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# 2018 Business Assistance Report

Report to the Legislature Summary of Business and Financial  
Assistance Reported by State and Local Government Agencies  
Provided Between August 1, 1999 and December 31, 2017

In Accordance With Minnesota Statutes, Chapters 116J.993  
through 116J.995

December 2018

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Total cost of salaries, printing, and supplies in developing/preparing this report is \$64,739.41<sup>1</sup> (reported as required by Minn. Stat. 3.197)

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<sup>1</sup> The cost to produce the 2016 Business Assistance Report and 2016 JOBZ Business Assistance Report was \$49,030.86 compared to \$64,739.41 for the 2018 Business Assistance Report. The additional reporting costs in 2018 are attributed to using Tableau data visualization software to create and develop the report. DEED expects that the costs of future reporting will decline significantly because procedures are now established and initial development costs will be eliminated.

## Introduction

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The business subsidy law, Minnesota Statutes Minnesota Statute §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 and financial assistance.<sup>2</sup> Grantors are required to submit a Minnesota Business Assistance Form (MBAF) to the Minnesota Department of Economic Development (DEED) for each agreement signed since August 1, 1999 for two years after the benefit date or until all goals are met.

Under the law, local government agencies in communities with a population of more than 2,500 persons and state and local agencies with authority to grant subsidies must submit a report to DEED, regardless of whether they have awarded business subsidies. Local government agencies with 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.

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 reflected if the local entity receiving the subsidy submits their report. Minnesota Investment Fund loans, Minnesota Job Creation Fund grants, and Greater Minnesota Job Expansion Program tax benefits provided by DEED and reported by local government agencies are also summarized.

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, Department of Iron Range Resources and Rehabilitation, and Minnesota Rural Financial Authority are summarized in this report. 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 report program summaries can be found at DEED's website located at <http://mn.gov/deed/about/what-we-do/agency-results/program-summaries/>.

## Data Collection and Reporting Periods

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Reports can be filed to DEED by mailing a hard copy or using the online application launched in 2016. For agreements entered into between August 1, 1999 and December 31, 2017, government agencies use the standard MBAF form.<sup>3</sup> A separate form is now required for financial assistance of \$25,000 and

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<sup>2</sup> There are three JOBZ projects that are required to report to DEED until December 31, 2018. Government agencies reported a goal of 182 full-time equivalent jobs (FTE) with an average hourly wage of \$12.37 (including benefits) compared to actual FTE jobs of 289 with an average hourly wage (excluding benefits) of \$24.98 and an average hourly health benefit of \$5.87 and non-health benefit of \$3.61. The total average hourly wage was \$35.40 including benefits. The retention goal was 93 jobs compared to 93 jobs retained. The average hourly wage goal including benefits was \$12.61 (including benefits). The actual average hourly wage (excluding benefits) was \$28.55 with an average hourly health benefit of \$6.85. The total hourly wage was \$35.40 including benefits.

<sup>3</sup> Because the reporting requirements changed on August 1, 1999 for business assistance agreements entered into by government agencies between July 1, 1995 and July 31, 1999 DEED no longer reports on activities for those projects. The final report for those projects are located at DEED's website at

greater that is excluded from the definition of “business subsidy” by Minnesota Statutes Chapter 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.

Forms summarized cover business assistance agreements reached between August 1, 1999 and December 31, 2017 that were submitted to DEED by June 1, 2018. These forms and forms submitted by government agencies after June 1, 2018 are available on DEED website online at <https://mn.gov/deed/government/business-subsidy/biz-subsidy-annuals/non-jobz/>.

## Overview

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Per [Minnesota Statute §116J.994, Subdivision 9](#), the Commissioner of DEED is required to publish a compilation and summary of results on eligible business and financial assistance provided by state and local government agencies by December 2018 for the previous two calendar years and every year thereafter. To fulfill that requirement, DEED staff prepared updated calendar year (CY) 2016 and CY 2017 reports for all of the eligible business and financial assistance reported by government agencies from August 1, 1999 through December 31, 2017 using Tableau visualization software. Tableau allows the public user to make comparisons across time and data can be downloaded to evaluate eligible business subsidy activity reported by state and local government agencies. DEED will use Tableau to update annually the business and financial assistance information provided by government agencies. Because the business assistance report summarizes such a large amount of information the ideal way for the user is to review it is with a Tableau visualization. DEED urges the reader to review the business and financial assistance information at the links provided throughout the report.

## 2017 Business Assistance Activity Findings

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There were seven business assistance agreements reported by government agencies for CY 2017 and 28 agreements reported for CY 2016 in 2018. The total value of business assistance agreements for CY 2017 was \$4.4 million and \$28.1 million for CY 2016 activity.

Of the seven business assistance agreements reached between January 1, 2017 and December 31, 2017, one recipient (14.3 percent) had achieved stipulated goals and obligations, compared to six recipients (85.7 percent) that have yet to achieve goals and obligations. Agencies reported that recipients had more time to meet their goals and obligations.

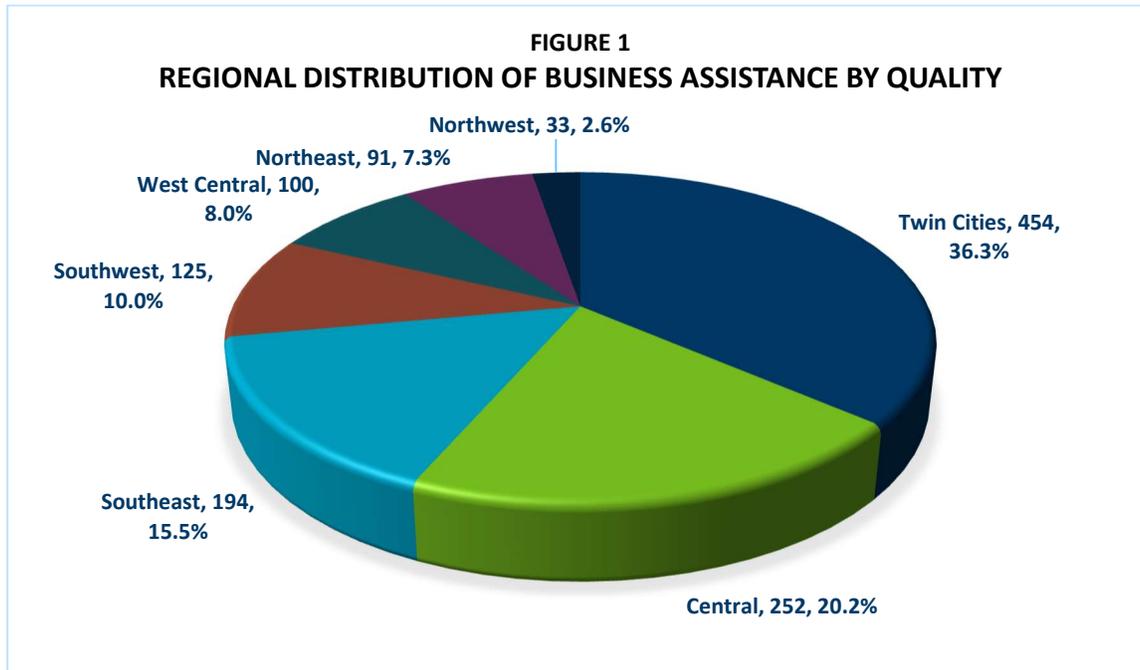
Of the 28 business assistance agreements reached between January 1, 2016 and December 31, 2016, 12 recipients (42.9 percent) had achieved stipulated goals and obligations, compared to 16 recipients (57.1

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<https://mn.gov/deed/government/business-subsidy/legislative-reports/> - 2016 Business Assistance Report. Government agencies reported in 2000 through 2016 on 393 eligible business assistance agreements reached between July 1, 1995 and July 31, 1999. There were 368 agreements (93.6 percent) that had achieved all stipulated goals and obligations compared to five agreements (1.3 percent) that have yet to achieve goals and obligations and 20 agreements (5.0 percent) that were terminated. The total value of those 368 agreements that meet 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. The total value of business assistance provided by agencies was \$174.3 million.

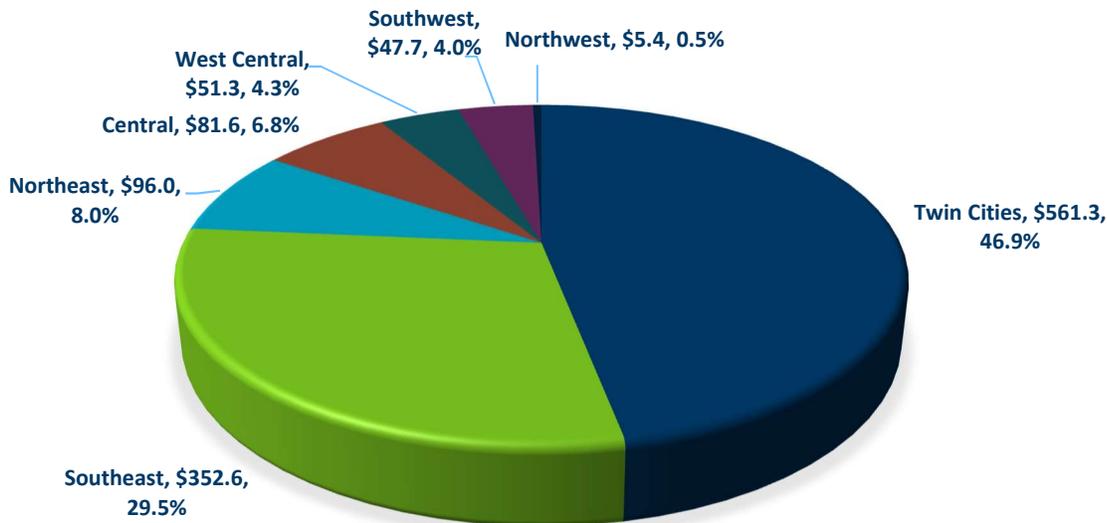
percent) that have yet to achieve goals and obligations. Agencies reported that recipients had more time to meet their goals and obligations.

There were 1,249 business assistance agreements entered into by government agencies for agreements between August 1, 1999 and December 31, 2017. The Twin Cities region accounted for 454 agreements (36.3 percent); Central region, 252 agreements (20.2 percent); Southeast, 194 agreements (15.5 percent); Southwest, 125 agreements (10.0 percent); West Central, 100 agreements (8.0 percent); Northeast, 91 agreements (7.3 percent); and Northwest, 33 agreements (2.6 percent) (Figure 1).



There were \$1.2 billion of business subsidies reported for agreements between August 1, 1999 and December 31, 2017 reported in 2018 by government agencies. The Twin Cities region provided about \$561.3 million (46.9 percent); Southeast region, \$352.6 million (29.5 percent); Northeast region, \$96.0 million (8.0 percent); Central region, \$81.6 million (6.8 percent), West Central region, \$51.3 million (4.3 percent); Southwest, \$47.7 million (4.0 percent); and Northwest region, \$5.4 million (0.5 percent) (Figure 2).

**FIGURE 2  
REGIONAL DISTRIBUTION OF BUSINESS ASSISTANCE BY VALUE (IN MILLIONS)**



Of the \$1.2 billion in subsidies awarded by state, county and local government agencies, loans and tax increment financing (TIF) were the most common types of subsidies provided. Of the 1,249 business subsidy projects reported by government agencies, there were 1,505 types of business subsidies reported because several agencies reported more than one type of assistance for each project. Of the 1,505 types of business subsidies reported by government agencies, loans were involved in 444 (29.5 percent) agreements and TIF was involved in 426 agreements (28.3 percent).

Of the 1,249 business assistance agreements reached between August 1, 1999 and December 31, 2017, 1,022 agreements (81.8 percent) had achieved all stipulated goals and obligations, compared to 148 active agreements (11.8 percent) had not attained their goals and 79 terminated agreements (6.3 percent) that were discontinued. Government agencies reported that recipients had more time to meet their goals for the active projects.

## 2017 Financial Assistance Activity Findings

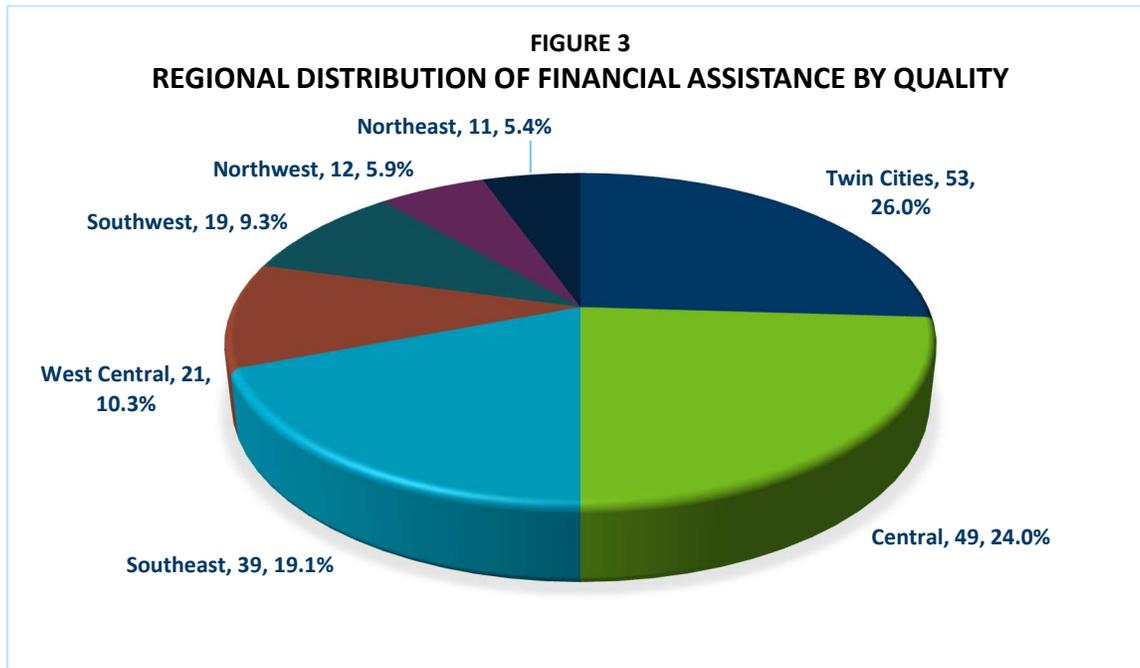
There were nine financial assistance agreements reported by government agencies CY 2017 and 16 agreements reported for CY 2016 in 2018. The total value of financial assistance agreements for CY 2017 was \$879,396 and \$1.35 million for CY 2016 activity.

Of the nine financial assistance agreements reached between January 1, 2017 and December 31, 2017, two recipients (22.2 percent) had achieved stipulated goals and obligations, compared to seven recipients (77.8) that have yet to achieve goals and obligations. Agencies reported that recipients had more time to meet their goals and obligations.

Of the 16 financial assistance agreements reached between January 1, 2016 and December 31, 2016, ten recipients (62.5 percent) had achieved stipulated goals and obligations, compared to five recipients

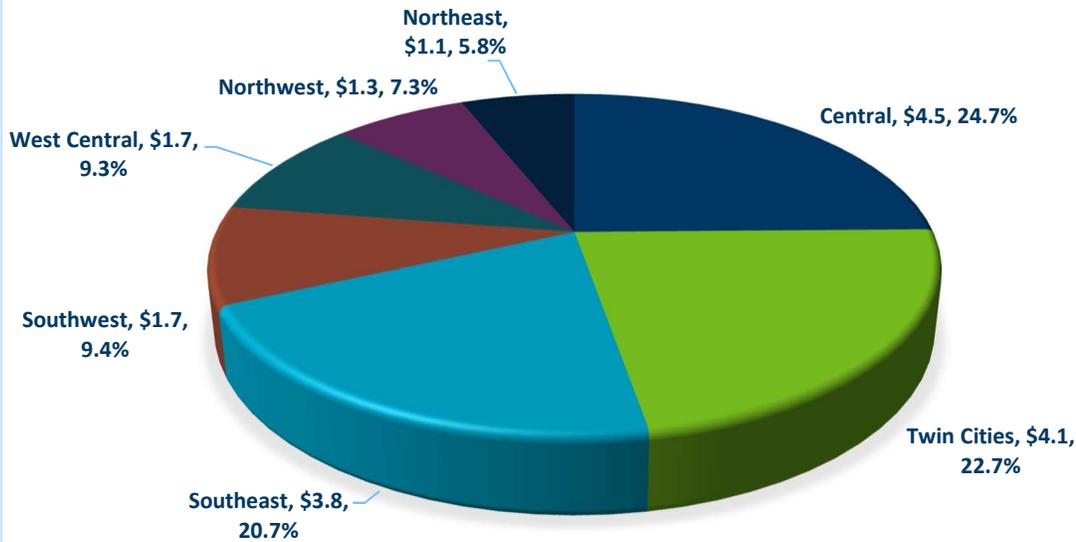
(35.8 percent) that have yet to achieve goals and obligations and one recipient (6.3 percent) where the agreement was terminated. Agencies reported that all of the active project recipients had more time to meet their goals and obligations.

There were 204 financial assistance agreements entered into by government agencies for agreements between January 1, 2008 and December 31, 2017. The Twin Cities region accounted for 53 agreements (26.0 percent); Central region, 49 agreements (24.0 percent); Southeast region, 39 agreements (19.1 percent); West Central region, 21 agreements (10.3 percent); Southwest region, 19 agreements (9.3 percent); Northwest region, 12 agreements (5.9 percent) and Northeast region, 11 agreements (5.4 percent) (Figure 3).



There were about \$18.2 million of financial assistance reported by agreements between January 1, 2008 and December 31, 2017 reported in 2018 by government agencies. The Central region provided about \$4.5 million (24.7 percent); Twin Cities region, \$4.1 million (22.7 percent); Southeast region, \$3.8 million (20.7 percent); Southwest region, \$1.7 million (9.4 percent); West Central region, \$1.7 million (9.3 percent); Northwest region, \$1.3 million (7.3 percent); and Northeast region, \$1.1 million (5.8 percent) (Figure 4).

**FIGURE 4  
REGIONAL DISTRIBUTION OF FINANCIAL ASSISTANCE BY VALUE (IN MILLIONS)**



Of the 204 financial assistance agreements that were reached between January 1, 2008 and December 31, 2017, 126 agreements (61.8 percent) had achieved all stipulated goals and obligations, compared to 77 active agreements (37.7 percent) that did not achieve goals and obligations and one terminated agreement (0.5 percent) that was discontinued. Government agencies reported that recipients had more time to meet their goals for the active projects.

## Job Creation Fund and MN Job Expansion Program Activity Findings

The report also summarizes program activity for the Minnesota Job Creation Fund for projects designated between CY 2014 and CY 2017. This program provides financial benefits to expanding businesses in eligible industries. Businesses are also required to spend at least \$500,000 in real property improvements within one year and to create at least 10 new full-time positions with two years. All financing is performance-based and is provided after the business meets capital investment and job creation thresholds. No program dollars are disbursed until the business submits evidence of qualifying capital investment and job creation to DEED. Program summaries and project activity are located at <https://mn.gov/deed/business/financing-business/deed-programs/mn-jcf/job-creation-fund-map.jsp>.

Businesses reported to DEED in 2018 for CY 2014 and CY 2015 on 15 completed Job Creation Fund projects. Of the 15 Job Creation Fund agreements reached by businesses between January 1, 2014 and December 31, 2015, they reported projected new full-time jobs of 648 compared to 675 actual new full-time jobs. The projected average hourly wage excluding benefits was \$20.91. The actual average hourly wage excluding benefits was \$22.86. Businesses reported project eligible capital investment of \$66.5 million compared to \$59.8 million of actual eligible capital investment. The job creation award amount

was \$6.1 million. There are also 54 active Job Creation Fund projects for CY 2014 and CY 2017. Businesses reported 3,963 projected new full-time jobs and a projected average hourly wage excluding benefits of \$24.20. The projected eligible capital investment reported by businesses was \$357.9 million. The job creation award amount was \$27.4 million.

This report also summarizes program activity for the Greater Minnesota Job Expansion program for projects approved between CY 2014, CY 2015 and CY 2017. There was no new project activity reported in CY 2016 for the program. This program provides tax benefits to businesses located in Greater Minnesota that increase employment by two employees or ten percent, whichever is greater. Approved businesses that meet job growth and compensation goals receive a refund for any sales tax paid for purchases made during a seven-year period. The program is for businesses with sales and customers outside of Minnesota.

Businesses reported to DEED in 2018 for CY 2014, CY 2015 and 2017 on five active Greater Minnesota Job Expansion program projects. Of the five Greater Minnesota Job Expansion agreements reached by businesses between January 1, 2014 and December 31, 2017, they reported projected full-time equivalent (FTEs) jobs to be created at the facility within three years of 320 jobs compared to 28 actual FTEs. The projected average hourly wage including benefits was \$17.51. The actual average hourly wage including benefits was \$25.58. Businesses reported total projected sales tax paid for purchases during a seven-year period of \$764.0 million and a total value of the seven-year refund of \$40.5 million. Government agencies reported that businesses had more time to meet their goals for the active projects.

## Annual Business Assistance Reporting Summary Features

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Per [Minnesota Statute §116J.994, Subdivision 9](#), information in the summary and completion reports include:

- 1) Total amount of business assistance awarded in each development region in the state located at <https://tinyurl.com/yag9g3ar>;
- 2) Distribution of business assistance amounts by size of subsidy located at <https://tinyurl.com/ybek3cn8>;
- 3) Distribution of business assistance amounts by time category located at <https://tinyurl.com/ybek3cn8>;
- 4) Distribution of business assistance by type and public purpose located at <https://tinyurl.com/yar6q6qm>;
- 5) Percent of all business assistance that reached their goals located at <https://tinyurl.com/y9jcf4ma>;
- 6) Percent of business assistance that did not reach their goals after two years from the benefit date located at <https://tinyurl.com/y79me7lb>;
- 7) Total dollar amount of business assistance that did not meet their goals after two years from the benefit date located at <https://tinyurl.com/y79me7lb>;
- 8) Percent of business assistance that did not meet their goals and that did not receive repayment located at <https://tinyurl.com/y7g3rzkw>;

- 9) List of recipients that have failed to meet the terms of a business assistance agreement in the past five years and have not satisfied their repayment obligations located at <https://tinyurl.com/y7g3rzkw>;
- 10) Number of full-time and part-time jobs within separate bands of wages for the entire state and for each development region of the state located at <https://tinyurl.com/ybdkz8mv>;
- 11) Average benefits paid for business assistance projects within separate bands of wages for the entire state and for each development region of the state located at <https://tinyurl.com/yapfygox>;
- 12) Number of employees in the entire state and in each development region of the state who ceased to be employed because their employers relocated to become eligible for a business assistance located at <https://tinyurl.com/y967p85v>; and
- 13) Business assistance by industry sector located at <https://tinyurl.com/y9ruvzog>.

## Annual Financial Assistance Reporting Summary Features

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Information in the summary and completion reports include:

- 1) Total amount of financial assistance awarded in each development region in the state located at <https://tinyurl.com/yasgkh9n>;
- 2) Distribution of financial assistance amounts by size of subsidy located at <https://tinyurl.com/y7v52qso>;
- 3) Distribution of financial assistance by type and public purpose located at <https://tinyurl.com/y7r4f2u6>;
- 4) Project status of financial assistance projects that reached their goals located at <https://tinyurl.com/yd6yozk9>;
- 5) Number of full-time, part-time and retained jobs for the entire state and for each development region of the state located at <https://tinyurl.com/ycscrlg7>;
- 6) Average benefits paid for financial assistance projects for the entire state and for each development region of the state located at <https://tinyurl.com/yc6ksw5k>; and
- 7) Financial assistance by industry sector located at <https://tinyurl.com/yad2pgxp>.