

- B. Resolution to Approve Amendment to the Tax Incentive Agreement for Muscatell Properties LLC to transfer the benefit of their tax incentive to Corwin Brothers Properties LLC for a project located at 1120 29th Avenue South (58.163.0030)



City Council Communication

February 24, 2025

SUBJECT:

Resolution to Approve Amendment to the Tax Incentive Agreement for Muscatell Properties LLC to transfer the benefit of their tax incentive to Corwin Brothers Properties LLC for a project located at 1120 29th Avenue South (58.163.0030)

RECOMMENDATION:

The Mayor and City Council are asked to approve an Amendment to the Tax Incentive Agreement for Corwin Brothers Properties LLC to receive any remaining tax incentive benefits for the project located at 1120 29th Avenue South (58.163.0030).

BACKGROUND/KEY POINTS:

On August 26, 2019, Moorhead City Council held a public hearing and approved a property tax exemption for Muscatell Properties LLC to construct 30,800 square foot car dealership and automotive repair center located at 2911 11 Street South. A building permit was issued in April 2020 and construction was substantially complete in 2020.

In December 2024, Muscatell Properties LLC transferred the property to Corwin Brothers Properties LLC and is requesting an Amendment to the approved Tax Incentive Agreement to reflect that ownership change and transfer the remaining property tax exemption.

Remaining Exemption Term:

The project qualified for a 5-year exemption beginning in tax payable year 2022. There are two years remaining in the exemption term.

Therefore, if approved, Corwin Brothers Properties LLC would receive the remaining 2 years of a 5-year property tax exemption with an estimated maximum benefit of approximately \$129,574. (\$4,049,200 assessed building value x 1.6% effective tax rate x 2 years)

FINANCIAL CONSIDERATIONS:

A property tax exemption is revenue foregone for a period of time on the Project's new assessed building value. The land value remains taxable for the duration of the exemption term.

Voting Requirements: 3/4 of Council (6)

Submitted By:

Dan Mahli, City Manager
Amy Thorpe, Economic Development Program Administrator

Attachments: General Location Map
Draft Resolution



GENERAL LOCATION MAP

Project Operator: Muscatell Properties LLC
Project: Muscatell Collision Center
Address: 1120 29 Ave S
Parcel ID: 58.163.0030



RESOLUTION

Resolution to Approve Amendment to the Tax Incentive Agreement for Muscatell Properties LLC to transfer benefit to Corwin Brothers Properties LLC

WHEREAS, the City Council approved a property tax exemption and related Tax Incentive Agreement on August 26, 2019, for Muscatell Properties LLC to expand their business and construct a 30,800 square foot, precast concrete building to operate Muscatell Collision Center (the "Project") located at 1120 29 Ave S (58.163.0030); and

WHEREAS, Muscatell Properties LL transferred title of the property to Corwin Brothers Properties LLC and is requesting an Amendment to their Tax Incentive Agreement to transfer any remaining benefit to Corwin Brothers Properties LLC; and

WHEREAS, all other terms of the Tax Incentive Agreement remain the same; and

WHEREAS, granting a tax incentive is in the best interest of the City of Moorhead to enhance the property tax base and create new jobs.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead that:

1. The City Council of the City of Moorhead hereby grants an amendment to the Tax Incentive Agreement to update the name of the Project Operator from Muscatell Properties LLC to Corwin Brothers Properties LLC; and
2. The Mayor and City Manager are hereby authorized and directed to execute an amendment to the Tax Incentive Agreement on file by and between the City of Moorhead and Muscatell Properties LLC, and any other necessary documents to effectuate the transfer of benefit.
3. All other terms and conditions found in the original Tax Incentive Agreement remain in full force and effect.

PASSED: February 24, 2025 by the City Council of the City of Moorhead.

APPROVED BY:

ATTEST:

Michelle (Shelly) A. Carlson, Mayor

Christina Rust, City Clerk