

## **TAX ABATEMENT POLICY**

**724**

### **PURPOSE**

The purpose of the Austin Public Schools Tax Abatement for new construction of single and multi-family homes is to provide incentives to encourage the construction of new owner occupied and rental residential housing units, and to encourage replacement of dilapidated housing structures within Mower County between ~~December 31, 2022 and December 31, 2025.~~ **December 31, 2025 and December 31, 2028.**

### **TAX ABATEMENT AVAILABILITY**

Minnesota Statute §469.1813 Subdivision 8 places limitations on tax abatement. In any given year, the total amount of taxes abated by a municipality shall not exceed 10% of the net tax capacity (NTC) of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater.

### **ELIGIBLE PARTICIPANTS**

Any person who constructs a new single family home, duplex, or multi-family complex and who files application material and seeks formal approval from appropriate local jurisdiction between January 1, ~~2023~~ **2026** and December 31, ~~2025~~ **2028**, may be eligible to receive 100% tax abatement of the School District's share of increased real estate taxes as a result of building newly constructed housing or a home, for a period of five (5) years provided all of the following criteria are met:

1. Property is located within the Austin Public Schools district and zoned properly for the proposed development project.
2. The applicant shall not have received other local financial assistance (tax increment financing/TIF, Workforce Housing, SCDP).
3. Project is built to any and all applicable zoning and building codes adopted at the time the building/zoning permit is obtained.
4. Property taxes are current and paid on time and in full. Failure to keep property taxes current shall result in revocation of the tax abatement for each year taxes are not current.
5. Program approvals must be obtained prior to the start of construction of the new housing/home.

The real estate taxes to be abated shall be for up to the full amount of the real estate taxes collected due to the added tax base of the newly constructed housing/home annually. The current value of the property is not eligible for the abatement, will not be abated as part of this program and is further defined as the "original value." Any eligible abatement years are calculated on the tax increase due to a value increase over the original value.

Partially constructed housing may result in an abatement in the first abatement year that may be significantly less than the following years. This will still be considered one of the five years of eligible abatement.

In the event the property owner refuses access to County Assessor staff to perform an appraisal for tax assessment purposes, the tax abatement shall expire for the remaining term of the abatement period.

The abatement period will begin in the tax year the property realizes a value increase over original value due to construction of the housing project. In the event construction has not commenced within one year of approval, the abatement is eliminated and the property owner will need to reapply in accordance with this policy.

This abatement will transfer with the sale of the property for the balance of the five year abatement period.

This abatement will not include voter approved property tax referendums.

This abatement does not apply to, or include, existing and/or new assessments to the property.

Mower County shall provide the awarded abatement payment following payment of due real estate taxes annually. One single payment shall be made to the owner of record at the time of the payment, by December 30 for that calendar year.

#### **APPLICATION**

Statute requires the Austin Public Schools Board to approve each abatement application. Thus, all applications will be considered on a “first come – first served” basis. The acceptance of new applications will be contingent upon board approval and abatement capacity as defined above.

A complete application for Abatement shall consist of the following:

- \* A letter requesting abatement for eligible projects addressed to the Mower County Coordinator, City Administrator and Superintendent;
- \* Legal description of the subject property, including address and property identification number;
- \* A set of construction plans for the proposed project including site plan; and
- \* Submission of a copy of the building/zoning permit once received.
- \* Applicant shall sign a statement to the effect that no construction has started prior to the Austin Public Schools Board decision on the applicant’s abatement request. For the purposes of this provision, construction shall include the installation of footings, slab, foundation, posts, walls or other portions of a building. Site preparation, land clearing or the installation of utilities shall not constitute construction.

The County Coordinator will forward the completed application to the Austin Public Schools Board for consideration. The Austin Public Schools Board shall schedule a date for a public hearing on the abatement request(s) pursuant to sections 469.1812 to 469.1815 to receive public input on each abatement request and shall pass a resolution to approve or deny said application.

The County Coordinator shall also forward the completed application to the appropriate City or Township and County in the event one or more of these taxing jurisdictions have adopted

policies and procedures for property tax abatements for single family or multi-family residential construction.

Each taxing entity retains its individual authority on property tax abatements. Austin Public Schools is solely responsible for its share of property tax abatements and this policy does not allow the Austin Public Schools to abate City, Township or County property taxes.

Policy Adopted: 04/09/18  
Policy Reviewed: 05/13/19  
Policy Revised: 11/14/22