

Formation of tax increment finance district goes unchallenged in Backus

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Following a special public hearing July 16, the Backus City Council proposed the formation of an economic development tax increment finance (TIF) district for the expansion of Scamp Travel Trailer company, which went uncontested.

Scamp is proposing an expansion of their business by approximately 15,600 square feet. In order to finance this expansion, Kent Eveland requested assistance from Gail Leverson with the Cass County Economic Development Corporation. Leverson requested city approval for the formation of a TIF district for the purpose of this expansion at the June 3 regular meeting.

At the public meeting July 16 the council reviewed the plan prepared for Scamp and Backus. The TIF District plan included a requirement that the Scamp expansion would create five new jobs paying at least 1.75 times the federal minimum wage. In exchange, Scamp would purchase property from the city and expand onto that property. Of the increase in real estate taxes resulting from that expansion, 90 percent of that money would annually be paid back to Scamp for nine years. After that time Scamp would continue to pay those real estate taxes, but they would no longer be paid back to them.

"When you do tax increment financing the law requires you to make the finding that if you did not provide assistance, this development would not happen," said Traci Ryan of David Drown Associates.

Without the TIF district formation, the estimated \$774,670 Scamp expansion would be too expensive.

"If this project didn't happen, the taxpayers of the city, county, and school district would have no increase in taxes," Ryan said. "The benefit to taxpayers is, for providing assistance for nine years in this case, the city, county and school district forego their share of taxes for nine years and once that nine years is over with the city, county and school district have new taxes coming into their community to help them pay their bills or reduce their tax rates."

According to Leverson's presentation on June 3, the 15,600 square foot building would increase the taxes paid by Scamp by an estimated \$25,481. Though the city would be returning 90 percent of this total back to Scamp for the first nine years, the Scamp company would continue paying this increased amount in the long run.

The present members of the Backus City Council voted unanimously to approve the formation of the TIF district. There were no members of the public present to approve or disapprove of this decision. Absent from the meeting were City Clerk Jeff Turk and Council Member Ann Birge. Council Member Rae Borst took over the duties of taking minutes during the meeting.

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