

2016 JOBZ Business Assistance Report

Report to the Legislature

Summary of Business and Financial Assistance Reported

By State and Local Government Agencies Between

January 1, 2004 and December 31, 2015

In Accordance With

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

(Appendices Available Under Separate Cover)

December 2016

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 $21,917.02

(reported as required by Minn. Stat. 3.197)

1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351 USA

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**

Introduction 1

Overview of JOBZ Activities 1

Overview of 2015 JOBZ Findings 6

Appendices (under separate cover)

 Appendix A: Listing of Government Agencies Submitting a 2016 JOBZ

 Minnesota Business Assistance Form in 2016

 Appendix B: Summary of 2013 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix C: Summary of 2012 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix D: Summary of 2011 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix E: Summary of 2010 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix F: Summary of 2009 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix G: Summary of 2008 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix H: Summary of 2007 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix I: Summary of 2006 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix J: Summary of 2005 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix K: Summary of 2004 JOBZ Business Assistance Agreements

 Reported by Government Agencies in 2016

 Appendix L: Summary of Statewide 2004 – 2013 JOBZ Business Assistance

 Activity

 Appendix M: Summary of JOBZ Business Assistance Agreements that were

 Terminated from the JOBZ program in 2016

 Appendix N: Summary of JOBZ Business Assistance Agreements where

 Recipients failed to report in 2016

# 2016 JOBZ BUSINESS ASSISTANCE REPORT

## Introduction

This report summarizes Job Opportunity Building Zone (JOBZ) business subsidy agreements reported on the JOBZ Minnesota Business Assistance Form in 2016. This is the final year of reporting for the majority of JOBZ business assistance agreements. Three ethanol facilities will continue to report until 2018. In future years, these projects will be included as an appendix in the general business assistance legislative report. The activity levels for JOBZ business assistance have been declining significantly from year to year as reported by local government agencies. Three JOBZ business assistance agreements were reported by local government agencies in 2016 for 2013 activity compared to 71 agreements reported for 2004 activity (Table 1). There were no new JOBZ projects in 2014 and 2015. There were 118 local government agencies that reported on 226 JOBZ business assistance agreements reached between January 1, 2004 and December 31, 2013 (Appendix A).

**TABLE 1**

**Activity Levels of JOBZ Business Assistance Reached**

**Between January 1, 2004 and December 31, 2013**

|  |  |
| --- | --- |
| **Activity Period** | **Activity Levels** |
| January 1, 2013 – December 31, 2013 |  3 |
| January 1, 2012 – December 31, 2012 |  5 |
| January 1, 2011 – December 31, 2011 |  5 |
| January 1, 2010 – December 31, 2010 |  4 |
| January 1, 2009 – December 31, 2009 |  10 |
| January 1, 2008 – December 31, 2008 |  19 |
| January 1, 2007 – December 31, 2007 |  19 |
| January 1, 2006 – December 31, 2006 |  40 |
| January 1, 2005 – December 31, 2005 |  50 |
| January 1, 2004 – December 31, 2004 |  71 |
| **Totals** | **226** |

## Overview of JOBZ Activities

### 2013 JOBZ Activity

Of the three JOBZ business assistance agreements reached between January 1 and December 31, 2013, agencies reported a new full-time job creation goal of 215 jobs compared with actual job creation of 315 full-time employment (FTE) jobs.[[1]](#footnote-1) The average hourly wage goal including benefits was $14.55. The actual average hourly wage (excluding benefits) was $32.05 with an average hourly health benefit of $2.96 and non-health benefit of $7.79. The total average hourly wage was $42.80 including benefits.

Agencies reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2015 of $2.5 million for personal – equipment. Agencies reported that recipients had met all of their goals and obligations in the agreements (Appendix B).

### 2012 JOBZ Activity

Of the five JOBZ business assistance agreements reached between January 1 and December 31, 2012, agencies reported a new full-time creation goal of 83 jobs compared with actual job creation of 368 FTE jobs. The average hourly wage goal including benefits was $13.46. The actual average hourly wage (excluding benefits) was $18.48 with an average hourly health benefit of $2.60 and non-health benefit of $2.48. The total average hourly wage was $23.55 including benefits.

Thirty-five jobs were retained. The actual average hourly wage (excluding benefits) was $34.03 with an average hourly health benefit of $8.46 and non-health benefit of $10.99. The total average hourly wage was $53.48 including benefits. Agencies reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2015 of $1.6 million for real property – land and buildings and $1.8 million for personal – equipment. Agencies reported that recipients had met all of their goals and obligations in the agreements (Appendix C).

### 2011 JOBZ Activity

Of the five JOBZ business assistance agreements reached between January 1 and December 31, 2011, agencies reported a new full-time job creation goal of 186 jobs compared with actual job creation of 303 FTE jobs. The average hourly wage goal including benefits was $15.66. The actual average hourly wage (excluding benefits) was $27.29 with an average hourly health benefit of $3.91 and non-health benefit of $1.55. The total average hourly wage was $32.75 including benefits.

The job retention goal was 22 jobs compared to 39 jobs retained. The average hourly wage goal including benefits was $13.00. The actual average hourly wage (excluding benefits) was $45.39 with an average hourly health benefit of $3.13 and non-health benefit of $0.42. The total average hourly wage was $48.93 including benefits. Agencies reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2015 of $11.4 million for real property – land and buildings and $2.4 million for personal – equipment (Appendix D).

### 2010 JOBZ Activity

Of the four JOBZ business assistance agreements reached between January 1 and December 31, 2010, agencies reported a new full-time job creation goal of 69 jobs compared with actual job creation of 212 FTE jobs. The average hourly wage goal including benefits was $12.53. The actual average hourly wage (excluding benefits) was $24.52 with an average hourly health benefit of $3.30 and non-health benefit of $3.99. The total average hourly wage was $31.81 including benefits.

The job retention goal was 20 jobs compared to 20 jobs retained. The average hourly wage goal including benefits was $12.82. The actual average hourly wage (excluding benefits) was $21.73 with an average hourly health benefit of $2.19 and non-health benefit of $1.51. The total average hourly wage was $25.43 including benefits (Appendix E).

### 2009 JOBZ Activity

Of the 10 JOBZ business assistance agreements reached between January 1 and December 31, 2009, agencies reported a new full-time job creation goal of 154 jobs compared with actual job creation of 396 FTE jobs. The average hourly wage goal including benefits was $13.09. The actual average hourly wage (excluding benefits) was $18.35 with an average hourly health benefit of $2.09 and non-health benefit of $1.22. The total average hourly wage was $21.67 including benefits.

The job retention goal was 511 jobs compared to 514 jobs retained. The average hourly wage goal including benefits was $13.04 per hour. The actual average hourly wage (excluding benefits) was $27.75 with an average hourly health benefit of $3.44 and non-health benefit of $1.85. The total average hourly wage was $33.04 including benefits. Agencies also reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2013 of $286,505 for real property – land and buildings and $510,464 for personal – equipment (Appendix F).

### 2008 JOBZ Activity

Of the 19 JOBZ business assistance agreements reached between January 1 and December 31, 2008, agencies reported a new full-time job creation goal of 280 jobs compared with actual job creation of 543 FTE jobs. The average hourly wage goal including benefits was $12.59. The actual average hourly wage (excluding benefits) was $20.78 with an average hourly health benefit of $3.05 and non-health benefit of $2.41. The total average hourly wage was $26.25 including benefits.

The job retention goal was 84 jobs compared to 85 jobs retained. The average hourly wage goal including benefits was $12.52. The actual average hourly wage (excluding benefits) was $25.34 with an average hourly health benefit of $5.18 and non-health benefit of $2.22. The total average hourly wage was $32.74 including benefits. Agencies also reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2013 of $296,282 for real property – land and buildings and $1.6 million for personal – equipment (Appendix G).

### 2007 JOBZ Activity

Of the 19 JOBZ business assistance agreements reached between January 1 and December 31, 2007, agencies reported a new full-time job creation goal of 133 jobs compared with actual job creation of 829 FTE jobs. The average hourly wage goal including benefits was $13.44. The actual average hourly wage (excluding benefits) was $21.76 with an average hourly health benefit of $2.96 and non-health benefit of $2.80. The total average hourly wage was $27.52 including benefits.

The job retention goal was 290 jobs compared to 288 jobs retained. The average hourly wage goal including benefits was $12.96. The actual average hourly wage (excluding benefits) was $26.15 with an average hourly health benefit of $2.08 and non-health benefit of $3.82. The total average hourly wage was $31.71 including benefits. Agencies also reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2013 of $2.0 million for real property – land and buildings and $2.4 million for personal – equipment (Appendix H).

### 2006 JOBZ Activity

Of the 40 JOBZ business assistance agreements reached between January 1 and December 31, 2006, agencies reported a new full-time job creation goal of 345 jobs compared with actual job creation of 1,190 FTE jobs. The average hourly wage goal including benefits was $13.16. The actual hourly wage (excluding benefits) was $20.86 with an average hourly health benefit of $2.10 and non-health benefit of $2.44. The total average hourly wage was $25.39 including benefits.

The job retention goal was 359 jobs compared to 466 jobs retained. The average hourly wage goal including benefits was $12.26. The actual hourly wage (excluding benefits) was $23.93 with an average hourly health benefit of $2.24 and non-health benefit of $4.95. The total average hourly wage was $31.13 including benefits. Agencies also reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2013 of $866,577 for real property – land and buildings and $7.8 million for personal – equipment (Appendix I).

### 2005 JOBZ Activity

Of the 50 JOBZ business assistance agreements reached between January 1 and December 31, 2005, agencies reported a new full-time job creation goal of 578 jobs compared with actual job creation of 1,979 FTE jobs. The average hourly wage goal including benefits was $12.66. The actual average hourly wage (excluding benefits) was $22.21 with an average hourly health benefit of $2.99 and non-health benefit of $2.37. The total average hourly wage was $27.58 including benefits.

The job retention goal was 738 jobs compared to 954 jobs retained. The average hourly wage goal including benefits was $13.90. The actual average hourly wage (excluding benefits) was $24.06 with an average hourly health benefit of $2.88 and non-health benefit of $2.85. The total average hourly wage was $29.80 including benefits. Agencies also reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2013 of $6.0 million for real property – land and buildings and $15.5 million for personal – equipment (Appendix J).

### 2004 JOBZ Activity

Of the 71 JOBZ business assistance agreements reached between January 1 and December 31, 2004, agencies reported a new full-time job creation goal of 1,238 compared with actual job creation of 3,716 FTE jobs. The average hourly wage goal including benefits was $12.34. The actual average hourly wage (excluding benefits) was $19.24 with an average hourly health benefit of $2.82 and non-health benefit of $2.44. The total average hourly wage was $24.50 including benefits.

The job retention goal was 613 compared to 793 jobs retained. The average hourly wage goal including benefits was $11.78. The actual average hourly wage (excluding benefits) was $23.68 with an average hourly health benefit of $2.52 and non-health benefit of $2.50. The total average hourly wage was $28.70 including benefits. Agencies also reported capital investment made by businesses in the JOBZ area between January 1 and December 31, 2013 of $2.3 million for real property – land and buildings and $18.1 million for personal – equipment (Appendix K)

### Relocation for JOBZ Business Assistance Agreements

Of the three JOBZ business assistance agreements reached between January 1 and December 31, 2013, agencies reported that in 2016 recipients had not relocated as a result of signing the JOBZ agreement.

Of the five JOBZ business assistance agreements reached between January 1 and December 31, 2012, agencies reported in 2016 that two recipients (40.0 percent) relocated as a result of signing the JOBZ agreement and three (60.0 percent) did not. Of the two relocations that resulted from signing the JOBZ agreement, no employees lost their job.

Of the five JOBZ business assistance agreements reached between January 1 and December 31, 2011, agencies reported in 2016 that one recipient (20.0 percent) relocated as a result of signing the JOBZ agreement and four (80.0 percent) did not. Of the one relocation that resulted from signing the JOBZ agreement, no employees lost their job.

Of the four JOBZ business assistance agreements reached between January 1 and December 31, 2010, agencies reported in 2016 that two recipients (50.0 percent) relocated as a result of signing the JOBZ agreement and two (50.0 percent) did not. Of the two relocations that resulted from signing the JOBZ agreement, no employees lost their job.

Of the 10 JOBZ business assistance agreements reached between January 1 and December 31, 2009, agencies reported in 2016 that five recipients (50.0 percent) relocated as a result of signing the JOBZ agreement and five (50.0 percent) did not. Of the five relocations that resulted from signing the JOBZ agreement, eight employees lost their jobs.

Of the 19 JOBZ business assistance agreements reached between January 1 and December 31, 2008, agencies reported in 2016 that three recipients (15.8 percent) relocated as a result of signing the JOBZ agreement and 16 (84.2 percent) did not. Of the three relocations that resulted from signing the JOBZ agreement, no employee lost their job.

Of the 19 JOBZ business assistance agreements reached between January 1 and December 31, 2007, agencies reported in 2016 that two recipients (10.5 percent) relocated as a result of signing the JOBZ agreement and 17 (89.5 percent) did not. Of the two relocations that resulted from signing the JOBZ agreement, no employees lost their job.

Of the 40 JOBZ business assistance agreements reached between January 1 and December 31, 2006, agencies reported in 2016 that nine recipients (22.5 percent) relocated as a result of signing the JOBZ agreement and 31 (77.5 percent) did not. Of the nine relocations that resulted from signing the JOBZ agreement, no employees lost their job.

Of the 50 JOBZ business assistance agreements reached between January 1 and December 31, 2005, agencies reported in 2016 that 15 recipients (30.0 percent) relocated as a result of signing the JOBZ agreement and 35 (70.0 percent) did not. Of the 15 relocations that resulted from signing the JOBZ agreement, 91 employees lost their jobs.

Of the 71 JOBZ business assistance agreements reached between January 1 and December 31, 2004, agencies reported in 2016 that 18 recipients (25.4 percent) relocated as a result of signing the JOBZ agreement and 53 (74.6 percent) did not. Of the 18 relocations that resulted from signing the JOBZ agreement, no employees lost their job.

## Overview of 2015 JOBZ Findings

The forms summarized in this section encompass JOBZ business assistance agreements reached between January 1, 2004 and December 31, 2013 reported in 2016. There were 226 JOBZ business assistance agreements reported by government agencies for 2013 activities. More information about the JOBZ program including annual reports can be found at [mn.gov/deed](http://mn.gov/deed/).

### Public Purpose for JOBZ Business Assistance Agreements

Minnesota Statutes §116J.994 requires that business assistance agreements including JOBZ agreements state a public purpose. Of the 226 JOBZ agreements entered into in 2015, there were 773 public purposes identified in those agreements because agencies reported more than one public purpose for each project. Creating high-quality job growth, 206 agreements

(91.1 percent) and enhancing economic diversity, 189 agreements (83.6 percent) accounted for the largest share of public purpose reported by government agencies. Other types of public purpose included stabilizing the community, 147 agreements (65.0 percent); job retention, 112 agreements (49.6 percent); increasing the tax base, 107 agreements (47.3 percent); and other, 12 agreements (5.3 percent).

### Industrial Sector of JOBZ Business Assistance for Recipients

Of the 226 JOBZ business assistance agreements reported by government agencies in 2016, the manufacturing sector accounted for 162 agreements (71.7 percent); followed by the other sector, 21 agreements (9.3 percent); services sector, 20 agreements (8.8 percent); wholesale trade sector, 12 agreements (5.3 percent); construction sector, seven agreements (3.1 percent); retail trade sector, three agreements (1.3 percent); and finance, insurance and real estate sector, one agreement (0.4 percent) (Table 2).

**TABLE 2**

**Distribution of JOBZ Business Assistance Agreements by Industrial Sector Reached**

**Between January 1 and December 31, 2013**

| **Sector** | **Quality** | **Percentage** |
| --- | --- | --- |
| Manufacturing | 162 | 71.7% |
| Other | 21 | 9.3% |
| Services | 20 | 8.8% |
| Wholesale Trade | 12 | 5.3% |
| Construction | 7 | 3.1% |
| Retail Trade | 3 | 1.3% |
| Finance, Insurance and Real Estate | 1 | 0.4% |
| **Total** | **226** | **100.0%** |

### Zone Distribution of JOBZ Business Assistance Agreements

The West Central zone accounted for the most JOBZ business assistance reported in 2016. As Table 3 illustrates, West Central zone had 49 agreements (21.7 percent); followed by Southwest zone, 39 agreements (17.3%); Positively Southern MN zone, 35 agreements (15.5%); South MN zone, 31 agreements (13.7); Region 5 zone, 26 agreements (11.5%); Northeast zone, 21 agreements (9.3%); Region 7E zone, 11 agreements (4.9%); Northwest zone, eight agreements (3.5%); Upper MN Valley zone, five agreements (2.2%); and Headwaters zone, one agreement (0.4%). The location of the JOBZ zones is on DEED’s Annual Reports website at [mn.gov/deed/business/financing-business/tax-credits/jobz/documents-reports.jsp](http://mn.gov/deed/business/financing-business/tax-credits/jobz/documents-reports.jsp).

**TABLE 3**

**Zone Distribution of JOBZ Business Assistance Agreements Reached**

**Between January 1 and December 31, 2013**

| **Zone** | **Quantity** | **Percentage** |
| --- | --- | --- |
| West Central |  49 |  21.7% |
| Southwest |  39 |  17.3% |
| Positively Southern MN |  35 |  15.5% |
| South MN |  31 |  13.7% |
| Region 5 |  26 |  11.5% |
| Northeast |  21 |  9.3% |
| Region 7E |  11 |  4.9% |
| Northwest |  8 |  3.5% |
| Upper MN Valley |  5 |  2.2% |
| Headwaters |  1 |  0.4% |
| **Total** | **226** | **100.0%** |

### JOBZ Goals and Actual Performance

Of the 226 JOBZ business assistance agreements entered into by agencies between January 1 and December 31, 2013 reported in 2016, there were 220 agreements (97.3 percent) established specific job and wage goals. Of those 220 agreements reported by agencies, 219 agreements (99.5 percent) had attained specific job and wage goals; and one agreement (0.5 percent) reported that the recipient did not attain specific job and wage goals.

There were 186 JOBZ business assistance agreements that established other (i.e., not specific) job creation and/or retention goals. Under the JOBZ program, qualified businesses are required to retain jobs for the duration of the program until December 31, 2015. Of the 186 agreements reported by the agencies that established other job creation and/or retention goals, 180 recipients had attained their goals (96.8 percent); three recipients (1.6 percent) had not attained their goals; and three recipients (1.6 percent) have until December 31, 2018 to meet their goals.

Twenty-eight JOBZ business assistance agreements established other wage goals. All 28 agreements reported by agencies had attained other wage goals (100.0 percent).

There were 117 JOBZ business assistance agreements reported by agencies that established goals other than wage and job goals (e.g., capital investment). Of the 117 agreements reported by agencies that established goals other than wage and job goals, all recipients had attained their goals (100.0 percent).

### New Full-time JOBZ Creation Goals and Actual Performance

Under the law, JOBZ business assistance agreements must also include goals for the number of new jobs created, which may include separate goals for the number of full-time jobs, retained jobs and wage goals for jobs created.

Of the 226 JOBZ business assistance agreements, agencies reported a new full-time employed job creation goal of 3,281 jobs compared to actual job creation of 9,851 jobs. The average hourly wage goal including benefits was $13.14. The actual average hourly wage (excluding benefits) was $22.55 with an average hourly health benefit of $2.88 and non-health benefit of $2.95. The total average hourly wage was $28.38 including benefits (Table 4).

**TABLE 4**

**New Full-time Employed Job Creation and Wage Goals and Actual Performance for JOBZ Agreements Reached Between January 1 and December 31, 2013**

|  |  |
| --- | --- |
| **Goals** | **Actual** |
| **Number of Jobs** | **Average Hourly Wage (including benefits)** | **Number of Jobs** | **Average Hourly Wage** | **Average Hourly Health Benefit** | **Average Hourly Non-Health Benefit** | **Average Hourly Wage** |
| 3,281 | $13.14 | 9,851 | $22.55 | $2.88 | $2.95 | $28.38 |

### Full-time Retention Goals and Actual Performance

Of the 226 JOBZ assistance agreements, agencies reported a job retention goal of 2,637 compared to 3,194 jobs actually retained. The average hourly wage goal including benefits was $12.79. The actual average hourly wage (excluding benefits) was $28.01 with an average hourly health benefit of $3.57 and non-health benefit of $3.46. The total average hourly wage was $35.03 including benefits (Table 5).

**TABLE 5**

**Full-time Retention Goals and Actual Performance for JOBZ Agreements Reached**

**Between January 1 and December 31, 2013**

|  |  |
| --- | --- |
| **Goals** | **Actual** |
| **Number of Jobs** | **Average Hourly Wage (including benefits)** | **Number of Jobs** | **Average Hourly Wage** | **Average Hourly Health Benefit** | **Average Hourly Non-Health Benefit** | **Average Hourly Wage** |
| 2,637 | $12.79 | 3,194 | $28.01 | $3.57 | $3.46 | $35.03 |

Agencies also reported capital investment made by businesses in the JOBZ area between

January 1 and December 31, 2013 of $24.7 million for real property – land and buildings – and $52.8 million for personal – equipment (Appendix L).

### JOBZ Business Assistance Agreements that were terminated by DEED in 2016

There were three JOBZ business assistance agreements reported by agencies in 2016 that were terminated by DEED from the program where the recipient ceased operations or were terminated for non-compliance reasons (Appendix M).

### JOBZ Business Assistance Agreements Where Recipients Failed to Report in 2016

There were nine JOBZ business assistance agreements where recipients failed to report as required by the business subsidy law in 2016 (Appendix N).

1. Full-time employment or FTE is defined as one job or a combination of jobs that will produce annualized cumulative expected hours of work, not including overtime, equal to 2,080 hours. [↑](#footnote-ref-1)