

HOUSING TAX ABATEMENT PROGRAM

Policy & Procedures

INTRODUCTION

The City of Janesville Housing Tax Abatement Program stimulates, revitalizes, and attracts new home construction and homeowners within Janesville City limits. The program provides a benefit for property owners who improve their vacant lot by construction of a new single-family home.

This policy shall adhere to all of the requirements established in Minnesota Statute sections 469.1812 to 469.1815 and shall be administered independently from the City's Tax Abatement Policy which benefits industrial, commercial, and institutional uses only. The Janesville City Council has determined the time which this policy will be available and is subject to an extension or may rescind at their discretion.

As authorized in Minnesota Statute sections 469.1812 to 469.1815, the City Council of the City of Janesville may grant a current or prospective abatement of the taxes imposed by the City of Janesville on a parcel of property. It has been determined by the Janesville City Council that the City of Janesville (1) expects the benefits to the City of Janesville of the Housing Tax Abatement Program to at least equal the costs to the City of Janesville and (2) finds that doing so is in the public interest because it will increase and preserve tax base.

ELIGIBILITY / PROJECT QUALIFICATIONS

Any property owner within the City of Janesville may be eligible for a five (5) year abatement of the taxes imposed by the City if they have improved the property by construction of a new single-family home.

The proposed structure must comply with all applicable portions of the Comprehensive Plan, the Land Use Plan, and the City Code of Ordinances. Any requested changes to these plans must first be reviewed by the City's Planning Commission and subject to final approval by the City Council.

RESTRICTIONS

Property located in tax increment financing districts. The City Council of the City of Janesville may not enter into a property tax abatement agreement under sections 469.1812 to 469.1815 that provides for abatement of taxes on a parcel, if the abatement will occur while the parcel is located in a tax increment financing district.

Limitation on abatements. In any year, the total amount of property taxes abated by the City of Janesville under Minnesota Statute section 469.1813 may not exceed ten (10) percent of the net tax capacity of the City of Janesville for the taxes payable year to which the abatement applies, or \$200,000,

whichever is greater. The limit under this subdivision does not apply to (1) an uncollected abatement from a prior year that is added to the abatement levy.

TERMS

Abatement Amount. The amount awarded by the abatement is limited to the increase in City portion of taxes resulting from the improvement of the property as determined by the Waseca County Assessor's Office. PLEASE BE AWARE THAT THE VALUATION DETERMINATION COULD TAKE SEVERAL MONTHS.

Duration limit. The City of Janesville may grant an abatement for a period no longer than five (5) years. The abatement period commences in the first year in which the abatement granted is either paid or retained in accordance with Minnesota Statute section 469.1815, subdivision 2.

Property taxes; abatement payment. The total taxes shall be levied on the property and shall be due and payable to the county at the times provided under Minnesota Statute section 279.01. The City of Janesville will pay the abatement to the property owner, lessee, or a representative.

Review and modification of abatements. The City of Janesville may provide in the abatement resolution that the abatement may not be modified or changed during its term. If the abatement resolution does not provide that the abatement may not be modified or changed, the City Council of the City of Janesville may review and modify the abatement every second year after it was approved. Improvements made to the property resulting in an increased property valuation after the original abatement agreement has been awarded will not be remissible for any modification to the original abatement agreement. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the City of Janesville may not grant another abatement for eight years after the expiration of the first abatement.

Revocation. The City Council may revoke the tax abatement any time after the first year if the property if violations are placed against the property and the violations are not resolved or if delinquent taxes are owed on the property.

Tax Increases/Decreases. An increase or decrease in taxes during the abatement period may result when voted changes in tax rates, state-mandated reappraisals, or updates reflecting neighborhood trends are adopted.

Consent of property owner not required. The City of Janesville may abate the taxes on a parcel under sections 469.1812 to 469.1815 without obtaining the consent of the property owner.

APPLICANT PROCEDURE

Application Fee. A \$75.00 application fee must be submitted for each application. An application will not be processed until proper application fee is received. Because the application fee offsets the administrative costs associated with processing applications, the application fee will not be returned if the application is denied.

Documentation. Please make a copy of your documents prior to submission. If your application is qualified for the program, you will receive a copy of the letter that the city sends to the Auditor when we submit your application for valuation. If your application is not qualified for the program or if we require additional materials, we will follow up within four weeks. If you have not heard from the City within four weeks of having submitted your application, it is your responsibility to follow up and check the status of your application.

ADMINISTRATIVE PROCEDURE

Abatement Resolution. The City Council of the City of Janesville may grant an abatement only by adopting an abatement resolution, specifying the terms of the abatement. The resolution must also include a specific statement as to the nature and extent of the public benefit(s) which the City Council expects to result from the abatement agreement. The City of Janesville must specify in the abatement resolution a duration of five (5) years. The City of Janesville may not abate tax attributable to the area-wide tax under chapter 276A . The City of Janesville's maximum annual amount for a parcel equals its total local tax rate multiplied by the total net tax capacity of the parcel.

Notice and Public Hearing. The City Council of the City of Janesville may approve an abatement under sections 469.1812 to 469.1815 only after holding a public hearing on the abatement. Notice of the hearing must be published in a newspaper of general circulation in the City of Janesville at least once more than ten (10) days but less than 30 days before the hearing. The notice must indicate that the City Council will consider granting a property tax abatement, identify the property for which an abatement is under consideration, and the total estimated amount of the abatement.

Inclusion in proposed and final levies. The City of Janesville must add to its levy amount for the current year under Minnesota Statute sections 275.065 and 275.07 the total estimated amount of all current year abatements granted. If all or a portion of an abatement levy for a prior year was uncollected, the political subdivision may add the uncollected amount to its abatement levy for the current year. The tax amounts shown on the proposed notice under section 275.065, subdivision 3, and on the property tax statement under section 276.04, subdivision 2, are the total amounts before the reduction of any abatements that will be granted on the property.