

Project Financing Tools

OVERVIEW

The City of Ramsey has a number of financial tools available for economic development projects. Below is an overview of common economic development tools.

GAP FINANCING:

1. Ramsey Revolving Loan Fund (RLF)
2. Minnesota Investment Fund (MIF)

The City's RLF and the State's MIF programs are used to fill the financial "gap" of a particular project. A financial gap occurs when private financing and/or owner equity cannot fund an entire project. Commonly, these programs are used to purchase equipment; however, other eligible uses exist. Interest rates and terms are negotiable.

SBA FINANCING:

3. Small Business Administration (SBA) Loans
4. Small Business Administration (SBA) Loan Guarantees

SBA 504 Loans provide long-term, below-market, subordinated financing for up to 40% of project costs. SBA Loan Guarantees provide a private lender with a repayment guarantee up to 85% on its loan for an eligible project.

PROPERTY TAX PROGRAMS:

5. Tax Abatement
6. Tax Increment Financing (TIF)

Tax abatement and TIF are local tax programs typically used for development or land acquisition costs. In general, both programs work by capturing property taxes generated by a particular parcel then dedicating said tax revenue for a specific project cost.

PRIMARY FINANCING:

7. Private Primary Lender and/or Owner Equity *[no involvement from City]*
8. Industrial Revenue Bonds (IRB)

Typically, projects are funded in large part by a private primary lender and with some level of owner equity. Certain manufacturing projects are eligible for complete funding via Industrial Revenue Bonds (IRB). IRBs are have a tax exempt status—which results in a lower interest rate for the borrower.

HOW DO I KNOW WHAT TOOLS I AM ELIGIBLE FOR?

Identifying financial tools your business may be eligible for is a clearer and cleaner process if project specs can be provided to the City (i.e. project budget, job details, building specs, etc.).

DISCLAIMER: Eligibility for financing tools is based on the merit of an individual project, compliance with specific program requirements and in many cases approval from the Ramsey EDA and City Council. The City of Ramsey targets quality projects with high quality job growth. Typically, projects require owner equity and/or private financing. Most programs require specific job creation goals and annual reporting. The following pages provide detailed information on each program.

