Primary Sector” designation from the ND Department of Commerce and submit that information along with the incentive application.

General Evaluation Objectives For Job Creation and Retention Projects

- Targeted primary sector businesses are:
    1. Those engaged in manufacturing, remanufacturing or processing of a raw material or base product.
    2. Those providing packaging and distribution of end products.
    3. Service industries that are involved in data processing, data communications, telecommunications services, computer software development, technology support, research facilities, research and development of new technologies, or any form of information processing.

- The City is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo Trade Area.

Kinds of Businesses Typically Not Eligible For Incentives

- Retail or any business selling directly to the consumer
- Health Care industry
- Education industry
    - Property that is occupied by a public, as opposed to private, school, academy, college or other institution of learning for the use of students in attendance upon such public educational institution would be eligible for incentives.
- Hospitality services (hotels, restaurants, taverns, etc.).
- Professionals (architects, attorneys, physicians, dentists, CPA's, real estate developers, investment advisors, advertising/public relations advisors)
- General office facilities.
- General warehousing facilities

Evaluation Point System To Be Used As A Guide

A point system will be utilized as a guide in evaluating primary sector projects for possible incentive programs. Although the point system will not be the final determining factor regarding eligibility for incentives, it will be used as a tool to quantify certain criteria.

General Evaluation Objectives For Job Creation and Retention Projects

A total of 100 points is required for recommended approval under the point system. Following is a breakdown of the criteria evaluated by the point system:

Project Type:

Points	Project Description
+38	Manufacturing
+25	Support Services
+13	Distribution
+25	Primary Sector Distribution
+38	Primary Sector Service Industry
+38	Technology Research
-63	Common Service Industry
-63	Warehousing
-63	Retail
-63	Lodging Industry

Jobs Created (Initial Year):

Points	Number of Jobs
+ 0	1-10
+15	11-50
+20	51-100
+25	101-250
+30	251+

Points	Hourly Salary w/o Benefits	
- 25	Under $13.00	
+ 0	$13.01 - $15.00	A weighted average
+25	$15.01 - $20.00	of points will be
+30	$20.01 - $28.00	used according to
+35	$28.01 - $35.00	the number of jobs
+50	Over $35.00	created in each range.

Local Competition:

Points	% of Gross Income With Any Local Competition
+25	0% - 10%
+15	11% - 30%
+0	31% - 50%
-25	Over 50%

General Evaluation Objectives For Job Creation and Retention Projects

Value of Proposed Buildings:

Points	Proposed Building Value
+ 0	Up to $80,000
+ 5	$80,001 - $100,000
+ 7.5	$100,001 - $500,000
+ 10	$500,001 - $1,000,000
+12.5	$1,000,001 - $5,000,000
+ 15	$5,000,001 - $10,000,000
+ 20	$10,000,000 - $15,000,000
+ 30	Over $15,000,000

Startup Firms:

Points	Startup
+15	New “startup” projects

Timing Of Filing Application:

Points	Application Filing
-100	If filed after start of construction on a new building
-100	If filed after occupancy on an existing building

General Evaluation Objectives For Job Creation and Retention Projects

Below is an example using the point system on a sample project:

Exemption Evaluation Calculator			**117.9**
SAMPLE			**Points**
Project Type Code (Ctrl-C to view)		1	**38.0**
Current Number Of Employees		171	
Hourly Salary Without Benefits	**# Jobs**		
Under $13.00	0		
$13.01-$15.00	0		
$15.01-$20.00	25		
$20.01-$28.00	15	Pts. For # Jobs->	**20.0**
$28.01-$35.00	0	Pts. For $ Jobs->	**19.9**
Over $35.00	15		
TOTAL # OF JOBS CREATED	**55**		
% GI w/ Local Competition (not downtown)		75%	**-25.0**
Value of Proposed Buildings		$ 5,004,300	**15.0**
Downtown Location (Y/N)		Y	**25.0**
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		N	**0.0**
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	**0.0**
Number of Years (Exemption)		10	
Building Age (if substantial renovation)		0	**0.0**
RECOMMENDATION IS TO		**APPROVE**	
Description		Manufacturing	
Estimated New Annual Payroll		$2,782,000	
Estimated Annual Real Estate Tax		$116,913	
Estimated PV of Exemption		$902,771	
Payroll / PV of Exemption		3.1	
Property Value / # of Jobs		$ 90,987	

Remodeling Exemption Guidelines

This exemption provides an incentive to property owners to invest private capital in order to remodel and rehabilitate buildings and structures to prevent the properties from decay. It is at the discretion of the City whether or not to grant this exemption to properties.

This exemption encourages the investment of private capital to improve properties, subsequently encouraging the production of wealth, improving the volume of employment, enhancing living conditions, and preserving and increasing the property tax base.

The standard policy utilized by the City of Fargo in granting the exemption allowed for improvements to property, according to N.D.C.C. Chapter 57-02.2, will be as follows:

Residential & Apartment Property

3 year exemption for value added due to remodeling and additions to buildings 25 years old to 39 years old.

5 year exemption for value added due to remodeling and additions to buildings 40 years old and older.

Commercial Property

3 year exemption for value added due to remodeling only for all properties outside of the Central Business District and for buildings under 25 years old within the Central Business District*.

5 year exemption for value added due to remodeling and additions to buildings 25 years old and older within the Central Business District.

**Central Business District boundaries are defined in the "Downtown Area Plan".*

TYPE	YRS EMEMPT	BLDG AGE	ELIGIBLE IMPROVEMENT	MISC
Residential & Apartments	3	25-39 Yrs	Remodel & Additions	
Residential & Apartments	5	40 Yrs & Up	Remodel & Additions	
Commercial	3	All	Remodel Only	Outside Downtown Incentive Area
Commercial	3	Thru 24 Yrs	Remodel Only	In Downtown Incentive Area
Commercial	5	25 Yrs & Up	Remodel & Additions	In Downtown Incentive Area

- No exemption, under this policy, will be granted for assessment value replaced after a reduction in appraised value has been made by the Assessment Department for value lost due to fire, flood, tornado, or other natural disaster.

2 Year Residential New Construction Exemption Guidelines

The governing body of the city must approve the exemption by resolution and may amend or rescind that resolution at any time. The City may also limit or impose conditions on this exemption, including the time period for which it is allowed.

This exemption promotes the construction of dwelling units thereby encouraging the volume of employment, enhancing living conditions and increasing the tax base. However, the limited availability of the exemption to the majority of the local population warrants close review of the need for it to encourage that activity.

The City of Fargo will pass a resolution allowing for this exemption and the terms and conditions of the incentive. The City will periodically review the option of adopting a new resolution expanding or limiting the terms of this exemption as economic conditions or state statute may change.

New Single Family Residence Owned By Builder & Unoccupied
Up to five properties per builder per year may be exempt up to $150,000 of building value if the homes are unoccupied and owned by the builder. The maximum term of exemption is for the taxable year construction began and one following taxable year.

New Single Family Residence Owned By First Owner After The Builder
The first owner after the builder may receive an exemption on up to $150,000 of building value for new single-family, condominium and townhouse residences. The maximum term of the exemption is for the two taxable years after the taxable year construction is completed and the residence is occupied for the first time by the owner.

New or Expanding Industry Exemption / Payment In Lieu Of Tax Policy and Guidelines

Businesses, whether commercial, industrial, or service are eligible for this exemption or PILOT if they meet the State requirements and the following guidelines:

A $250.00 non-refundable fee for public notices and processing of applications must be paid before any notices are published.

A new business to the community must not gain unfair advantage with existing competitors through the use of the exemption.

An existing business is eligible if expansion of the business includes new jobs, a dramatic increase in sales (projected or verified) and/or diversion into another line of product sales or production.

Warehousing and retail projects would not receive exemptions unless the owner could prove need or provide other information to justify granting the exemption.

An option to establish up to 20 years of payments in lieu of property taxes may be available to qualifying projects and will be evaluated on a case by case basis.

PILOT payment schedules will be granted based on a percentage of building exemption for each defined yearly term. The actual annual payment amounts will be determined based upon the Assessor's initial completed property appraised value and the prevailing, most recently certified mill levy.

Standard Exemption For Primary Sector Businesses

The standard exemption for primary sector projects meeting the general objective of targeted businesses for this incentive that meet the criteria in the evaluation point system for jobs created and project size: Years 1 through 5 - 100% exemption on the improvement value.

For an expansion of an existing business, the eligible exemption will apply to the increased value of the improvements added for the expansion.

New Apartment Buildings Within *Downtown Incentive Area*

Market rate Downtown Apartments: Years 1 through 5 - 100% exempt on the increased value of the improvements. Years 6 through 15 - The percentage exempt will be based on a financial review and "but for" test. The amount exempt will be no more than 90% of the improved value.

Apartment Buildings for Lower Income Households

Lower Income Apartments: Years 1 through 20 – The percentage of exemption may be up to 100% of the improvement value based on a financial review and "but for" test.

Incentives for lower income apartments may be for new buildings and substantial rehabilitation necessary to maintain existing lower income apartments units.

Lower income apartments are those where the developer is required to rent to lower income households at below market rent as required by the Department of Housing and Urban Development, the Low Income Housing Tax Credit Program, the ND Housing Finance Agency, or a recorded land use restrictive covenant agreement.

New or Expanding Industry Exemption / Payment In Lieu Of Tax Policy and Guidelines

Significant Commercial Construction/Renovation

Private development of non-housing or mixed use projects with both housing and commercial use consisting of major building renovations or substantial new construction are eligible for a maximum of the following:

Years 1 through 10 – 100% of the improvement value
Years 11 through 15 – 75% of the improvement value

Projects will include a "but for" review to determine if the incentive is necessary to make the project financially feasible. They will be evaluated to determine if the project will bring added commerce activity to benefit other businesses. Analysis will also be done to determine if the incentive will provide an unfair advantage over existing businesses. Total investment must be in excess of $8,000,000.

Project must comply with at least one of the following:

- Significant new building construction of at least 40,000 square feet, equivalent in quality to Class A office with high quality exterior finish.
- Building is over 50 years old and complies with historic preservation standards.
- Renovation is greater than 50% of the current value of the building.
- Project complies with historic preservation standards
- Provides small living units or element of affordability.

Manufacturing or Processing a Product From An Agricultural Commodity

Years 1 through 10 – 100% of the improvement value

Additional Policy and Procedure Guidelines

Except in cases of assistance for housing, a business incentive agreement must accompany an application for incentives that are valued at $25,000 or more in any given year. The agreement describes the type and value of the incentive as well as stated goals to be met. Periodic reporting will required of the recipient to monitor the stated goals.

Reporting will no longer be required once the goal has been met.

The stated goal may be extended for up to two years if it is determined circumstances made achievement impossible. If, after extending two years and it is determined a decrease in goals is justified, the goals may be decreased after a public hearing.

If not extended or reduced and the goal has not been met, the recipient must pay back the amount of incentive granted, prorated to reflect partial fulfillment.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

For the purposes of this policy, the term "City" shall include the Fargo City Commission.

The purpose of this policy is to establish the City of Fargo's position relating to the use of Payment in Lieu of Taxes (PILOT) for private development beyond the requirements and limitations set forth by State Law. This policy will be used as a guide in the processing and review of applications requesting Payment in Lieu of Taxes. The fundamental purpose is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance.

The City of Fargo is granted the power to utilize PILOT under North Dakota Statute N.D.C.C. 40-57.1 TAX EXEMPTIONS FOR NEW AND EXPANDING BUSINESSES, as amended. It is the intent of the City to provide the minimum amount of tax exemptions, at the shortest term required, for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case basis taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of PILOT to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

I. OBJECTIVES OF PILOT PROGRAM IN THE UNIVERSITY MIXED USE ZONE

As a matter of adopted policy, the City will consider using PILOT to assist private development projects to achieve one or more of the following objectives:

- To create opportunities for affordable housing.

- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.

- To assist developers enough to achieve development on sites which would not be developed without PILOT assistance.

- To remove blight and/or encourage the development of new housing that is of high quality and provides housing in close proximity to North Dakota State University.

- To offset increased costs of redevelopment (i.e. contaminated site cleanup, infrastructure needs, and higher land costs) over and above the costs normally incurred in development.

• To contribute to the implementation of other public policies, as adopted by the City, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

II. POLICIES FOR THE USE OF PILOT - University Area

Policy #1

The property must be zoned University Mixed Use.

Policy #2

The maximum PILOT incentive will be a 100% exemption for the first 5 years, and a 50% exemption *for* an additional 5 years; applied to the increased value of a redevelopment project. This will maintain the base value of the project for the taxing districts.

Policy #3

To the extent required by state, federal, local law, or regulations, a relocation plan should be provided by the developer. Relocation payments to tenants of businesses or residential uses must be made. These relocation payments should follow state/federal guidelines, as applicable. for assistance (NDCC Ch. 54-01.1 and USC).

Policy #4

The amount or value of the PILOT tax exemption will be limited to the extraordinary costs of development, and the extraordinary costs are limited to following costs. The amount *of* the assistance is defined as the estimated present value of the future PILOT tax exemptions, which would include an allowance for interest.

1. The costs of land acquisition, subject to the limits outlined in Policy #5.

2. Relocation of existing tenants.

3. The costs of demolition, including the removal of building foundations, parking lots, and the removal and replacement of unsuitable soil.

4. Public improvements that are in the public right-of-way such as sidewalks, driveway approaches, lighting, and connections to the water, sanitary sewer, and storm water systems.

5. On site storm water retention including the cost of excavation, underground storm water lines, or underground storage facilities. It does not include water collection systems such as parking lots, sidewalks, or curb/gutters.

6. Architectural and engineering costs are limited to those necessary services to implement other activities allowed by this policy. Developer fees and legal costs are not permitted.

7. The required city fees and the estimated costs of interest from the time the costs are paid by the developer to the next February 15 date when property taxes are due to be paid.

Policy #5

Land acquisition or land write-down costs must meet the requirements outlined as follows:

1. The eligible costs recouped to the developer shall be evaluated in a case-by-case basis, but the maximum should be the lesser of:
    - The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property by property limit.
    - The difference between what was paid by the developer for the property less the assessor's market value for the land (as opposed to land and buildings).

Policy #6

The estimated value of the PILOT assistance should be limited to a percentage up to 15% of hard capital costs of development including the costs of acquisition. In other words, the tax exemption assistance will be equal to or less than 15% of hard construction costs plus the land acquisition costs, excluding the costs of professional fees, developer fees, furniture and fixtures, interest, profit, and other soft costs. In addition, Developer must provide at least 10% of total capital costs as Developer's equity in the project.

Policy #7

PILOT assistance for UMU projects should not be viewed by the developer as an entitlement. When undertaking any PILOT project the due diligence procedures in determining the feasibility and level of public assistance must be reviewed by the City's financial consultant in conjunction with City staff. The financial consultant must use accepted public financing procedures in determining project feasibility and levels of public assistance. Particularly when public assistance includes substantial reimbursement to the developer of costs of acquisition or land write-down amounts, review of the level of public assistance may include an estimate of the return on investment anticipated by the project and analysis as to whether the expected return on investment. including the public assistance, is within reason.

Policy #8

When undertaking a PILOT project a non-refundable administrative fee equal to 5% of the total value of the estimated tax exemption must be paid by the developer. These fees are to reimburse the City for costs expended by staff and consultants to determine the feasibility, level of public assistance and the preliminary costs of project development by the City.

Other City costs such as engineering, bond carrying costs. and annual special assessment administration will be in addition to this administrative fee if warranted. To the extent that PILOT assistance exceeds $2 million or more, the administrative fee on said excess may be negotiated to a sum less than 5%, as may be appropriate. A non-refundable deposit, set by schedule, shall be paid to the City along with an initial application for a PILOT project. The City, upon approval of the Finance Committee, may require additional sums to be deposited, from time to time, to defray such costs initially borne by the City. The deposit and any other additional sums paid to the City may be offset against and accredited toward the 5% administrative fee.

University Mixed Use Payment In Lieu Of Tax Policy and Guidelines

Policy #9

Applications for PILOT assistance are to be submitted to the Department of Planning and Development and the City Assessor. The application must include a description of the project and an estimate of the level of assistance needed to proceed with the project. The application will be reviewed by the appropriate Committee and the City Commission to determine if City staff, City financial advisors, and the City Attorney should proceed with a review of the project pro-forma, and draft of a developer's agreement.

Policy #10

The development should be compatible with long-term City redevelopment plans, and create a high quality development that will have a positive impact on the tax base and the surrounding area. The developer's agreement should include design standards to ensure that the development will be compatible with the long term plans for the area.

Policy #11

Interest rates allowed to be recouped as eligible costs shall be one percent (1%) over the municipal bond indexed rate for taxable municipal bonds or over such indexed rate for tax-exempt municipal bonds, as appropriate, as identified by the City Finance Director, with consultation with the City's financial advisor as needed.

Policy #12

The development should comply with City plans and policies that encourage the development of affordable housing and workforce housing . Rents should not substantially exceed, by more than 50%, fair market rents in Fargo.

III. PROJECT QUALIFICATIONS

All University Mixed Use Zoning PILOT projects considered by the City of Fargo must meet each of the following requirements:

1. To be eligible, a project shall result in a minimum increase of $1 million in property valuation, or, if not, the developer shall establish that other goals and objectives of the project warrant approval.

2. The project shall meet at least one of the objectives set forth in Section II and satisfy all the provisions set forth in Section Ill of this document.

3. The developer shall demonstrate that the project is not financially feasible but for the use of the PILOT program. The projected internal rate of return as determined by the City's financial advisor based upon information provided by the developer must be no more than a percentage that provides a reasonable rate of return of a particular project.

4. The project must be consistent with the City's Comprehensive Plan. Land Use Plan, and Zoning Ordinances.

IV.APPLICATION PROCESS

1. Applicant submits letter requesting PILOT support for a project. The letter shall describe the project and shall be submitted to the City Commission for preliminary review and direction authorizing the staff to move forward with the application process.

2. Applicant submits the completed application along with all application fees. (See Policy #8 - non-refundable deposit.)

3. City staff reviews the application and completes the Application Review Worksheet. The application and supporting documentation will be submitted to the City's financial ad visor for due diligence consideration. At least three (3) weeks should be allowed for due diligence review and consideration [upon submittal of a complete and approved application.]

4. Results of the Worksheet and financial review are submitted to the Tax Exempt Review Committee for its recommendation to the City Commission for their approval.

5. Notices are published as required.

6. Public hearing(s) are held on the proposed project as may be required by law.

7. The City Commission approves or denies approval of the proposal.

Tax Increment Financing Policy

1. Policy Purpose

The purpose of this policy is to establish the City of Fargo's (City) position relating to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of TIF in Fargo is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

The City of Fargo is granted the power to utilize TIF by the Tax Increment Financing Act. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

2. Objectives of Tax Increment Financing

As a matter of adopted policy, the City will consider using TIF to assist development projects to achieve one or more of the "City Objectives" listed in the evaluation criteria section of this policy.

3. Designated Redevelopment Areas

In order to maximize the ability of the City to meet its redevelopment goals, the City may designate redevelopment areas. In order to designate a redevelopment area, a plan for the redevelopment area will:

- Document existing conditions;
- Describe the plan for the future, and;
- Outline activities needed to implement the plan

Designation of the Redevelopment may occur in two ways.

- The designation may be at the request of a property owner and/or developer that has a proposed redevelopment plan.

- The designation may be initiated by the City Commission for an area where the City would like to see development, and then work with property owners within the TIF district to implement projects consistent with the development plan.

4. City of Fargo Policies for the Use of TIF

These policies are to provide guidance to developers who are considering making a request for TIF funding, and to guide City Commission decisions in the development of renewal plans and development agreements. When renewal plans are initiated by the City, not all of these policies are applicable to those plans.

Policy #1

When undertaking a redevelopment project on a defined parcel(s) of land, slum or blighted conditions on a portion of the property or properties should exist. A City Commission declaration of underdeveloped property for the purposes of using TIF assistance will outline activities needed to implement the redevelopment.

Policy #2

When undertaking a redevelopment or development project on an underdeveloped parcel(s) of land, a TIF exemption or TIF revenue note will be the preferred method of providing assistance directly to a developer. Exceptions to this rule will be considered by the City Commission and be based on reasons that can be documented by the developer and confirmed after review by the City's bond consultant.

Policy #3

When undertaking a redevelopment or development project using a TIF exemption or TIF revenue note, the length of the term of this note is limited to 15 years.

Policy #4

The length of a TIF may extend beyond 15 years when used for city infrastructure, public parking, or community development efforts, such as, affordable housing, replacement housing, public space, and public art.

Policy #5

To the extent required by state, federal, or local law or regulations, a relocation plan should be provided in the development or renewal plan. When undertaking a redevelopment project on underdeveloped parcel(s) of land, relocation payments to tenants of businesses or residential uses must be made. These relocation payments must follow state and federal guidelines, as applicable, for assistance.

Policy #6

Land acquisition or land write-down costs must meet the requirements outlined as follows:

1. The eligible costs recouped to the developer shall be evaluated in a case-by-case basis, but the maximum should be the lesser of:
    a. The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property by property limit.
    b. The difference between what was paid by the developer for the property less the assessor's market value for the land (as opposed to land and buildings).

Policy #7

With respect to non-blighted, or non-slum development or redevelopment, eligible costs, as stated in state law, are limited to the following:

A. The cost of acquiring, or the market value, of all or part of the industrial or commercial property;
B. Costs of demolition, removal, or alteration of buildings and improvements on the industrial or commercial property, including the cost of clearing and grading land;
C. Costs of installation, construction, or reconstruction of streets, utilities, parks, and other public works or improvements necessary for carrying out the development or renewal plan; and
D. All interest and redemption premiums paid on bonds, notes, or other obligations issued by the municipality to provide funds for the payment of eligible public costs of development.

Policy #8

TIF assistance to the developer should be limited to a percentage of up to 15% of hard capital costs of development including the costs of property acquisition, and public facilities. In other words, The TIF assistance will equal or be less than 15% of hard construction costs including the land acquisition costs, hard capital costs excluding the costs of professional fees, developer fees, furniture and fixtures, interest, profit, and other soft costs. In addition, the developer must provide at least 10% of total capital costs as developer's equity in the project.

The limit of 10% may be exceeded if the project will include a community development purpose, for example, accepting lower rates of return to provide affordable housing, or other public benefits. Examples:

1. Direct investment in public or free publicly accessible private spaces.
2. Direct and ongoing investment in public art.
3. Development of affordable or replacement housing.
4. City equity treated equally to other investor equity with City returns to be used by City for community development purpose, which should be used in the nearby neighborhoods.

Policy #9

If funds are used for a City lead project, a public-private partnership, or for public benefit, the total TIF costs may exceed the limits stated in policy #8, including but not limited to the following:

- If funds are going to pay for public parking, public infrastructure, or other public investments such as rehabilitation or provision of affordable or replacment housing in the nearby neighborhoods or areas, or other public improvement not directly related to the project.
- Affordable housing, ideally in conjunction with the use of 4% or 9% Low Income Housing Tax Credits

Policy #10 - ROI Analysis, Reasonable Assistance Requirement

When undertaking any TIF project that provides assistance to a developer, the due diligence procedures in determining the feasibility and level of public assistance must be reviewed by the City's financial consultant in conjunction with the City's staff. The financial consultant must use accepted public financing procedures in determining project feasibility and levels of public assistance. Particularly when public assistance includes substantial reimbursement to the developer costs of acquisition or land write-down amounts, review of the level of public assistance may include an estimate of the return on investment anticipated by the project and analysis as to whether the expected return on investment, including the public assistance, is within reason.

Tax Increment Financing Policy

Policy #11 - Projection of Future Increments

For purposes of projecting future increments to be generated, an assumed maximum increase in valuation will be limited to two percent (2%) per annum. The exact assumptions made for projections is subject to approval by the City on a case-by-case basis.

Policy #12

When undertaking any TIF project within the City of Fargo, a non-refundable administrative fee set by schedule, must be paid by the developer after final approval of the City Commission and prior to or at the closing of the transaction. These fees are to reimburse the City for costs expended by staff and consultants to determine the feasibility, level of public assistance, and the preliminary costs of project development by the City. Other City costs such as engineering, bond carrying costs, and annual administration will be in addition to the administrative fee if warranted. To the extent that TIF assistance, including administrative fees, exceeds $2 million the administrative fee on said excess may be negotiated to a sum of less than 5%. A non-refundable deposit, set by schedule, shall be paid to the City along with an initial application for a TIF project. The City may require additional sums to be deposited from time to time, to defray such costs initially borne by the City. Such sums may be recouped by the developer as eligible costs as may be agreed between the City and the developer and as allowed by the urban renewal law (N.D.C.C. Chapter 40-58). The non-refundable deposit and any other additional sums paid to the City will be offset against and credited towards the administrative fee.

Policy #13

Applications for TIF assistance are to be submitted to the Department of Planning and Development. The application must include a description of the project and an estimate of the level of assistance needed to proceed with the project. A checklist and application will be available from the Department of Planning and Development.

Policy #14

The redevelopment should be compatible with long-term City redevelopment plans, and create a high quality redevelopment that will have a positive impact on the tax base and the surrounding area. The developer’s agreement should include design standards to ensure that the development will be compatible with the long-term plans for the area.

Tax Increment Financing Policy

Policy #15

The maximum interest rates allowed to be recouped as eligible costs will be set by schedule. The City Finance Director in consultation with the City's financial consultant will recommend the actual rate.

Policy #16 – Good standing

Applicants for TIF assistance must be in good standing with the City. Good standing means current in property taxes, utility fees, city accounts, and no significant history of unresolved code violations

Policy #17 – Post Project Review

Developers' agreements will include terms that require documentation of TIF eligible costs, allow for an audit at the discretion of the City, and require cooperation with the city staff or auditors.

On large scale projects, the City may require a review of the financial performance of the project in the future, and if the project has a significantly higher than expected return on investment, the amount of the TIF assistance may be reduced.

Policy #18

Renewal Plans may include terms that allow for the city to use a portion of the TIF revenue for the preservation or replacement lower density housing in neighborhoods adjacent to higher density housing projects. The housing plan would be outlined in the Renewal Plan.

Application & Review Process for Developer Request for TIF Assistance

1. Applicant submits letter requesting TIF support for a project. The letter shall describe the project and shall be submitted to the City Commission for preliminary review and direction authorizing staff to move forward with the application process. City Commission approval is required to proceed to application review and plan development.
2. Applicant submits the completed application along with all application fees.
3. City Staff reviews the application and completes the Application Review Worksheet. The application and supporting documentation will be submitted to the City's financial consultant for due diligence consideration.

Allow at least three (3) weeks for due diligence review and consideration [upon submittal of a complete and approved application].

a. As part of the application review, City staff are authorized to inquire as to the character, reputation, fitness of the applicant to engage in the project and to bear the responsibilities entailed therein, and any other pertinent information. Such inquiries may include background checks on the applicant and principles of the applicant as the case may be.
b. With respect to certain proprietary, commercial, and financial information that is submitted as part of the application, and review process, said information may be exempt from the North Dakota Open Records Law, Chapter 44-04, N.D.C.C., and to the extent that N.D.C.C. 44-04-18.4 allows, it is the City's intention to maintain confidentiality of such information when requested by the applicant.
c. In advance of submission to the City of such confidential records or information, the City and Applicant will make appropriate arrangements for the handling of such information and records to protect the confidentiality thereof.

4. The results of the financial review will be reviewed by the Finance Department.
5. Results of the reviews are submitted to the Renaissance Zone and/or the Tax Exempt Review Committee, for recommendation.
6. The renewal plan or development plan along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultants.
7. Notices mailed and published as required.
8. Public hearing(s) on the proposed project are held.
9. The City Commission grants final approval or denial of the plans and development agreements.

Application & Review Process for City Initiated Renewal Plans and TIF Districts

1. Renewal Plans and TIF Districts may be proposed by any City Commissioner, the Planning Commission, the City Administration, or the Planning Department. The proposal shall include a boundary, a description of existing conditions, and general plan for development.
2. City Commission directs the preparation of the renewal plan.
3. City Staff prepares a plan for future development.

4. The renewal plan or development plan along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultants.
5. Notices mailed and published as required.
6. Public hearing(s) on the proposed project are held.
7. The City Commission grants final approval or denial of the plans and tax increment financing district.

Evaluation Criteria for Assistance to Developers

The City of Fargo has established multiple objectives that should be met to qualify for Tax Increment Financing. Since there are different types of developments, the objectives for each of the development types is different. The three types of projects anticipated are:

1. Housing
2. Commercial or Industrial
3. Downtown or Mixed Use

Housing projects should meet at least 5 of the 7 objectives listed below.

- The housing development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- The housing is compatible with the adjacent area or the future land use in the area.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- The project has a high quality design, exceeding the requirements of the Land Development Code.
- The project includes affordable housing, workforce housing, or includes a plan to replace some of the housing eliminated by the development
- The housing project eliminates blighted conditions or substandard buildings.
- The project will create significant growth in the tax base on the site.

Tax Increment Financing Policy

Commercial projects should meet at least 5 of the 8 objectives listed below.

- The development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- The commercial/industrial development is expected to contain some primary sector business or jobs.
- The development will include some public spaces or public art.
- The project cleans up brownfield conditions.
- The project eliminates blighted conditions or substandard buildings.
- The project will create significant growth in the tax base on the site.
- The project is expected to encourage additional development on adjacent sites.
- The project has a high quality design.

Downtown or Mixed Use (Mixed use is commercial/housing in the same development.) Projects should meet at least 7 of the 11 objectives listed below.

- The development is served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development.
- The project is compatible with the adjacent area or the future land use in the area.
- Sidewalks bike trails, or a transit stop within 4 blocks of the housing development.
- There is an adequate parking and access plan, preferably with shared parking by the different land uses.
- The development is expected to contain some primary sector business or jobs.
- The development will include some public spaces or public art.
- The project cleans up brownfield conditions.
- The project eliminates blighted conditions or substandard buildings, or replaces surface parking.
- The project will create significant growth in the tax base on the site.
- The project is expected to encourage additional development on adjacent sites.
- The project contains businesses that will provide needed services or goods used by adjacent land uses.

City of Fargo Tax Exempt Review Committee

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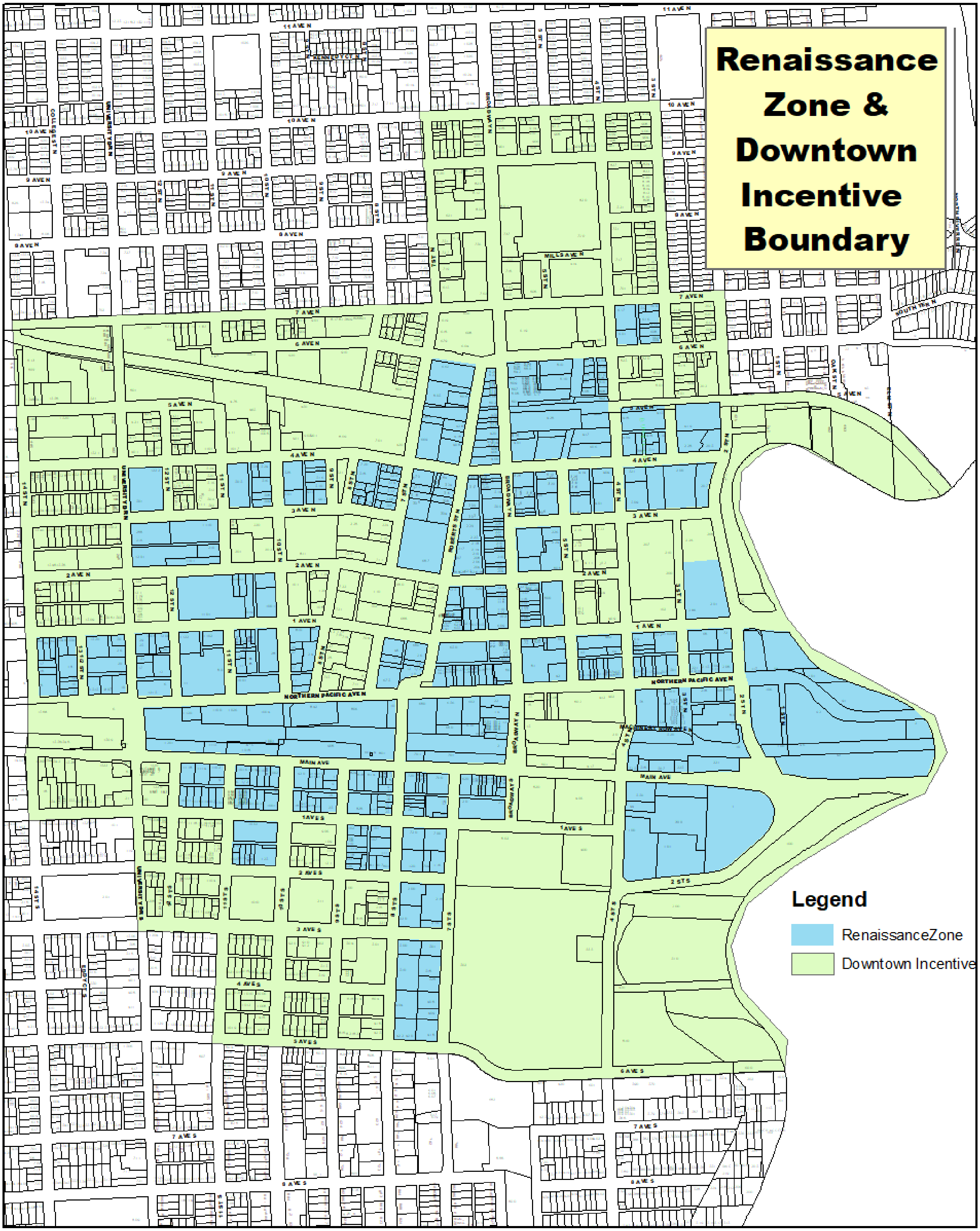
Renaissance Zone & Downtown Incentive Boundary
Legend
RenaissanceZone
Downtown Incentive

(For office use only) Agreement Number
Grantor Reference Number

BUSINESS INCENTIVE AGREEMENT

NORTH DAKOTA DEPARTMENT OF COMMERCE

SFN 59686 (10/2018)

The RECIPIENT specified below has been approved to receive a business incentive from the state of North Dakota. Therefore, in fulfillment of the requirements of North Dakota Century Code § 54-60.1-03, the grantor of the business incentive (**GRANTOR**) and the entity to receive the business incentive (**RECIPIENT**) must enter into a **Business Incentive Agreement.** This Business Incentive Agreement provides project data and specifies the goals the RECIPIENT has agreed to meet in order to receive the state business incentive.

Should the value of this incentive be less than $25,000, and should the RECIPIENT receive no additional incentives to bring the total to $25,000 or more within twelve months, the reporting requirements outlined in North Dakota Century Code § 54-60.1-05 and in this agreement, will not go into effect.

Grantor

Name of GRANTOR/GRANT ADMINISTRATOR	On Behalf Of		
Address	City	State	ZIP Code

Recipient

Name of RECIPIENT Business	Also known as		
Mailing Address	City	State	ZIP Code
Street Address	City	State	ZIP Code
Location of Project (street address, city, county)			
Business Classification of RECIPIENT (3 digit NAICS Code)			
Parent Company of RECIPIENT (if any)			
Street Address	City	State	ZIP Code

Recipient Contact Information

Main Contact Person	Email Address
Title	Telephone Number

Location of Recipient PRIOR to receiving this business incentive (if relocating)

Street Address	City	State	ZIP Code

Business Owners or Shareholders

List the names and addresses of all individuals or shareholders owning twenty percent (20%) or more of this business.

Owner or Shareholder	Mailing Address	City	State	ZIP Code

Project Information

Benefit Date		Incentive Value
Project Description		
Incentive Description		
Is this incentive tax increment financing? ☐ Yes ☐ No	If yes, describe the type of district	Business Investment Value

Incentive Type *(check one only)*	
☐ Contribution of property or infrastructure	☐ Preferential use of government facility
☐ Direct cash transfer, loan, or equity investment	☐ Guarantee of payment under loan, lease, or other obligation
☐ Reduction or deferral or tax or fee	☐ Interest buy-down

Public Purpose *(check one only)*	
☐ Assisting community Development	☐ Indirectly creating employment opportunities through increased economic activity
☐ Increasing tax base	☐ Job retention (only in cases where job loss is specific and demonstrable)
☐ Directly creating employment opportunities	

Current Employment, Wages, Benefits and Compensation

Is this a new business or a business with no full-time employees? ☐ Yes ☐ No	If yes, please enter 0 for the current number of jobs, average hourly wage, and average hourly benefits below. If no, please enter the current number of jobs, average hourly wage, and average hourly benefits below.		
Current number of Full Time Equivalent Employees (FTE's)[1]	Average Hourly Wage[2]	Average Hourly Benefits[3]	Average Hourly Compensation (Wage plus Benefits)[4] 0.00
☐ Seasonal, explain:			

Goal Information

In exchange for the incentive provided by the GRANTOR, the RECIPIENT agrees to, within 2 years *(check one only)* ☐ Create Jobs ☐ Retain Jobs ☐ Neither create nor retain jobs[5]			
Current number of Full Time Equivalent Employees (FTE's)[1]	Average Hourly Wage[2]	Average Hourly Benefits[3]	Average Hourly Compensation (Wage plus Benefits)[4] 0.00

[1] Full time equivalent employees (FTE's) work 32 hours per week or greater. The exception is when a single position is filled by two people. In this instance each person needs to work 20 hours per week or greater to be considered an FTE. Please round job numbers to the **nearest 0.5 FTE**.

[2] Wage includes wages, salary, bonuses and commissions.

[3] Benefits include health, disability, life and retirement benefits or insurance premiums paid by the employer; an employee's share of payroll taxes paid by the employer; and other fringe benefits such as housing allowance and transportation expense.

[4] Wage plus benefits.

[5] If 'Neither create nor retain jobs**'** is checked, please enter '0' for number of jobs, wage and benefits goals. All RECIPIENTS must file recipient reports as described on page 3 of this document, including those with no job, wage or benefits goals.

In addition to meeting the goals outlined in this document, the RECIPIENT agrees to the following terms as specified by N.D.C.C. §54-60.1:

1. The RECIPIENT shall continue operation in the jurisdiction in which the business incentive is used for five years or more after the benefit date.

2. RECIPIENT reports requesting current job, wage and benefit information will be mailed to the RECIPIENT by the GRANTOR. The RECIPIENT shall complete, sign and return this annual recipient report to the GRANTOR within 60 days of the annual anniversary of the benefit date for a period of two years or until the goals specified in the Business Incentive Agreement have been met, whichever is later.

   If the recipient report is not received within those 60 days, the GRANTOR shall mail the RECIPIENT a warning letter. The RECIPIENT then has 14 days from the postmarked date of that warning letter to file a report. If the recipient report is still not received, the RECIPIENT may be charged one hundred dollars ($100) from the GRANTOR for each subsequent day until the report is received. The maximum penalty under this section may not exceed one thousand dollars ($1,000).

3. If, after 2 years, the job and compensation goals listed in the Business Incentive Agreement are not met, the RECIPIENT shall continue to provide recipient reports to the grantor until the incentive is repaid to the grantor. At a minimum, a recipient that fails to meet business incentive agreement goals shall pay back the value of the incentive to the GRANTOR prorated to reflect any partial fulfillment of the job and compensation goals. There is an exception to this financial obligation for any unmet goals that result from an act of God or terrorism.

4. The Business Incentive Agreement shall only be modified or extended by the GRANTOR pursuant to N.D.C.C. §54-60.1-04.

5. If the terms of the Business Incentive Agreement are not met, RECIPIENT, including all individuals or shareholders owning twenty percent (20%) or more of the business, will not be eligible to receive a business incentive from any GRANTOR for a period of five years from the date of failure or until RECIPIENT satisfies its repayment obligation.

By signing this document, RECIPIENT agrees to the terms noted herein, verifies that it has not failed to meet the terms of any business incentive agreement in the last five years and confirms that it has disclosed, in Attachment "A" of this agreement, all additional financial assistance received from state or political subdivision GRANTORS for this project.

GRANTOR

Title	Authorized Signature	Date

RECIPIENT

Title	Authorized Signature	Date

Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligation hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

ATTACHMENT "A"

RECIPIENT verifies it has received additional financial assistance from state or political subdivision GRANTORS from the following entities for this project since its inception. A listing of incentives from past projects (i.e. past expansions) is not required.

GRANTOR		On Behalf Of
Benefit/Pending Benefit Date	Value of Assistance	Type of Incentive
Description of Assistance		

GRANTOR		On Behalf Of
Benefit/Pending Benefit Date	Value of Assistance	Type of Incentive
Description of Assistance		

GRANTOR		On Behalf Of
Benefit/Pending Benefit Date	Value of Assistance	Type of Incentive
Description of Assistance		

GRANTOR		On Behalf Of
Benefit/Pending Benefit Date	Value of Assistance	Type of Incentive
Description of Assistance		

GRANTOR		On Behalf Of
Benefit/Pending Benefit Date	Value of Assistance	Type of Incentive
Description of Assistance		