

City of Glyndon's Two-Year Residential Property Tax Abatement Program 2023 & 2024

WHAT:

Minnesota law authorized local jurisdictions to grant tax abatements for economic development. The City of Glyndon passed a Resolution on November 22nd, 2022, authorizing tax abatement on select property within the City of Glyndon for the purpose of promoting new residential homes. This would abate Residential Homestead property taxes levied on a newly constructed home in the City built in 2023, and 2024. This abatement will be calculated on the value up to \$200,000. This program will not include special assessments or a Watershed District Levy. Abatements may not be granted to property located within a TIF district.

ABATEMENTS:

- Abatements shall apply to parcels and new residential homes (class R1 and R2) for which building permits were issued after January 1, 2023, and for which construction was substantially completed by December 31, 2024.
- The term "Abatement: means the real property taxes generated in a tax-payable year which are calculated by extending the City's total tax rate for that year against the *lessor* of the actual tax capacity each new residential home as of January 2 in the prior year not to exceed \$2,000 (tax capacity of \$200,000 of homestead market value).
- The term of the abatement shall be two (2) years and apply to property taxes payable in the years 2024 and 2025 **OR** 2025 and 2026.
- Abatements will be paid by December 31st of each year and paid to the owner of the property as shown on that year's property tax statement. Payments will only be made to owners who are current on their property tax payments.
- In accordance with Section 469.1813, subdivision 8 of the Act, in no case shall the Abatement, together with all other abatements approved by the City under the Act and paid in any one year, exceed the greater of 10% of the City's tax capacity for that year of \$200,000.
- In accordance with Section 469.1815 of the Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution. The City Clerk-Treasurer shall estimate the amount of tax abatement to be generated, and shall add such amount to the City's levy.

The DGF School District did not participate in the Tax Abatement Program.

TAX STATEMENTS:

Unless the abatement is a property tax deferral, the tax statements that a property owner receives is to show the property tax before any abatement has been granted. This includes the notice of proposed taxes and the final property tax statement.

TAX PAYMENTS AND ABATEMENT PAYMENTS:

The taxes on a parcel of property receiving a tax abatement must be paid by the taxpayer when due in the same manner as other property taxes, as if there were no abatement.

After the taxes have been paid, the County will pay the homeowner and bill the City for the abatement amount in accordance with the abatement resolution.

BENEFITS:

Jobs, customers, taxpayers, workforce, and students. All Glyndon taxpayers benefit from this incentive to bring new residents and additional home to our community. Housing is an important industry that provides construction jobs and ongoing local income from taxes and consumer spending to support other businesses in our community. Foregoing two years of taxes assures payments of property taxes and special assessments in the years to come.

HISTORY:

The Clay County Commission has adopted a Residential Tax Abatement Program for 2023 and 2024 with the provision that any taxing entity in Clay County could choose to participate in an abatement program as long as they adopt their resolution by the end of December 2022. On November 22nd, 2022, the City of Glyndon held a Public Hearing at the City Hall in the Council Chambers relating to accepting a program of property tax abatement to encourage the development of new single-family housing, pursuant to MN Statutes, 469.1812 to 469.1815.

Residential Homestead Homes Built that qualified for Housing Tax Abatement:

- 2017-2018 = 3
- 2019-2020 = 6
- 2021-2022 = 11

POSITON:

A two-year property tax rebate for newly constructed homes is an important inducement to residential growth, affecting the sustainability of Glyndon’s quality of life. More residents mean more students for our schools, more customers for our businesses, and more taxpayers to support our community. A larger population helps to spread the costs of public services to keep taxes at an affordable level.

STATUS:

The City of Glyndon currently has serviced residential lots ready to build on.