



Greenbush Middle River School District 2683

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Public Hearing - Property Tax Abatement for
Parking Lot Construction & Improvement Projects

MARCH 21, 2022

Agenda for Hearing

1. Statutory Authority for Tax Abatement
2. Scope of Parking Lot Projects
3. Tax Abatement Approval Process
4. Next Steps
5. Estimated Tax Impact
6. Public Comments

Statutory Authority

Minnesota Statutes, Sections 469.1812 to 469.1815

- First authorized by the State in 1997
- Intended to be an economic development tool for local governments
- Minnesota Department of Education has interpreted the statute to allow school districts to issue abatement bonds only for the construction or renovation of parking lots and parking structures
- Debt service payments may not exceed the greater of 10% of the net tax capacity of the district or \$200,000



Scope of Parking Lot Projects

- Parking Lot Construction & Improvements
- Project Cost Estimate \$135,000
- Includes:
 - Construction & improvements of District parking lots

Tax Abatement Process

1. Parcels are identified for abatement
 - School property tax amounts sufficient to cover annual debt service levies
 - Owners of parcels still pay taxes in the same manner and at same rates
 - District adds amount of “abated” taxes as an annual levy
2. School Board adopts resolution calling for abatement hearing (February 28, 2022)
3. Hearing notice published in newspaper
4. Hearing held (March 21, 2022)
5. School Board adopts resolution granting abatement and authorizing the sale of bonds
6. Bids on bonds are received and School Board awards the sale of bonds
7. School district adds abated taxes to tax levy for next year
 - Due to timing of levy process, abatement levy would be effective for taxes payable in 2023

Next Steps

March 21, 2022 Special School Board Meeting & Tax Abatement Hearing

- School Board Consideration of Resolution Granting Abatement
- School Board Consideration of Resolution Authorizing the Issuance of Bonds

April 18, 2022 Regular School Board Meeting

- School Board Awards Sale of 2022A General Obligation Abatement Bonds

May 12, 2022

- Bond Closing – District Receives Bond Proceeds

Summer 2022

- Construction Period
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Tax Impact

\$150,000 Tax Abatement Bonds, 5-year term

- Includes estimate of bond issuance costs
- Estimated true interest cost rate of 3.00%

Number of Annual Tax Abatements / Debt Service Levies is 5

- Effective beginning with Taxes Payable in 2023
- Debt service levies eligible for School Building Bond Agricultural Credit

Estimated Annual Tax Impact on \$100,000 home is \$8



Public Comments
