

2014 Business Assistance Report

Report to the Legislature

Summary of Business and Financial Assistance Reported

By State and Local Government Agencies Provided Between

July 1, 1995 and December 31, 2013

In Accordance With

Minnesota Statutes § 116J.993 Through § 116J.995

(Appendices Available Under Separate Cover)

December 2014

Edwin Hodder

Economic Analyst

Economic Analysis Unit

Minnesota Department of Employment and Economic Development

Total cost of salaries, printing, and supplies in
developing/preparing this report is $31,611.55
(reported as required by Minn. Stat. 3.197)

1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351 USA http://mn.gov/deed

 Toll Free: 800-657-3858 Phone: 651-259-7114 Fax: 651-215-3841 TTY: 651-296-3900

*An Equal Opportunity Employer and Service Provider*

TABLE OF CONTENTS

 PAGE

NUMBER

Introduction .............................................................................................. 1

Data Collection ......................................................................................... 2

Overview .................................................................................................. 2

Overview of Non-JOBZ Findings ........................................................... 3

2013 Activity Findings ........................................................................... 10

Appendices (under separate cover)

 Appendix A: Listing of Agencies Required to Submit a 2014 MBAF

 Appendix B: Summary of 2013 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix C: Summary of 2012 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix D: Summary of 2011 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix E: Summary of 2010 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix F: Summary of 2009 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix G: Summary of 2008 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix H: Summary of 2007 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix I: Summary of 2006 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix J: Summary of 2005 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix K: Summary of 2004 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix L: Summary of 2003 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix M: Summary of 2002 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix N: Summary of 2001 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix O: Summary of 2000 Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix P: Summary of 1999 (August 1 - December 31, 1999) Non-JOBZ Business and Financial Assistance Agreements Reported by Government Agencies in 2014

 Appendix Q: Summary of July 1, 1995 - July 31, 1999 Non-JOBZ Business Assistance Agreements Reported by Government Agencies in 2014

 Appendix R: Listing of Agencies that Held a Public Hearing and Adopted Criteria Per M.S. 116J.993 - M.S. 116J.995

 Appendix S: Summary of August 1, 1999 - December 31, 2013 Business Assistance Agreements Reported by Government Agencies that Failed to Fulfill all Goals and Obligations in 2000 through 2014

 Appendix T: Summary of August 1, 1999 – December 31, 2013 Business Assistance Agreements that were Terminated by Government Agencies in 2000 through 2014

***Minnesota Department of Employment and Economic Development Page 1***

**2014 BUSINESS ASSISTANCE REPORT**

**Introduction**

The business subsidy law, Minnesota Statutes §116J.993 through §116J.995, provides a mechanism for taxpayers to learn about state and local funds used for business subsidies and financial assistance. The law applies to state and local government agencies with the authority to provide business subsidies including Job Opportunity Building Zone (JOBZ) and financial assistance. Grantors are required to submit a Minnesota Business Assistance Form (MBAF) to the Minnesota Department of Employment and Economic Development (DEED) for each agreement signed since July 1, 1995 for two years after the benefit date or until all goals are met, whichever is later.

Under the law, local government agencies in communities with a population of more than 2,500 and state agencies with authority to grant subsidies must submit a report to DEED, regardless of whether they have awarded business subsidies. Local government agencies in communities with a population of 2,500 or less are exempt from filing the MBAF unless they have awarded a subsidy in the past five years. Of the 652 state and local government agencies that were required to file in 2014 either because of population size, previous business subsidy activity or current activity in 2013, 282 agencies (43.3 percent) submitted a MBAF and 370 agencies (56.7 percent) did not submit a form (see Appendix A).DEED is required to complete a report that summarizes submitted MBAFs every even-numbered year.

Forms summarized in this report are primarily reported by local government agencies and are primarily local aid. Examples of local aid include loans, grants, tax abatements and tax increment financing. Some, but not all, state subsidies are captured in this report but are only reflected if the local entity receiving the subsidy submits their report. Minnesota Investment Fund loans provided by DEED and reported by local government agencies are also summarized in the report.

State government agencies are also required to report if they have the authority to award business subsidies. Eligible business assistance loans and grants reported from the Minnesota Department of Agriculture, Minnesota Agricultural and Economic Development Board, Iron Range Resources and Rehabilitation Board, and Minnesota Rural Finance Authority are summarized in this report. The Minnesota Job Creation Fund and the Greater Minnesota Job Expansion Program are new programs and will be reported in the next business assistance reporting cycle. Public facilities funding programs, flood recovery funding programs, housing financing, federal loan funds and angel tax credits are not subject to business subsidy reporting. DEED monitors and reports on all agency run programs, and the annual program summaries can be found at DEED’s website located at http://mn.gov/deed/about/what-we-do/agency-results/program-summaries/index.jsp.

***Page 2 2014 Minnesota Business Assistance Report***

**Data Collection**

Reports can be filed to DEED by mailing a hard copy or using the online application launched in 2004. Because reporting requirements changed in 1999, for business assistance agreements entered into by agencies between July 1, 1995 and July 31, 1999, agencies use the 1999 MBAF to fulfill reporting requirements. For agreements entered between August 1, 1999 and

December 31, 2013, agencies use the standard MBAF form. A separate form is now required for financial assistance of $25,000 and greater that is excluded from the definition of “business subsidy” by Minnesota Statutes §116J.993, subdivision 3, clause (1), and of business loans and loan guarantees from $75,000 and $150,000 for agreements signed on or after January 1, 2008. For agreements prior to that period agencies use the standard MBAF form.

A separate JOBZ MBAF reporting form was developed to address recommendations in the 2008 JOBZ Program Evaluation Report from the Office of the Legislative Auditor. Two reports summarizing JOBZ MBAF activity in CY 2012 and CY 2013 will be available by December 1, 2014.

Forms summarized in this report cover non-JOBZ business assistance agreements reached between July 1, 1995 and December 31, 2013 and financial assistance agreements reached between July 1, 1995 and December 31, 2007 that were submitted to DEED by June 1, 2014. These forms and forms submitted by government agencies after June 1, 2014 are available on DEED’s website. The report includes all forms received by September 30, 2014.

**Overview**

Because the statute requires DEED to track each individual project awarded, grantors are required to submit information annually for each project for two years or until each project achieves its goals, whichever is later. Grantors (local and state government agencies) are responsible for reporting and updating their business and financial assistance projects as required by the business subsidy law. DEED also sends postcards annually to grantors to remind them to report on eligible business and financial assistance and previously reported assistance until all goals and obligations are met.[[1]](#footnote-1) In 2013, DEED sent out letters to each grantor to report on any outstanding business and financial assistance projects between July 1, 1995 and December 31, 2013. DEED received updates on 170 projects and revealing that goals were met for more than 95 of them. DEED will continue to send out letters during non-reporting years for any past due projects.

This report summarizes business subsidy agreements signed in 2013. Agreements signed in previous years are updated and summarized in Appendices (B-Q).

Business assistance activity has varied significantly from year to year as reported by state and local government agencies. Non-JOBZ activity peaked in 2000 with 196 agreements, falling to 20 agreements in 2013.

***Minnesota Department of Employment and Economic Development Page 3***

**Overview of Non-JOBZ Findings**

The activity levels and total value of non-JOBZ business assistance have varied significantly from year to year as reported by state and local government agencies. There were 20 non-JOBZ business assistance agreements reported by government agencies in 2014 for 2013 activity, compared to 196 agreements for 2000 activity. The total value of business assistance agreements has also varied significantly from year to year, from a total value of $611.2 million for 2000 activity to $13.9 million for 2008 activity (see Table 1).

TABLE 1

Activity Levels and Total Value of Non-JOBZ Business Assistance

Reached Between July 1, 1995 and December 31, 2013

|  |  |  |
| --- | --- | --- |
| **Activity Period** | **Activity Levels** | **Total Value (in millions)** |
| January 1, 2013 – December 31, 2013 |  20 |  $14.4 |
| January 1, 2012 – December 31, 2012 |  42 |  $36.5 |
| January 1, 2011 – December 31, 2011 |  38 |  $24.2 |
| January 1, 2010 – December 31, 2010 |  28 |  $19.8 |
| January 1, 2009 – December 31, 2009 |  20 |  $27.0 |
| January 1, 2008 – December 31, 2008 |  23 |  $13.9 |
| January 1, 2007 – December 31, 2007 |  65 |  $45.9 |
| January 1, 2006 – December 31, 2006 |  60 |  $28.9 |
| January 1, 2005 – December 31, 2005 |  90 |  $67.8 |
| January 1, 2004 – December 31, 2004 |  91 |  $34.7 |
| January 1, 2003 – December 31, 2003 |  100 |  $38.0 |
| January 1, 2002 – December 31, 2002 |  137 |  $36.2 |
| January 1, 2001 – December 31, 2001 |  170 |  $103.4 |
| January 1, 2000 – December 31, 2000 |  196 |  $611.2 |
| August 1, 1999 – December 31, 1999 |  73 |  $17.8 |
| July 1, 1995 – July 31, 1999 |  393 |  $174.3 |
| **Totals** | **1,546** | **$1,294.0** |

***2013 Non-JOBZ Activity***

Of the 652 state and local government agencies that were required to file in 2014 either because of population size, previous business subsidy activity or current activity in 2013, 282 agencies submitted a MBAF and 370 agencies did not submit a form (see Appendix A).

Of the 282 agencies that submitted a form, 19 agencies reported on 20 eligible business assistance agreements that were reached between January 1, 2013 and December 31, 2013. The $14.4 million of business assistance provided by those 20 agreements ranged from a $170,000 grant subsidy to a $1.5 million TIF agreement.

Of the 20 business assistance agreements reached between January 1, 2013 and December 31, 2013, agencies reported that five recipients (25.0 percent) had achieved stipulated goals and obligations, compared to 15 recipients (75.0 percent) that have yet to achieve goals and obligations. Agencies reported that recipients had more time to meet their goals and obligations. The total value of the five agreements that met goals was $4.1 million (28.4 percent) compared to $10.3 million (71.6 percent) that had yet to achieve goals and obligations. The business assistance provided totaled $14.4 million.

A government agency reported in 2013 and 2014 for 2013 activity that there was one eligible financial assistance agreement in excess of $150,000. The agency reported that the recipient had more time to meet its goals and obligations. The financial assistance provided totaled

$0.3 million

***Page 4 2014 Minnesota Business Assistance Report***

Government agencies reported in 2013 and 2014 for 2013 activity that there were 10 eligible financial assistance projects where the assistance was at or less than $150,000. Of the 10 financial assistance projects reached by government agencies between January 1, 2013 and December 31, 2013, agencies reported that one recipient (10.0 percent) had achieved all goals compared to nine recipients (90.0 percent) that have yet to meet their obligations. The total value of the one project that met all goals was $0.1 million (9.4 percent) compared to

$0.9 million (90.6 percent) that had yet to achieve all goals and obligations. The total value of public financial assistance provided was $1.0 million. The project budget for those 10 projects totaled $13.9 million of which $1.0 million (20.0 percent) was provided by the public (see Appendix B).

***2012 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2012 activity that there were 42 eligible business assistance agreements. Of the 42 business assistance agreements reached between January 1, 2012 and December 31, 2012, agencies reported that 16 recipients (38.1 percent) had achieved all stipulated goals and obligations, compared to 26 recipients (61.9 percent) that had yet to achieve all goals and obligations. Agencies reported that recipients had more time to meet their goals and obligations. The total value of the 16 agreements that met all goals was

$20.4 million (55.8 percent) compared to $16.1 million (44.2 percent) that had yet to achieve all goals and obligations. The business assistance provided totaled $36.5 million.

Government agencies reported in 2013 and 2014 for 2012 activity that there were two eligible financial assistance agreements in excess of $150,000. Agencies reported that one recipient (50.0 percent) had achieved all goals and obligations, compared to one recipient (50.0 percent) that had yet to meet their goals and obligations. The total value of the project that met all goals was $0.3 million (26.4 percent) compared to $1.0 million (73.6 percent) that had yet to achieve all goals and obligations.

Government agencies reported in 2013 and 2014 for 2012 activity that there were 23 eligible financial assistance projects where the assistance was at or less than $150,000. Of the 23 financial assistance projects reached by government agencies between January 1, 2012 and December 31, 2012, agencies reported that 14 recipients (60.9 percent) had achieved all stated goals compared to nine recipients (39.1 percent) that have yet to meet all of their obligations. The total value of the 14 projects that met all goals was $1.5 million (65.0 percent) compared to $0.8 million (35.0 percent) that had yet to achieve all goals and obligations. The total value of public financial assistance provided was $2.3 million. The project budget for those 23 projects totaled $27.0 million of which $2.3 million (22.6 percent) was provided by the public (see Appendix C).

***2011 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2011 activity that there were 38 eligible business assistance agreements. Of the 38 business assistance agreements reached between January 1, 2011 and December 31, 2011, agencies reported that 17 recipients (44.7 percent) had achieved all stipulated goals and obligations, compared to 21 recipients (55.3 percent) that have yet to achieve all goals and obligations. Agencies reported that recipients had more time to meet

***Minnesota Department of Employment and Economic Development Page 5***

their goals and obligations. The total value of the 17 agreements that met all goals was

$11.4 million (47.2 percent) compared to $12.8 million (52.8 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $24.2 million.

One eligible financial assistance agreement in excess of $150,000 was reported by a government agency in 2013 for 2011 activity. The agency reported that the recipient had met all its goals and obligations stipulated in the agreement. Financial assistance provided totaled $0.4 million.

Government agencies reported in 2013 and 2014 for 2011 activity that there were 24 eligible financial assistance projects where the assistance was at or less than $150,000. Of the 24 financial assistance projects reached by government agencies between January 1, 2011 and December 31, 2011, agencies reported that 17 recipients (70.8 percent) had achieved all stated goals compared to seven recipients (29.2 percent) that have yet to meet all of their obligations. The total value of the 17 projects that met all goals was $1.7 million (70.4 percent) compared to $0.7 million (29.6 percent) that had yet to achieve all goals and obligations. The total value of public financial assistance provided was $2.4 million. The project budget for those 24 projects totaled $12.9 million of which $2.4 million (17.6 percent) was provided by the public (see Appendix D).

***2010 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2010 activity that there were 28 eligible business assistance agreements. Of the 28 business assistance agreements reached between January 1, 2010 and December 31, 2010, agencies reported that 17 recipients (60.7 percent) had achieved all stipulated goals and obligations, compared to 11 recipients (39.3 percent) that have yet to achieve all goals and obligations. Agencies reported that recipients had more time to meet their goals and obligations. The total value of the 17 agreements that met all goals was

$14.1 million (60.7 percent) compared to $5.7 million (39.6 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $19.8 million.

Government agencies reported that there were three eligible financial assistance agreements in excess of $150,000 reported by government agencies in 2013 and 2014 for 2010 activity. Agencies reported that all of the recipients had met all of their goals and obligations stipulated in the agreements. Financial assistance provided totaled $1.7 million.

Government agencies reported in 2013 and 2014 for 2010 activity that there were 16 eligible financial assistance projects where the assistance was at or less than $150,000. Of the 16 financial assistance projects reached by government agencies between January 1, 2010 and December 31, 2010, agencies reported that 10 recipients (62.5 percent) had achieved all stated goals compared to six recipients (37.5 percent) that have yet to meet all of their obligations. The total value of the 10 projects that met all goals was $1.1 million compared to $0.8 million that had yet to achieve all goals and obligations. The total value of the public financial assistance provided was $1.9 million. The project budget for those 16 projects totaled $27.7 million of which $1.9 million (6.7 percent) was provided by the public (see Appendix E).

***2009 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2009 activity there were 20 eligible business assistance agreements. Of the 20 business assistance agreements reached between January 1, 2009 and December 31, 2009, agencies reported that 16 recipients (80.0 percent) had achieved

***Page 6 2014 Minnesota Business Assistance Report***

all stipulated goals and obligations, compared to four recipients (20.0 percent) that have yet to achieve all goals and obligations. The total value of the 16 agreements that met all goals was $25.7 million (95.1 percent) compared to $1.3 million (4.9 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $27.0 million.

One eligible financial assistance agreement in excess of $150,000 was reported by a government agency in 2013 for 2009 activity. The agency reported that the recipient had met all its goals and obligations stipulated in the agreement. Financial assistance provided totaled $1.5 million.

Government agencies reported in 2013 and 2014 for 2009 activity there were 15 eligible financial assistance projects where the assistance was at or less than $150,000. Of the 15 financial assistance projects reached by government agencies between January 1, 2009 and December 31, 2009, agencies reported that 12 recipients (80.0 percent) had achieved all stated goals compared to three recipients (20.0 percent) that have yet to meet all of their obligations. The total value of the 12 projects that met all goals was $1.2 million (80.8 percent) compared to $0.3 million (19.2 percent) that had yet to achieve all goals and obligations. The total value of public financial assistance provided was $1.5 million. The project budget for those 15 projects totaled $17.8 million of which $1.5 million (8.3 percent) was provided by the public (see Appendix F).

***2008 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2008 activity there were 23 eligible business assistance agreements. Of the 23 business assistance agreements reached between January 1, 2008 and December 31, 2008, agencies reported that 20 recipients (87.0 percent) had achieved all stipulated goals and obligations, compared to three recipients (13.0 percent) that have yet to achieve all goals and obligations. The total value of the 20 agreements that met all goals was $13.3 million (95.5 percent) compared to $0.6 million (4.5 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $13.9 million.

One eligible financial assistance agreement in excess of $150,000 was reported by a government agency in 2010 for 2008 activity. The agency reported in 2010 that the recipient had achieved all goals and obligations stipulated in the agreement. Financial assistance provided totaled

$0.7 million.

Government agencies reported in 2013 and 2014 for 2008 activity that there were 39 eligible financial assistance projects where the assistance was at or less than $150,000. Of the 39 financial assistance projects reached by government agencies between January 1, 2008 and December 31, 2008, agencies reported that 34 recipients (87.2 percent) had achieved all stated goals compared to five recipients (12.8 percent) that have yet to meet all of their obligations. The total value of the 34 projects that met all goals was $2.5 million (86.1 percent) compared to $0.4 million (13.9 percent) that had yet to achieve all goals and obligations. The total value of public financial assistance provided was $2.9 million. The project budget for those 39 projects totaled $33.7 million of which $2.9 million (8.4 percent) was provided by the public (see Appendix G).

***Minnesota Department of Employment and Economic Development Page 7***

***2007 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2007 activity that there were 65 eligible business assistance agreements. Of the 65 business assistance agreements reached between January 1, 2007 and December 31, 2007, agencies reported that 49 recipients (75.4 percent) had achieved all stipulated goals and obligations, compared to 16 recipients (24.6 percent) that have yet to achieve all goals and obligations. The total value of the 49 agreements that met all goals was $13.1 million (28.6 percent) compared to $32.8 million (71.4 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $45.9 million (see Appendix H).

***2006 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2006 activity that there were 60 eligible business assistance agreements. Of the 60 business assistance agreements reached between January 1, 2006 and December 31, 2006, agencies reported that 53 recipients (88.3 percent) had achieved all stipulated goals and obligations compared to seven recipients (11.7 percent) that have yet to achieve all goals and obligations. The total value of those 53 agreements that met all goals was $24.1 million (83.4 percent) compared to $4.8 million (16.6 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $28.9 million.

Seven eligible financial assistance agreements were reported by government agencies in 2013 for 2006 activity. Agencies reported that all of the recipients had met all their goals and obligations. Financial assistance provided totaled $15.7 million (see Appendix I).

***2005 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2005 activity that there were 90 eligible business assistance agreements. Of the 90 business assistance agreements reached between January 1, 2005 and December 31, 2005, agencies reported that 76 recipients (84.4 percent) had achieved all stipulated goals and obligations compared to 14 recipients (15.6 percent) that have yet to achieve all goals and obligations. The total value of those 76 agreements that met all goals was $54.7 million (80.6 percent) compared to $13.1 million (19.4 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $67.8 million.

Two eligible financial assistance agreements were reported by government agencies in 2013 and 2014 for 2005 activity. Of the two eligible financial assistance agreements, one agency reported that the recipient had achieved all goals and obligations stipulated in the agreement and the other agency reported that the recipient had not yet achieved all goals. The total value of the agreement was $500,000 (12.5 percent) compared to $3.5 million (87.5 percent) outstanding. Financial assistance provided totaled $4.0 million (see Appendix J).

***2004 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2004 activity that there were 91 eligible business assistance agreements. Of the 91 business assistance agreements reached between January 1, 2004 and December 31, 2004, agencies reported that 82 recipients (90.1 percent) had achieved all stipulated goals and obligations compared to nine recipients (9.9 percent) that have yet to achieve all goals and obligations. The total value of those 82 agreements that met all goals was $19.1 million (55.1 percent) compared to $15.6 million (44.9 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $34.7 million.

***Page 8 2014 Minnesota Business Assistance Report***

Four eligible financial assistance agreements were reported by government agencies in 2005 and 2006 for 2004 activity. The agencies reported that all four recipients had achieved all goals and obligations stipulated in the agreements (see Appendix K).

***2003 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2003 activity that there were 100 eligible business assistance agreements. Of the 100 business assistance agreements between January 1, 2003 and December 31, 2003, agencies reported that 90 recipients (90.0 percent) had achieved all stipulated goals and obligations compared to 10 recipients (10.0 percent) that have yet to achieve all goals and obligations. The total value of those 90 agreements that met all goals was $34.6 million (91.1 percent) compared to $3.4 million (8.9 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $38.0 million.

One eligible financial assistance agreement was reported by a government agency in 2004 for 2003 activity. The agency reported that the recipient had achieved all goals and obligations stipulated in the agreement (see Appendix L).

***2002 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2002 activity that there were 137 eligible business assistance agreements. Of the 137 business assistance agreements between January 1, 2002 and December 31, 2002, agencies reported that 115 recipients (83.9 percent) had achieved all stipulated goals and obligations compared to 22 recipients (16.1 percent) that have yet to achieve all goals and obligations. The total value of those 115 agreements that met all goals was $31.2 million (86.1 percent) compared to $5.0 million (13.9 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $36.2 million.

Four eligible financial assistance agreements were reported by government agencies in 2002 through 2008 for 2002 activity. Agencies reported that the four recipients had achieved all goals and obligations stipulated in the agreement (see Appendix M).

***2001 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2001 activity that there were 170 eligible business assistance agreements. Of the 170 business assistance agreements reached between January 1, 2001 and December 31, 2001, agencies reported that 144 recipients (84.7 percent) had achieved all stipulated goals and obligations compared to 26 recipients (15.3 percent) that have yet to achieve all goals and obligations. The total value of those agreements that met all goals was $96.3 million (93.1 percent) compared to $7.1 million (6.9 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $103.4 million.

Four eligible financial assistance agreements were reported by government agencies in 2002 through 2011 for 2001 activity. Agencies reported that the four recipients had achieved all goals and obligations stipulated in the agreement (see Appendix N).

***2000 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 2000 activity that there were 196 eligible business assistance agreements. Of the 196 business assistance agreements reached between January 1, 2000 and December 31, 2000, agencies reported that 171 recipients (87.2 percent) had

***Minnesota Department of Employment and Economic Development Page 9***

achieved all stipulated goals and obligations compared to 25 recipients (12.8 percent) that have yet to achieve all goals and obligations. The total value of those 171 agreements that met all goals was $599.2 million compared to $12.0 million (2.0 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $611.2 million.

Ten eligible financial assistance agreements were reported by government agencies in 2001 through 2011 for 2000 activity. Agencies reported that the 10 recipients had achieved all goals and obligations stipulated in the agreement. Financial assistance provided totaled $11.4 million (see Appendix O).

***August 1, 1999 – December 31, 1999 Non-JOBZ Activity***

Government agencies reported in 2013 and 2014 for 1999 activity that there were 73 eligible business assistance agreements. Of the 73 business assistance agreements reached between August 1, 1999 and December 31, 1999, agencies reported that 61 recipients (83.6 percent) has achieved all stipulated goals and obligations compared to 12 recipients (16.4 percent) that have yet to achieve all goals and obligations. The total value of those 61 agreements that met all goals was $16.0 million (89.9 percent) compared to $1.8 million (10.1 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $17.8 million.

One eligible financial assistance agreement was reported by a government agency in 2002 for 1999 activity. The agency reported that the recipient had achieved all goals and obligations stipulated in the agreement. Financial assistance provided totaled $568,167 (see Appendix P).

***July 1, 1995 – July 31, 1999***

Government agencies reported in 2000 through 2014 that there were 393 eligible business assistance agreements. Of the 393 business assistance agreements reached between July 1, 1995 and July 31, 1999, agencies reported that 368 recipients (93.6 percent) had achieved all stipulated goals and obligations compared to 25 recipients (6.4 percent) that have yet to achieve all goals and obligations. The total value of those 368 agreements that met all goals was

$161.0 million (92.4 percent) compared to $13.3 million (7.6 percent) that had yet to achieve all goals and obligations. Business assistance provided totaled $174.3 million (see Appendix Q).

***Public Hearing and Adopted Criteria***

According to M.S. §116J.994 business subsidies may not be granted until the grantor has held a public hearing and adopted criteria for awarding business subsidies. Grantors are also required to submit a copy of their adopted criteria policies to DEED if they award business subsidies.

There were 554 agencies required to hold a public hearing in or prior to 2014 in accordance with the statute because of population or previous activity (see Appendix R). The distribution of agencies that reported holding a public hearing is as follows:

* 439 agencies or 79.2 percent reported holding a public hearing in compliance with the statute; and,
* 115 agencies or 20.8 percent did not report holding a public hearing on the MBAF.

***Page 10 2014 Minnesota Business Assistance Report***

Of the 554 agencies that were required to submit criteria to DEED, the distribution of the criteria submitted by agencies is as follows:

* 433 agencies or 78.2 percent submitted criteria; and,
* 121 agencies or 21.8 percent did not submit criteria.

***Recipients that Failed to Fulfill All Goals and Obligations through 2012***

Under the law, DEED is required to report the number of business assistance agreements for grantors that did not meet their goals for two years after the benefit date or until the goals are met, whichever is later. As of 2014, there were 13 business assistance agreements reported by government agencies between August 1, 1999 and December 2013 in which recipients had failed to fulfill all goals and obligations in the business assistance agreement. The total value of assistance awarded was $5.0 million and the outstanding value of assistance that was subject to repayment was $1.0 million (see Appendix S). For the same period, there were 58 business assistance agreements that were terminated by government agencies. The total value of assistance awarded was $45.0 million and the outstanding value of assistance that was subject to repayment was $5.8 million (see Appendix T).

***Public Purpose for Assistance Agreements***

Minnesota Statutes §116J.994 requires that business and financial assistance agreements state a public purpose. Of the 20 business assistance agreements entered into in 2013, there were

48 public purposes identified in these agreements because several agencies reported more than one public purpose for each project. Increasing the tax base, 15 agreements (31.3 percent) and creating high quality job growth, 13 agreements (27.1 percent) accounted for the largest share of public purpose reported by government agencies. Other types of public purpose included enhancing economic diversity and job retentions, six agreements (12.5 percent) each; and job retention and other, 4 agreements (8.3 percent) each.

**2013 Activity Findings**

Forms summarized in this section of the report encompass business and financial assistance agreements reached between January 1, 2013 and December 31, 2013. Under the business subsidy law, agencies are required to submit a MBAF form for two years after the benefit date or until goals are met, whichever is later.

Of the 20 business assistance agreements reported by government agencies in 2013, the manufacturing sector accounted for 10 agreements (50.0 percent); service, five agreements

(25.0 percent); wholesale trade, three agreements (15.0 percent); retail trade, one agreement; and other, one agreement (5.0 percent) (see Table 2, Page 11).

***Minnesota Department of Employment and Economic Development Page 11***

TABLE 2

Distribution of Non-JOBZ Business Assistance Agreements by Industrial Sector for

Agreements Reached Between January 1, 2013 and December 31, 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sector** | **Quantity** |  **Percentage** | **Dollar Amount**(in millions) |  **Percentage** |
| Manufacturing | 10 |  50.0% |  $7.6 |  52.4% |
| Service |  5 |  25.0% |  $1.8 |  12.6% |
| Wholesale Trade |  3 |  15.0% |  $2.4 |  16.7% |
| Retail Trade |  1 |  5.0% |  $1.6 |  11.3% |
| Other |  1 |  5.0% |  $1.0 |  6.9% |
| **Total** | **20** | **100.0%** | **$14.4** | **100.0%** |

Of the $14.4 million in business assistance provided by government agencies, the manufacturing sector accounted for $7.6 million (52.4 percent); wholesale trade, $2.4 million (16.7 percent); service, $1.8 million (12.6 percent); retail trade, $1.6 million (11.3 percent) and other 1.0 million (6.9 percent).

***Distribution of Assistance Agreements***

Cities accounted for most of the business assistance agreements reported in 2012. Table 3 shows the distribution of the 20 business subsidy agreements on the MBAF. Cities accounted for

17 agreements (85.0 percent); counties for two agreements (10.0 percent); and other for one agreement (5.0 percent).

TABLE 3

Distribution of Non-JOBZ Business Assistance by Government Agency for Agreements

Reached Between January 1, 2013 and December 31, 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Grantor Classification** | **Quantity** |  **Percentage** | **Dollar Amount**(in millions) |  **Percentage** |
| City[[2]](#footnote-2) | 17 |  85.0% | $11.1 |  76.9% |
| County |  2 |  10.0% |  $1.8 |  12.6% |
| Other[[3]](#footnote-3) |  1 |  5.0% |  $1.5 |  10.4% |
| **Total** | **20** | **100.0%** | **$14.4** | **100.0%** |

Of the $14.4 million in business subsidies reported on the MBAF, city agencies accounted for $11.1 million (76.9 percent), county agencies accounted for $1.8 million (12.6 percent), and an agency in the other category accounted for $1.5 million (10.4 percent).

***Regional Distribution of Assistance Agreements***

The Twin Cities, Central and Southwest regions accounted for the most business assistance reported in 2014. As Table 4 shows, of the 20 business assistance agreements reported in 2014, the Twin Cities region accounted for seven agreements (35.0 percent); Central region for six agreements (30.0 percent); Southwest region for six agreements (30.0 percent); and Southeast region for one agreement (5.0 percent).

***Page 12 2014 Minnesota Business Assistance Report***

TABLE 4

Regional Distribution of Non-JOBZ Business Assistance Agreements

Reached Between January 1, 2013 and December 31, 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Region** | **Quantity** |  **Percentage** | **Dollar Amount**(in millions) |  **Percentage** |
| Twin Cities |  7 |  35.0% |  $6.0 |  41.8% |
| Central |  6 |  30.0% |  $2.7 |  18.5% |
| Southwest |  6 |  30.0% |  $4.7 |  32.6% |
| Southeast |  1 |  5.0% |  $1.0 |  7.0% |
| **Total** | **20** | **100.0%** | **$14.4** | **100.0%** |

Of the $14.4 million of business subsidies reported in 2014 by government agencies, the Twin Cities region provided about $6.0 million (41.8 percent); Southwest region $4.7 million

(32.6 percent); Central region $2.7 million (18.5 percent); and Southeast region $1.0 million

(7.0 percent).

***Type and Value of Assistance Provided***

Of the $14.4 million in subsidies awarded by state, county and local government agencies, amounts ranged from $64,000 for a grant to a $1.5 million Tax Increment Financing (TIF). The median value was $535,304 for agreements awarded.

Grants and TIF were the most common types of subsidies provided. Of the 20 business subsidies reported by government agencies, there were 28 types of business subsidies reported because several agencies reported more than one type of assistance for each project. As Table 5 illustrates, of the 28 types of business subsidies reported by government agencies, grants were involved in seven (25.0 percent) agreements and TIF was involved in seven agreements

(25.0 percent).

TIF accounted for the most assistance provided $5.2 million (36.3 percent), followed by grants, $3.2 million (22.5 percent).

TABLE 5

Distribution of Non-JOBZ Business Assistance Agreements Reached

Between January 1, 2013 and December 31, 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type** | **Quantity** |  **Percentage** | **Dollar Amount**(in millions) |  **Percentage** |
| Grants |  7 |  25.0% |  $3.2 |  22.5% |
| TIF |  7 |  25.0% |  $5.2 |  36.3% |
| Loans |  5 |  17.9% |  $1.5 |  10.3% |
| Tax Abatement |  3 |  10.7% |  $1.4 |  9.4% |
| Land Contribution |  3 |  10.7% |  $0.6 |  4.5% |
| Other |  2 |  7.1% |  $2.3 |  15.9% |
| Contribution of Property |  1 |  3.6% |  $0.2 |  1.3% |
| **Total** | **28** | **100.0%** | **$14.4** | **100.0%** |

***Minnesota Department of Employment and Economic Development Page 13***

***Goals and Actual Performance***

Grantors are required to identify the types of goals that recipients receiving business assistance were expected to achieve. Grantors are also required to indicate the progress made toward these goals.

Under the law, if the assistance agreement includes specific wage and job goals than those goals must be attained within two years of the benefit date. Assistance agreements can also include other goals. Of the 20 eligible business assistance agreements entered into by agencies between January 1, 2013 and December 31, 2013, 17 agreements (85.0 percent) established specific job and wage goals.

Of the 17 business assistance agreements that were reported by agencies that established specific wage goals, four agreements (23.5 percent) have attained specific job and wage goals; and 13 agreements (76.5 percent) reported that the recipient had not attained specific job and wage goals. Agencies reported that recipients had more time to meet their goals.

There were nine business assistance agreements that were reported by agencies that established other job creation and/or retention goals. Three agreements (33.3 percent) had attained their goals and six agreements (66.7 percent) had not attained their goals. Agencies reported that recipients had more time to meet their goals.

There were five business assistance agreements that were reported by agencies that established goals other than wage and job goals. Of the five agreements reported by agencies that established goals other than wage and job goals, two agreements (40.0 percent) had attained their goals and three agreements (60.0 percent) had not attained their goals. Agencies reported that recipients had more time to meet their goals.

*Actual Performance*

Of the 20 business assistance agreements reached between January 1, 2013 and December 31, 2013, agencies reported that five recipients (25.0 percent) had achieved all stipulated goals and obligations, compared to 15 recipients (75.0 percent) that have yet to achieve all goals and obligations. Agencies reported that recipients had more time to meet their goals and obligations. The total value of the five agreements that met all goals was $4.1 million (28.4 percent) compared to $10.3 million (71.6 percent) that had yet to achieve all goals and obligations. The total value of business assistance provided was $14.4 million.

*Full-time Job Creation and Wages*

The business assistance agreement must include goals for the number of jobs created, which may include separate goals for wages and the number of full-time or part-time jobs created.

Of the 20 eligible business assistance agreements, agencies reported a full-time job creation goal of 646 jobs with an average hourly health and non-health benefit ranging between $3.46 and $5.00 (see Table 6). Agencies reported 305 actual full-time jobs created and that recipients had more time to meet their job creation and wage goals. The distribution of full-time job creation and wage goals and actual performance can be seen in Table 6.

***Page 14 2014 Minnesota Business Assistance Report***

TABLE 6

Distribution of Non-JOBZ Full-time Job Creation, Wage Goals and Actual Performance for Agreements Reached Between January 1, 2013 and December 31, 2013

|  |  |
| --- | --- |
| **Goals** | **Actual** |
| **Hourly****Wage** | **Average Hourly Health Benefit** | **Average Hourly Non-****Health Benefit** | **Number****of****Jobs** | **Percentage** | **Average Hourly Health Benefit** | **Average Hourly Non-Health Benefit** | **Number****of****Jobs** | **Percentage** |
| No Hourly Wage | $0.00 | $0.00 |  25 |  3.9% | $0.00 | $0.00 |  0 |  0.0% |
| Less than $7.00 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $7.00 to $8.99 | $0.00 | $0.00 |  3 |  0.5% | $0.00 | $0.00 |  0 |  0.0% |
| $9.00 to $10.99 | $0.00 | $0.00 |  2 |  0.3% | $0.00 | $0.00 |  0 |  0.0% |
| $11.00 to $12.99 | $0.00 | $0.00 |  19 |  2.9% | $0.00 | $0.00 |  1 |  0.3% |
| $13.00 to $14.99 | $4.00 | $0.00 |  6 |  0.9% | $0.00 | $0.00 |  8 |  2.6% |
| $15.00 to $16.99 | $0.00 | $0.00 | 142 |  22.0% | $0.00 | $0.00 | 140 |  45.9% |
| $17.00 to $18.99 | $3.46 | $0.00 | 239 |  37.0% | $0.00 | $0.00 |  0 |  0.0% |
| $19.00 to $20.99 | $0.00 | $0.00 |  1 |  0.2% | $0.00 | $0.00 |  0 |  0.0% |
| $21.00 to $22.99 | $0.00 | $0.00 |  25 |  3.9% | $3.70 | $0.00 |  61 |  20.0% |
| $23.00 to $24.99 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  3 |  1.0% |
| $25.00 to $26.99 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $27.00 to $28.99 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $29.00 to $30.99 | $5.00 | $0.00 | 184 |  28.5% | $0.00 | $0.00 |  0 |  0.0% |
| $31.00 & higher | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  91 |  29.8% |
| **Total** | **$4.15** | **$0.00** | **646** | **100.0%** | **$3.70** | **$0.00** | **305** | **100.0%** |

*Part-time Job Creation and Wages*

Of the 20 eligible business assistance agreements, agencies reported a part-time job creation goal of three jobs with an average hourly health benefit of $1.13. Agencies reported three actual part-time jobs. The distribution of part-time job creation, wage goals and actual performance can be seen in Table 7.

TABLE 7

Distribution of Non-JOBZ Part-time Job Creation, Wage Goals and Actual Performance for Agreements Reached Between January 1, 2013 and December 31, 2013

|  |  |
| --- | --- |
| **Goals** | **Actual** |
| **Hourly****Wage** | **Average Hourly Health Benefit** | **Average Hourly Non-****Health Benefit** | **Number****of****Jobs** | **Percentage** | **Average Hourly Health Benefit** | **Average Hourly Non-Health Benefit** | **Number****of****Jobs** | **Percentage** |
| No Hourly Wage |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| Less than $7.00 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $7.00 to $8.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $9.00 to $10.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $11.00 to $12.99 |  $1.13 |  $0.00 |  3 |  100.0% |  $0.00 |  $0.00 |  3 |  100.0% |
| $13.00 to $14.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $15.00 to $16.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $17.00 to $18.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $19.00 to $20.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $21.00 to $22.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $23.00 to $24.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $25.00 to $26.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $27.00 to $28.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $29.00 to $30.99 |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| $31.00 & higher |  $0.00 |  $0.00 |  0 |  0.0% |  $0.00 |  $0.00 |  0 |  0.0% |
| **Total** |  **$1.13** |  **$0.00** |  **3** |  **100.0%** |  **$0.00** |  **$0.00** |  **3** |  **100.0%** |

***Minnesota Department of Employment and Economic Development Page 15***

*Job Retention Goals and Actual Performance*

Of the 20 eligible business assistance agreements, agencies reported a job retention goal of 663 jobs. Agencies reported 606 jobs retained (see Table 8). Agencies reported that recipients had more time to meet their job retention goals. The distribution of retained job goals, wages and actual performance can be seen in Table 8.

TABLE 8

Distribution of Non-JOBZ Job Retention Goals, Wages and Actual Performance for Agreements Reached Between January 1, 2013 and December 31, 2013

|  |  |
| --- | --- |
| **Goals** | **Actual** |
| **Hourly****Wage** | **Average Hourly Health Benefit** | **Average Hourly Non-****Health Benefit** | **Number****of****Jobs** | **Percentage** | **Average Hourly Health Benefit** | **Average Hourly Non-Health Benefit** | **Number****of****Jobs** | **Percentage** |
| No Hourly Wage | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| Less than $7.00 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $7.00 to $8.99 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $9.00 to $10.99 | $0.00 | $0.00 |  16 |  2.4% | $0.00 | $0.00 |  16 |  2.6% |
| $11.00 to $12.99 | $0.00 | $0.00 |  79 |  11.9% | $0.00 | $0.00 |  9 |  1.5% |
| $13.00 to $14.99 | $0.00 | $0.00 |  16 |  2.4% | $0.00 | $0.00 |  16 |  2.6% |
| $15.00 to $16.99 | $0.00 | $0.00 | 532 |  80.2% | $2.48 | $0.94 | 536 |  88.4% |
| $17.00 to $18.99 | $0.00 | $0.00 |  1 |  0.2% | $0.00 | $0.00 |  1 |  0.2% |
| $19.00 to $20.99 | $0.00 | $0.00 |  0 |  0.0% | $2.48 | $1.20 |  2 |  0.3% |
| $21.00 to $22.99 | $0.00 | $0.00 |  4 |  0.6% | $3.09 | $1.32 |  8 |  1.3% |
| $23.00 to $24.99 | $0.00 | $0.00 |  0 |  0.0% | $2.48 | $1.49 |  2 |  0.3% |
| $25.00 to $26.99 | $0.00 | $0.00 |  1 |  0.2% | $0.00 | $0.00 |  1 |  0.2% |
| $27.00 to $28.99 | $0.00 | $0.00 |  3 |  0.5% | $0.00 | $0.00 |  3 |  0.5% |
| $29.00 to $30.99 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $31.00 & higher | $0.00 | $0.00 |  11 |  1.7% | $2.48 | $1.92 |  12 |  2.0% |
| **Total** | **$0.00** | **$0.00** | **663** | **100.0%** | **$2.60** | **$1.37** | **606** | **100.0%** |

1. For recipients that have not yet met all their obligations stipulated in their business and financial assistance agreements, there are several reasons why this may occur. First, the recipient may have more time to meet its goals and obligations stipulated in their agreement. Recipients or businesses have two years from the benefit date to meet specific wage and job goals and in some cases local government agencies may have a five year requirement to remain on the premises where the subsidy is provided. Also in the case of TIF or tax abatement, like JOBZ projects, recipients are required to report for the duration of the TIF or tax abatement which may be as long as 10 to 12 years from the benefit date. Second, some projects may not have been updated for several years due to staffing changes at local government agencies. Reporting on these projects may be delayed even after receiving a notice from DEED. [↑](#footnote-ref-1)
2. City includes economic development authorities (EDAs). [↑](#footnote-ref-2)
3. Other is township. [↑](#footnote-ref-3)