

2012 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, 2011

In Accordance With

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

(Appendices Available Under Separate Cover)

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**2012 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 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. DEED is required to complete a report that summarizes submitted MBAFs every even-numbered year.

**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 during the period of July 1, 1995 through July 31, 1999, agencies use the 1999 MBAF to fulfill reporting requirements. For agreements entered between August 1, 1999 and December 31, 2011, 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. A report summarizing JOBZ MBAFs will be available by December 1, 2012.

Forms summarized in the report cover non-JOBZ business assistance agreements reached between July 1, 1995 and December 31, 2011 and financial assistance agreements reached between July 1, 1995 and December 31, 2007 that were submitted to DEED by June 1, 2012. These forms and forms submitted by government agencies after June 1, 2012 are available on DEED’s website.

**Overview**

Because the statute requires DEED to track each individual project awarded the grantors are required to submit information annually for each project for two years until project achieves its

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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 reminder postcards annually to grantors to report on eligible business and financial assistance and previously reported assistance until all goals and obligations are met.[[1]](#footnote-1) In 2011, DEED sent out letters to each grantor to report on any outstanding business and financial assistance projects from July 1, 1995 through December 31, 2008. DEED received updates on 245 projects and revealing that goals were met for more than 200 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 2010 and 2011; agreements signed in previous years are updated and summarized in Appendices (B-O).

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 198 agreements, falling to 19 agreements in 2009.

**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 31 non-JOBZ business assistance agreements reported by government agencies in 2012 for 2011 activity, compared to 198 agreements for 2000 activity. The total value of business assistance agreements has also varied significantly from year to year, from a total value of $611.7 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, 2011

|  |  |  |
| --- | --- | --- |
| **Activity Period** | **Activity Levels** | **Total Value****(in millions)** |
| January 1, 2011 – December 31, 2011 |  31 |  $18.5 |
| January 1, 2010 – December 31, 2010 |  26 |  $17.1 |
| January 1, 2009 – December 31, 2009 |  19 |  $23.8 |
| January 1, 2008 – December 31, 2008 |  23 |  $13.9 |
| January 1, 2007 – December 31, 2007 |  65 |  $45.3 |
| January 1, 2006 – December 31, 2006 |  59 |  $28.5 |
| January 1, 2005 – December 31, 2005 |  90 |  $68.1 |
| January 1, 2004 – December 31, 2004 |  90 |  $34.2 |
| January 1, 2003 – December 31, 2003 |  102 |  $39.1 |
| January 1, 2002 – December 31, 2002 |  140 |  $38.1 |
| January 1, 2001 – December 31, 2001 |  175 |  $104.0 |
| January 1, 2000 – December 31, 2000 |  198 |  $611.7 |
| August 1, 1999 – December 31, 1999 |  73 |  $17.8 |
| July 1, 1995 – July 31, 1999 |  397 |  $175.4 |
| **Totals** | **1,488** | **$1,235.5** |

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***2011 Non-JOBZ Activity***

Of the 648 state and local government agencies that were required to file in 2012 either because of population size or previous business subsidy activity or current activity in 2011, 302 agencies submitted a MBAF and 346 agencies did not submit a form (see Appendix A).

Of the 302 agencies that submitted a form, 25 agencies reported on 31 eligible business assistance agreements that were reached between January 1, 2011 and December 31, 2011. The $18.5 million of business assistance provided by those 31 agreements ranged from a $225,000 grant subsidy to a $4.0 million loan agreement.

There were 31 eligible business assistance agreements reported by government agencies in 2012 for 2011 activity. Of the 31 business assistance reached between January 1, 2011 and December 31, 2011, agencies reported that four recipients (12.9%) had achieved all stipulated goals and obligations, compared to 27 recipients (87.1%) that have yet to achieve all goals and obligations. All agencies reported that recipients had more time to meet their goals and obligations. The total value of the four agreements was $2.3 million (12.4%) compared to $16.2 million (87.6%) outstanding. The total value of business assistance provided was $18.5 million.

There was one eligible financial assistance agreement in excess of $150,000 reported by a government agency in 2012 for 2011 activity. The agency reported that the recipient had more time to meet its goals and obligations. The total value of the financial assistance provided was $0.4 million.

There were also 19 eligible financial assistance projects where the assistance was at or less than $150,000 reported by government agencies in 2012 for 2011 activity. Of the 19 financial assistance projects reached by government agencies between January 1, 2011 and December 31, 2011, agencies reported that 12 recipients (63.2%) had achieved all stated goals compared to 7 recipients (36.8%) that have yet to meet all of their obligations. The total value of the 12 projects was $1.2 million (63.6%) compared to $0.7 million (36.4%) outstanding. The total value of public financial assistance provided was $1.9 million. The total project budget for those 19 projects was $10.1 million of which $1.9 million (19.0%) was provided by the public (see Appendix B).

***2010 Non-JOBZ Activity***

There were 26 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2010 activity. Of the 26 business assistance agreements reached between

January 1, 2010 and December 31, 2010, agencies reported that 14 recipients (53.8%) had achieved all stipulated goals and obligations, compared to 12 recipients (46.2%) that have yet to achieve all goals and obligations. All agencies reported that recipients had more time to meet their goals and obligations. The total value of the 14 agreements was $10.3 million (60.4%) compared $6.8 million (39.6%) outstanding. The total value of business assistance provided was $17.1 million.

There were also three eligible financial assistance agreements in excess of $150,000 reported by government agencies in 2012 for 2010 activity. Agencies reported that one recipient (33.3%) had achieved all goals and obligations, compared to two recipients (66.7%) that have yet to meet their goals and obligations. The total value of the project was $0.7 million (40.2%) compared to $1.0 million (59.8%) outstanding.

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There were also 13 eligible financial assistance projects where the assistance was at or less than $150,000 reported by government agencies in 2012 for 2010 activity. Of the 13 financial assistance projects reached by government agencies between January 1, 2010 and December 31, 2010, agencies reported that seven recipients (53.8%) had achieved all stated goals compared to 6 recipients (46.2%) that have yet to meet all of their obligations. The total value of the seven projects was $0.8 million compared to $0.6 million outstanding. The total value of the public financial assistance provided was $1.4 million. The total project budget for those 13 projects was $22.0 million of which $1.4 million (6.5%) was provided by the public (see Appendix C).

***2009 Non-JOBZ Activity***

There were 19 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2009 activity. Of the 19 business assistance reached between January 1, 2009 and December 31, 2009, agencies reported that 11 recipients (57.9%) had achieved all stipulated goals and obligations, compared to eight recipients (42.1%) that have yet to achieve all goals and obligations. The total value of the 11 agreements was $20.8 million (87.3%) compared to $3.0 (12.7%) outstanding. The total value of business assistance provided was $23.8 million.

There was one eligible financial assistance agreement in excess of $150,000 reported by a government agency in 2012 for 2009 activity. The agency reported that the recipient had more time to meet its goals and obligations. The total value of financial assistance provided was $1.5 million.

There were also 15 eligible financial assistance projects where the assistance was at or less than $150,000 reported by government agencies in 2009 through 2012 for 2009 activity. Of the 15 financial assistance projects reached by government agencies between January 1, 2009 and December 31, 2009, agencies reported that 10 recipients (66.7%) had achieved all stated goals compared to five recipients (33.3%) that have yet to meet all of their obligations. The total value of the five projects was $1.1 million (72.0%) compared to $0.4 million (28.0%) outstanding. The total value of public financial assistance provided was $1.5 million. The total project budget for those 15 projects was $17.8 million of which $1.5 million (8.3%) was provided by the public (see Appendix D).

***2008 Non-JOBZ Activity***

There were 23 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2008 activity. Of the 23 business assistance agreements reached between

January 1, 2008 and December 31, 2008, agencies reported that 18 recipients (78.3%) had achieved all stipulated goals and obligations, compared to five recipients (21.7%) that have yet to achieve all goals and obligations. The total value of the 18 agreements was $12.6 million (90.3%) compared to $1.3 million (9.7%) outstanding. The total value of business assistance provided was $13.9 million.

There was also one eligible financial assistance agreement in excess of $150,000 reported by a government agency in 2012 for 2008 activity. The agency reported in 2010 that the one recipient had achieved all goals and obligations stipulated in the agreement. The total value of financial assistance provided was $0.7 million.

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There were also 39 eligible financial assistance projects where the assistance was at or less than $150,000 reported by government agencies in 2009 through 2012 for 2008 activity. Of the 39 financial assistance projects reached by government agencies between January 1, 2008 and December 31, 2008, agencies reported that 28 recipients (71.8%) had achieved all stated goals compared to 11 recipients (28.2%) that have yet to meet all of their obligations. The total value of the 28 projects was $1.9 million (65.9%) compared to $1.0 million (34.1%) outstanding. The total value of public financial assistance provided was $2.9 million. The total project budget for those 39 projects was $33.7 million of which $2.9 million (8.4%) was provided by the public (see Appendix E).

***2007 Non-JOBZ Activity***

There were 65 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2007 activity. Of the 65 business assistance agreements reached between January 1, 2007 and December 31, 2007, agencies reported that 42 recipients (64.6%) had achieved all stipulated goals and obligations, compared to 23 recipients (34.4%) that have yet to achieve all goals and obligations. The total value of the 42 agreements was $14.0 million (30.8%) compared to $31.3 million (69.2%) outstanding. The total value of business assistance provided was $45.3 million (see Appendix F).

***2006 Non-JOBZ Activity***

There were 59 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2006 activity. Of the 59 business assistance agreements reached between January 1, 2006 and December 31, 2006, agencies reported that 45 recipients (76.3%) had achieved all stipulated goals and obligations compared to 14 recipients (27.7%) that have yet to achieve all goals and obligations. The total value of those 45 agreements was $20.6 million (72.3%) compared to $7.9 million (23.7%) outstanding. The total value of business assistance provided was $28.5 million.

There were also seven eligible financial assistance agreements reported by government agencies in 2011 and 2012 for 2006 activity. Of the seven financial assistance agreements reached between January 1, 2006 and December 31, 2006, agencies reported that six recipients (85.7%) had achieved all goals and obligations stipulated in the agreements compared to one recipient (14.3%) that have yet to achieve all goals and obligations. The total value of those six agreements was $10.7 million (68.2%) compared to $5.0 million (31.8) outstanding. The total value of financial assistance provided was $15.7 million (see Appendix G).

***2005 Non-JOBZ Activity***

There were 90 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2005 activity. Of the 90 business assistance agreements reached between January 1, 2005 and December 31, 2005, agencies reported that 71 recipients (78.9%) had achieved all stipulated goals and obligations compared to 19 recipients (21.1%) that have yet to achieve all goals and obligations. The total value of those 71 agreements was $54.0 million (79.2%) compared to $14.1 million (20.8%) outstanding. The total value of the business assistance provided was $68.0 million.

There were also two eligible financial assistance agreements reported by agencies in 2012 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

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reported that the recipient had not yet achieved all goals. The total value of the agreement was $500,000 (12.5%) compared to $3.5 million (87.5%) outstanding. The total value of financial assistance was $4.0 million (see Appendix H).

***2004 Non-JOBZ Activity***

There were 90 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2004 activity. Of the 90 business assistance agreements reached between January 1, 2004 and December 31, 2004, agencies reported that 75 recipients (83.3%) had achieved all stipulated goals and obligations compared to 15 recipients (16.7%) that have yet to achieve all goals and obligations. The total value of those 75 agreements was $18.0 million (52.5%) compared to $16.2 million (47.5%) outstanding. The total value of business assistance provided was $34.2 million.

There were also four eligible financial assistance agreements 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 I).

***2003 Non-JOBZ Activity***

There were 102 eligible business assistance agreements reported by government agencies in 2012 for activity in 2003. Of the 102 business assistance agreements between January 1, 2003 and December 31, 2003, agencies reported that 86 recipients (84.3%) had achieved all stipulated goals and obligations compared to 16 recipients (15.7%) that have yet to achieve all goals and obligations. The total value of those 86 agreements was $33.4 million (85.3%) compared to $5.7 million (14.7%) outstanding. The total value of business assistance provided was $39.1 million.

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

***2002 Non-JOBZ Activity***

There were 140 eligible business assistance agreements reported by government agencies in 2011 and 2012 for activity in 2002. Of the 140 business assistance agreements between January 1, 2002 and December 31, 2002, agencies reported that 106 recipients (75.7%) had achieved all stipulated goals and obligations compared to 34 recipients (24.3%) that have yet to achieve all goals and obligations. The total value of those 106 agreements was $28.5 million (74.9%) compared to $9.6 million (25.1%) outstanding. The total value of business assistance provided was $38.1 million.

There were also four eligible financial assistance agreements 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 K).

***2001 Non-JOBZ Activity***

There were 175 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2001 activity. Of the 175 business assistance agreements reached between January 1, 2001 and December 31, 2001, agencies reported that 134 recipients (76.6%) had

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achieved all stipulated goals and obligations compared to 41 recipients (23.4%) that have yet to achieve all goals and obligations. The total value of those agreements was $86.3 million (83.0%) compared to $17.7 million (17.0%) outstanding. The total value of business assistance provided was $104.0 million.

There were also four eligible financial assistance agreements 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 L).

***2000 Non-JOBZ Activity***

There were 198 eligible business assistance agreements reported by government agencies in 2011 and 2012 for 2000 activity. Of the 198 business assistance agreements reached between January 1, 2000 and December 31, 2000, agencies reported that 161 recipients (83.3%) had achieved all stipulated goals and obligations compared to 37 recipients (18.7%) that have yet to achieve all goals and obligations. The total value of those 161 agreements was $595.9 million compared to $15.8 million (2.6%) outstanding. The total value of the business assistance provided was $611.7 million.

There were also 10 eligible financial assistance agreements in 2001 through 2011 for 2000 activity. Agencies reported that the 10 recipients had achieved all goals and obligations stipulated in the agreement. The total value of the financial assistance provided was $11.4 million (see Appendix M).

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

There were 73 eligible business assistance agreements reported by government agencies in 2000 through 2011 for 1999 activity. Of the 73 business assistance agreements reached between August 1, 1999 and December 31, 1999, agencies reported that 61 recipients (83.6%) has achieved all stipulated goals and obligations compared to 12 recipients (16.4%) that have yet to achieve all goals and obligations. The total value of those 61 agreements was $16.0 million (89.9%) compared to $1.8 million (10.1%) outstanding. The total value of business assistance provided was $17.8 million.

There was also one eligible financial assistance agreement reported by a government agency in 2001 for 1999 activity. The agency reported that the recipient had achieved all goals and obligations stipulated in the agreement. The total value of the financial assistance provided was $568,167 (see Appendix N).

***July 1, 1995 – July 31, 1999***

There were 397 eligible business assistance agreements reported by government agencies in 2000 through 2011. Of the 397 business assistance agreements reached between July 1, 1995 and July 31, 1999, agencies reported that 364 recipients (91.7%) had achieved all stipulated goals and obligations compared to 33 recipients (8.3%) that have yet to achieve all goals and obligations. The total value of those 364 agreements was $160.6 million (91.6%) compared to $14.8 million (8.4%) outstanding. The total value of business assistance provided was $175.4 million (see Appendix O).

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***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 549 agencies required to hold a public hearing in or prior to 2012 in accordance with the statute because of population or previous activity (see Appendix P). The distribution of agencies that reported holding a public hearing is as follows:

* 431 agencies or 78.5 percent reported holding a public hearing in compliance with the statute; and,
* 118 agencies or 21.5 percent that did not report holding a public hearing on the MBAF.

Of the 549 agencies that were required to submit criteria to DEED, the distribution of the criteria submitted by agencies is as follows:

* 425 agencies or 77.4 percent submitted criteria; and,
* 124 agencies or 22.6 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 2012, there were 15 business assistance agreements reported by government agencies during the period of August 1, 1999 to December 2011 that recipients had failed to fulfill all goals and obligations in the business assistance agreement. The total value of assistance awarded was $2.4 million and the outstanding value of assistance was $1.3 million (see Appendix Q). For the same period, there were 34 business assistance agreements that were terminated by government agencies. The total value of assistance awarded was $36.8 million and the outstanding value of assistance was $3.9 million (see Appendix R).

***Public Purpose for Assistance Agreements***

Minnesota Statutes §116J.994 requires that business and financial assistance agreements state a public purpose. Of the 31 business assistance agreements entered into in 2011, there were 82 public purposes identified in those agreements because several agencies reported more than one public purpose for each project. Creating high quality job growth, 21 agreements (67.7%), and increasing the tax base, 18 agreements (58.1%), accounted for the highest share of public purpose reported by government agencies. Other types of public purpose included job retention, 12 agreements (41.9%); enhancing economic diversity, 11 agreements (35.5%); other, 10 agreements (32.3%);, and stabilizing the community, nine agreements (29.0%).

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**2011 Activity Findings**

Forms summarized in this section of the report encompass business and financial assistance agreements reached between January 1, 2011 and December 31, 2011. 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 31 business assistance agreements reported by government agencies in 2011, the manufacturing sector accounted for 17 agreements (54.8%); retail trade, six agreements (19.4%); service, four agreements (12.9%); and other, four agreements (12.9%) (see Table 2).

TABLE 2

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

Agreements Reached Between January 1, 2011 and December 31, 2011

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sector** | **Quantity** | **Percentage** | **Dollar Amount**(in millions) | **Percentage** |
| Manufacturing | 17 |  54.8% |  $7.0 |  37.7% |
| Retail Trade |  6 |  19.4% |  $5.1 |  27.6% |
| Service |  4 |  12.9% |  $1.2 |  6.4% |
| Other |  4 |  12.9% |  $5.2 |  28.4% |
| **Total** | **31** | **100.0%** | **$18.5** | **100.0%** |

Of the $18.5 million in business assistance provided by government agencies, the manufacturing sector accounted for $7.0 million (37.7%); other, $5.2 million (28.4%); retail trade, $5.1 million (27.6%); and service 1.2 million (6.4%).

***Distribution of Assistance Agreements***

Cities accounted for most of the business assistance agreements reported in 2012. As Table 3 shows, the distribution of the 31 business subsidy agreements on the MBAF, cities accounted for 27 agreements (87.1%), counties for two agreements (6.5%), state for one agreement (3.2%), and other for one agreement (3.2%).

TABLE 3

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

Reached Between January 1, 2011 and December 31, 2011

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Grantor Classification** | **Quantity** | **Percentage** | **Dollar Amount**(in millions) | **Percentage** |
| City[[2]](#footnote-2) | 27 | 87.1% | $12.9 |  69.6% |
| County |  2 |  6.5% |  $0.8 |  4.5% |
| State |  1 |  3.2% |  $4.0 |  21.6% |
| Other[[3]](#footnote-3) |  1 |  3.2% |  $0.8 |  4.3% |
| **Total** | **31** | **100.0%** | **$18.0** | **100.0%** |

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Of the $18.5 million in business subsidies reported on the MBAF, city agencies accounted for $12.9 million (69.6%), and county agencies accounted for $.08 million (4.5%). A state agency accounted for $4 million (21.6%), and an agency in the “other” category accounted for $0.8 million (4.3%).

***Regional Distribution of Assistance Agreements***

The Twin Cities and Central regions accounted for the most business assistance reported in 2012. As Table 4 shows, of the 31 business assistance agreements reported in 2012, the Twin Cities region accounted for 12 agreements (38.7%), Central for nine agreements (29.0%), Northeast for six agreements (19.4%), Southeast for two agreements (6.5%), Northwest for one agreement (3.2%), and Southwest for one agreement (3.2%).

TABLE 4

Regional Distribution of Non-JOBZ Business Assistance Agreements

Reached Between January 1, 2011 and December 31, 2011

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Region** | **Quantity** | **Percentage** | **Dollar Amount**(in millions) | **Percentage** |
| Twin Cities | 12 |  38.7% |  $7.2 |  38.8% |
| Central |  9 |  29.0% |  $3.8 |  20.5% |
| Northeast |  6 |  19.4% |  $5.6 |  30.3% |
| Southeast |  2 |  6.5% |  $1.1 |  5.9% |
| Northwest |  1 |  3.2% |  $0.6 |  3.4% |
| Southwest |  1 |  3.2% |  $0.2 |  1.1% |
| **Total** | **31** | **100.0%** | **$18.5** | **100.0%** |

Of the $18.5 million of business subsidies reported in 2012 by government agencies, the Twin Cities region provided about $7.2 million (38.8%), Northeast $5.6 million (30.3%), Central $3.8 million (20.5%), Southeast $1.1 million (5.9%), Northwest $0.6 million (3.4%), and Southwest $0.2 million (1.1%).

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

Of the $18.5 million in subsidies awarded by state, county and local government agencies, amounts ranged from a $25,000 in assistance for a grant to a $4.0 million loan. The median value was $350,000 for all agreements awarded.

Grants and TIF were the most common types of subsidies provided. Of the 31 business subsidies agreements reported by government agencies, there were 38 types of business subsidies reported because several agencies reported more than one type of assistance for each project. As Table 5 illustrates, of the 38 types of business subsidies reported by government agencies, grants were involved in 13 (34.2%) agreements and TIF was involved in eight agreements (21.1%).

Loans accounted for the highest share of assistance by value, 30.0% ($5.5 million), followed by grants, 29.0% ($5.4 million).

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TABLE 5

Distribution of Non-JOBZ Business Assistance Agreements Reached

Between January 1, 2007 and December 31, 2007

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type** | **Quantity** | **Percentage** | **Dollar Amount**(in millions) | **Percentage** |
| Grants | 13 |  34.2% |  $5.4 |  29.0% |
| TIF |  8 |  21.1% |  $4.2 |  23.0% |
| Loans |  7 |  18.4% |  $5.5 |  30.0% |
| Tax Abatement |  4 |  10.5% |  $2.1 |  11.3% |
| Land Contribution |  3 |  7.9% |  $0.7 |  3.7% |
| Other |  2 |  5.3% |  $0.4 |  2.2% |
| Contribution of Property |  1 |  2.6% |  $0.2 |  0.8% |
| **Total** | **38** | **100.0%** | **$18.0** | **100.0%** |

***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 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 31 eligible business assistance agreements entered into by agencies between January 1, 2011 and December 31, 2011, 22 agreements (71.0%) established specific job and wage goals.

Of the 22 business assistance agreements that were reported by agencies that established specific wage goals, six agreements (27.3%) have attained specific job and wage goals; and 16 agreements (72.7%) reported that the recipient had not attained specific job and wage goals. All agencies reported that recipients had more time to meet their goals.

There were eight business assistance agreements that were reported by agencies that established goals other than wage and job goals. Of the eight agreements reported by agencies that established goals other than wage and job goals, no recipient attained their goals. All agencies reported that recipients had more time to meet their goals.

*Actual Performance*

Of the 31 business assistance reached between January 1, 2011 and December 31, 2011, agencies reported that 4 recipients (12.9%) had achieved all stipulated goals and obligations, compared to 27 recipients (87.1%) that have yet to achieve all goals and obligations. All agencies reported that recipients had more time to meet their goals and obligations. The total value of the 4 agreements was $2.3 million (12.4%) compared to $16.2 million (87.6%) outstanding. The total value of business assistance provided was $18.5 million.

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*Full-time Job Creation and Wages*

Under the law, the business assistance, in addition to other goals, must include goals for the number of jobs created, which may include separate goals for the number of full-time or part-time jobs and wage goals for jobs created.

Of the 31 eligible business assistance agreements, agencies reported a full-time job creation goal of 781 jobs with an average hourly health and non-health benefit range between $2.37 and $2.82 (see Table 6). Agencies reported 253 actual full-time jobs created. All agencies reported 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.

TABLE 6

Distribution of Non-JOBZ Full-time Job Creation, Wage Goals and Actual Performance for Agreements Reached Between January 1, 2011 and December 31, 2011

|  |  |
| --- | --- |
| **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 |  3.2% | $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% | $0.79 | $0.62 |  13 |  5.1% |
| $9.00 to $10.99 | $1.41 | $0.00 | 167 |  21.4% | $0.93 | $0.62 |  22 |  8.7% |
| $11.00 to $12.99 | $1.93 | $4.15 | 224 |  28.7% | $2.11 | $2.01 |  77 |  30.4% |
| $13.00 to $14.99 | $0.90 | $1.92 | 106 |  13.6% | $0.00 | $0.00 |  20 |  7.9% |
| $15.00 to $16.99 | $2.05 | $2.66 |  13 |  1.7% | $2.30 | $2.01 |  24 |  9.5% |
| $17.00 to $18.99 | $3.10 | $3.39 |  29 |  3.7% | $2.10 | $2.66 |  20 |  7.9% |
| $19.00 to $20.99 | $2.18 | $2.66 | 172 |  22.0% | $3.10 | $5.70 |  33 |  13.0% |
| $21.00 to $22.99 | $2.23 | $2.66 |  8 |  1.0% | $3.10 | $3.39 |  8 |  3.2% |
| $23.00 to $24.99 | $0.00 | $0.00 |  0 |  0.0% | $2.23 | $0.62 |  5 |  2.0% |
| $25.00 to $26.99 | $2.35 | $2.66 |  3 |  0.4% | $3.10 | $3.39 |  13 |  5.1% |
| $27.00 to $28.99 | $1.70 | $1.92 |  1 |  0.1% | $0.00 | $0.00 |  6 |  2.4% |
| $29.00 to $30.99 | $0.00 | $0.00 |  0 |  0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $31.00 & higher | $5.80 | $3.39 |  33 |  4.2% | $2.58 | $2.94 |  12 |  4.7% |
| **Total** | **$2.37** | **$2.82** | **781** | **100.0%** | **$2.23** | **$2.40** | **253** | **100.0%** |

*Part-time Job Creation and Wages*

Of the 31 eligible business assistance agreements, agencies reported no part-time job creation goals. Agencies reported 32 actual part-time jobs. The distribution of part-time job creation and wage goals and actual performance can be seen in Table 7.

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TABLE 7

Distribution of Non-JOBZ Part-time Job Creation, Wage Goals and Actual Performance for Agreements Reached Between January 1, 2011 and December 31, 2011

|  |  |
| --- | --- |
| **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 |  7 |  21.9% |
| $9.00 to $10.99 | $0.00 | $0.00 | 0 | 0.0% | $0.00 | $0.00 | 22 |  68.8% |
| $11.00 to $12.99 | $0.00 | $0.00 | 0 | 0.0% | $0.00 | $0.00 |  0 |  0.0% |
| $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% | $0.99 | $4.90 |  1 |  3.1% |
| $21.00 to $22.99 | $0.00 | $0.00 | 0 | 0.0% | $1.05 | $4.90 |  1 |  3.1% |
| $23.00 to $24.99 | $0.00 | $0.00 | 0 | 0.0% | $0.00 | $8.00 |  1 |  3.1% |
| $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** | **$0.00** | **$0.00** | **0** | **0.0%** | **$1.02** | **$5.93** | **32** | **100.0%** |

*Job Retention Goals and Actual Performance*

Of the 31 eligible business assistance agreements, agencies reported a job retention goal of 2,222 jobs with an average hourly health and non-health benefit range between $2.30 and $2.72. Agencies reported 1,313 jobs retained (see Table 8). All 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.

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TABLE 8

Distribution of Non-JOBZ Job Retention Goals, Wages and Actual Performance for Agreements Reached Between January 1, 2011 and December 31, 2011

|  |  |
| --- | --- |
| **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 | 1,568 |  70.6% | $0.00 | $0.00 |  0 |  0.0% |
| Less than $7.00 | $0.00 | $0.00 |  0 |  0.0% | $4.58 | $3.92 |  220 |  16.8% |
| $7.00 to $8.99 | $0.00 | $0.00 |  0 |  0.0% | $0.79 | $0.62 |  2 |  0.2% |
| $9.00 to $10.99 | $3.10 | $3.39 |  1 |  0.0% | $2.02 | $2.01 |  9 |  0.7% |
| $11.00 to $12.99 | $1.93 | $2.66 |  8 |  0.4% | $1.43 | $2.71 |  54 |  4.1% |
| $13.00 to $14.99 | $2.00 | $2.66 |  85 |  3.8% | $1.55 | $2.71 |  134 |  10.2% |
| $15.00 to $16.99 | $2.05 | $2.66 |  81 |  3.6% | $1.62 | $2.71 |  149 |  11.3% |
| $17.00 to $18.99 | $2.10 | $2.66 |  66 |  3.0% | $1.70 | $2.71 |  127 |  9.7% |
| $19.00 to $20.99 | $2.18 | $2.66 |  103 |  4.6% | $1.78 | $3.40 |  83 |  6.3% |
| $21.00 to $22.99 | $2.23 | $2.66 |  25 |  1.1% | $1.89 | $2.71 |  70 |  5.3% |
| $23.00 to $24.99 | $2.30 | $2.66 |  28 |  1.3% | $1.99 | $2.71 |  58 |  4.4% |
| $25.00 to $26.99 | $2.35 | $2.66 |  20 |  0.9% | $2.07 | $2.71 |  40 |  3.0% |
| $27.00 to $28.99 | $2.40 | $2.66 |  166 |  7.5% | $2.00 | $3.40 |  37 |  2.8% |
| $29.00 to $30.99 | $2.45 | $2.66 |  14 |  0.6% | $2.05 | $3.40 |  35 |  2.7% |
| $31.00 & higher | $2.50 | $2.66 |  57 |  2.6% | $2.16 | $2.67 |  295 |  22.5% |
| **Total** | **$2.30** | **$2.72** | **2,222** | **100.0%** | **$1.97** | **$2.74** | **1,313** | **100.0%** |

1. For grantors 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 grantor may have more time to meet their 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)