

Economic Development and Job Creation Programs in Minnesota

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House Research Department

Minnesota has a variety of programs designed to promote economic development and job creation throughout the state. The programs vary and include the provision of information, advice, and technical assistance; state-sponsored marketing and promotion; direct business subsidies in the form of grants and loans; and public funding of infrastructure development and redevelopment. The state also promotes economic development and job creation by supporting programs designed to educate and train its current and future workforce, such as higher education and workforce development programs, and through the unemployment insurance program.

The following table summarizes economic development and job-creation initiatives that exist in statute. The table is organized into sections based on program type: Business Development, Business Finance, Community Finance, and Other. The table does not include programs and services whose primary focus is education, workforce training, or unemployment insurance. Education, workforce training, and unemployment insurance programs are discussed in other publications found on the House Research Department website.

The following are common abbreviations and acronyms used in the table:

DEED	Department of Employment and Economic Development
DOR	Department of Revenue
MDA	Minnesota Department of Agriculture
MHFA	Minnesota Housing Finance Agency
MNDOT	Minnesota Department of Transportation
PCA	Pollution Control Agency
PFA	Public Facilities Authority
U of M	University of Minnesota

Program	Description	Statutory Authority	Agency
Business Development			
Business Assistance	Facilitation of small business startup, resource coordination, and partnering; business licensing; Bureau of Small Business; Bureau of Business Licenses; Small Business Development Center Services; and Small Business Assistance Office.	§§ 116J.66 – 116J.86 and federal law	DEED
Business Development Competitive Grant Program	Funds awarded for business development assistance and services through a competitive selection process. Grants available only to nonprofit organizations with focuses including: biosciences, minorities, women, rural areas, entrepreneurs, and inventors.	Laws 2015, 1st spec. sess., ch. 1, art. 1, § 2	DEED
Business Development Office	Business assistance and coordination of resources to encourage and assist business expansion. Services provided through: business development specialists; Positively Minnesota marketing initiative; manufacturers’ advocate; targeted assistance; provision of information and analysis as needed on business financing, site selection, and real estate.	Chapter 116J (§§ 116J.011, 116J.035, 116J.401)	DEED
Economic Response Team	Fast-action response team focused on businesses that are prospects for locating within the state or at risk for expanding or relocating outside of the state.	§ 116J.872	DEED
Explore Minnesota Tourism	Promotion of travel and tourism in Minnesota.	Chapter 116U	DEED
Invest Minnesota	State marketing initiative focused on branding the state’s economic development activities and promoting business opportunities in the state.	§ 116J.9781	DEED
Microenterprise Entrepreneurial Assistance	Grants to nonprofit organizations to provide technical assistance to individuals to support the startup and expansion of micro-businesses and self-employment.	§ 116J.8745	DEED

Program	Description	Statutory Authority	Agency
Minnesota Discovery, Research, and Innovation Economy Funding	Investments in scientific research to: position the state as an industry leader in the engineering, science, technology, and food-related sectors; support the creation, growth, and competitiveness of Minnesota-based companies in these targeted industry clusters. Also known as MnDRIVE.	§ 137.66	U of M
Minnesota Green Enterprise Assistance	Multiagency project to advise, promote, market, and coordinate state agency collaboration on green enterprise and green economy projects. Expedite grants, licenses, permits, and other state approvals for projects.	§ 116J.438	DEED and Dept. of Commerce
Minnesota STEP (State Trade and Export Promotion) Grants	Financial and technical assistance focused on small businesses with interest in exporting products or services to foreign markets.	§ 116J.979	DEED
Trade Promotion	Promotion of trade and foreign investment in Minnesota. Includes promotional activities; trade missions; trade shows; trade delegations; technical assistance to businesses; promotion of state agricultural offerings, products, and services; and establishment of trade offices in foreign markets.	§§ 116J.966 and 116J.978, 17.101	DEED and MDA on agricultural initiatives

Program	Description	Statutory Authority	Agency
Business Finance			
Ad Hoc Sales Tax Exemptions for Building Materials	The legislature has enacted sales tax exemptions targeted to specific manufacturing and commercial projects, although written as general provisions (i.e., qualifying rules are provided by law, rather than naming the specific site or company). Examples include the creation of a number of manufacturing and research and development facilities.	§ 297A.71, subd. 42, 43, and 45	DEED and DOR
Agricultural and Economic Development Program	Loans and loan guarantees to agricultural resource projects and other eligible small businesses.	§§ 41A.01 – 41A.08	DEED, MDA, PCA, MN Agricultural and Economic Development Board
Agricultural Growth, Research, and Innovation Program	Grants to farmers and others in order to advance the state’s agricultural and renewable energy industries. Grant-eligible activities are chosen by the MDA commissioner.	§ 41A.12	MDA
Agricultural Utilization Research Institute (AURI)	Seeks to expand markets for agricultural crops, livestock, and byproducts by providing financial and technical assistance to entrepreneurs who are developing new agricultural products or processes.	Chapter 116V	AURI
Bioeconomy Grants	Production-based grants to eligible producers of advanced biofuels, renewable chemicals, and biomass thermal energy.	§§ 41A.15 – 41A.19	MDA
Border City Programs	Allows tax reductions (credits against property, corporate or individual income tax) for qualifying businesses under the enterprise zone (existing and new businesses) or development zone program (new or expanding businesses) in five designated border cities (Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville). Available state tax reductions depend upon dollar amounts allocated by the legislature. The 2015	§§ 469.166 – 469.1735, 2015 Minn. Laws 1st spec. sess., ch. 1, art. 1, § 2	DEED, DOR, and local government units

Program	Description	Statutory Authority	Agency
	Legislature appropriated \$100,000 to DEED for a grant to the city of Taylors Falls to be used for this purpose; it is available until expended.		
Capital Access Program	Capital for business development; focus on small- and medium-sized businesses; capital includes equity investments for community development venture capital funds or business loans. Capital available through a capital access account created in the special revenue fund.	§§ 116J.876 – 116J.8771	DEED
Credit for Historic Structure Rehabilitation	Provides a refundable tax credit (or a grant in certain cases) for qualified rehabilitation expenditures on historic structures in conjunction with the credit available under the internal revenue code (IRC). The credit expires after fiscal year 2021, but credit certificates issued before the expiration remain available through fiscal year 2024.	§ 290.0681 and Section 47(a)(2) of the IRC	DOR/IRS
Enterprise Minnesota/Small Business Growth Acceleration Program (GAP)	Financing, business development services, technology, technical assistance for innovation, and development of new products, services, and processes.	Chapter 116O (GAP: § 116O.115)	Enterprise Minnesota, Inc.
Film Production Jobs Program	Reimbursement for production costs of up to 25 percent for projects with a minimum expenditure of \$1,000,000 or located outside of metropolitan area; up to 20 percent of costs for projects with less than \$1,000,000 in expenditures within the metropolitan area. Also known as “Snowbate.”	§ 116U.26	Minnesota Film and TV Board and DEED
Good Food Access Program	Financial and technical assistance for grocery stores and small food retailers that locate, renovate, or expand in certain underserved areas.	§ 17.1017	MDA
Indian Business Loans	Loans to support startups or expansions of Native American businesses; funded with 20 percent of severed mineral interest tax revenue deposited in special revenue fund account.	§ 116J.64	DEED
JOBZ	Provides various tax exemptions (individual and corporate franchise tax, sales and motor vehicle sales tax, and property tax) and a refundable jobs credit for qualifying businesses located in or expanding in zones in Greater Minnesota, designated by DEED based on applications by local	§§ 469.310 – 469.3193	DEED, DOR, and local government units

Program	Description	Statutory Authority	Agency
	government units. Tax incentives expired at the end of 2015, except certain ethanol projects (through 2018) and a glass manufacturing project (through 2020) continue to qualify.		
Military Reservist Economic Injury and Veteran-Owned Small Business Loans	Onetime, interest-free loans up to \$20,000 available to: a business that has or is likely to sustain substantial economic injury resulting from a call to active service of an essential employee; or to a recently separated veteran (with active military service after 9/11/01) to assist in starting a business.	§ 116J.996	DEED
Minnesota 21 st Century Fund	Investment in specific projects related to minerals processing and economic diversification of Northeast Minnesota. Fund operated as revolving account. IRRRB match for loans or equity investments in facilities in the taconite tax relief area.	§ 116J.423	DEED
Minnesota Emerging Entrepreneur Program	Grants to nonprofits to fund loans to businesses owned by minorities, low-income people, women, veterans, or people with disabilities; includes loans to microenterprises and targets lowest income areas.	§ 116M.18	DEED
Minnesota Investment Fund	Financing for infrastructure; loans; loan guarantees; interest rate buy-downs; grants; other forms of participation with private sources for financing; investments in renewable energy market development; training, technical assistance, and financial assistance under Small Cities Development Block Grant Program; and disaster assistance. Repayments credited to a revolving fund; grants generally limited to \$1,000,000.	§ 116J.8731	DEED
Minnesota Job Creation Fund	Capital investment rebates and cash awards for qualifying job creation and capital investment available to certified job creation-fund businesses. Rebates and awards are available for five years for projects located in the metropolitan area and for seven years for projects in Greater Minnesota.	§ 116J.8748	DEED

Program	Description	Statutory Authority	Agency
Qualified Expansions of Greater Minnesota Businesses Sales Tax Exemption	Sales tax exemption available to qualified businesses certified by the commissioner of DEED. Qualified businesses are in Greater Minnesota, pay 120 percent of poverty wages, and are expanding their workforce. A \$7 million annual limit applies to total refunds under this exemption. The limit is allocated on a first-come-first served basis; if larger amounts are claimed, refunds are deferred until they can be refunded under the limit in later years.	§§ 116J.8738 and 297A.68, subd. 44	DEED and DOR
Research and Development Credit	Tax credit against either the corporate franchise tax or the individual income tax (for pass-through entities such as S corporations and partnerships) for increasing qualifying research.	§ 290.068	DOR
Rural Finance Authority (RFA)	Private loans to eligible beginning farmers, livestock producers, and others. The Rural Finance Authority's participation lowers the borrower's interest rate, making debt financing more affordable.	Chapters 41B and 41C	RFA
Rural Rehabilitation Development Account	Loans for rehabilitation in Greater Minnesota.	§ 116J.955	DEED
SEED Capital Investment Credit	DEED certifies businesses in border cities as qualified to receive the SEED Capital Investment (tax) Credit; credits are limited to the amount allocated by the border city from its credit allocation.	§§ 116J.8732 and 290.06, subd. 35	DEED and DOR
Small Business Investment Tax Credit	DEED certifies a qualified small business; tax credits of up to 25 percent of an investment in a qualified business; available to investor or fund. This is set to expire after calendar year 2017. Also called, "Angel Tax Credit."	§ 116J.8737	DEED and DOR
Small Business Loan Guarantee Program	Loan guarantees of up to 70 percent of a loan amount made by a qualified economic development lender. Authorizes a loan guarantee trust fund account in the special revenue fund to pay for defaulted loan guarantees.	§ 116J.881	DEED
Tourism Loan Program	Loans, loan participation, or loan guarantees to resorts, campgrounds, lodging facilities, and other tourism-related businesses.	§ 116J.617	DEED

Program	Description	Statutory Authority	Agency
Community Finance			
Border to Border Broadband Development Grant Program	Promotion of broadband expansion and access to underserved and unserved areas of the state.	§§ 116J.395 – 116J.396	DEED
Central Minnesota Opportunity Grant Program	Grants to a foundation to support community initiatives in the St. Cloud area that enhance long-term economic self-sufficiency for Central Minnesota communities of color.	§ 116J.9922	DEED
Challenge Grant Program	Grants available to nonprofit organizations in six designated regions in rural Minnesota to encourage private investment, job creation and job enhancement, and the promotion of economic development. Statutory allocation from rural rehabilitation account; loans, loan guarantees, interest rate buy-downs, and other forms of participation with private sources through revolving funds established by regional organizations.	§§ 116J.411 – 116J.415	DEED
Community Development Corporations	Financial and technical assistance to certified community development corporations for economic development projects including new businesses, business expansion, real estate development, infrastructure development, or housing activities associated with an economic development activity.	§ 116J.982	DEED
Community Development Program	Allocates state and federal money for community development, rehabilitation, housing, local infrastructure, and revitalization projects; provides technical assistance to rural communities; coordinates community assistance and development with regional development commissions; administers the Minnesota cleanup revolving loan fund.	§ 116J.980	DEED

Program	Description	Statutory Authority	Agency
Contamination Cleanup Grant Program and Minnesota Cleanup Revolving Loan Fund	State and federal grant funding to local governments and private entities for contaminated site cleanup.	§§ 116J.551 – 116J.559	DEED
Credit Enhanced Bond Program	Access to investment capital for community development with support of DEED and PFA.	§ 446A.087	PFA and DEED
Dairy Modernization	Funds available to regional or statewide development organizations (as defined under Minnesota Investment Fund program) for loans to dairy producers for acquisition, construction, or improvement of buildings or facilities; acquisition of equipment; dairy animal housing, confinement, feeding, milk production, and waste management. Applications for assistance made to county in which the dairy producer is located.	§ 116J.407	DEED and MDA
Destination Medical Center	Sales tax exemption for materials, supplies, and equipment purchased for construction of public infrastructure in Rochester’s Destination Medical Center.	§ 297A.71, subd. 48	DEED and DOR
Economic Development and Housing Challenge Program	Grants or loans for: construction, acquisition, rehabilitation, demolition or removal of existing structures; and construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing. Income limits and limitations on return, as well as contribution requirements, apply. Goal of supporting economic development and job creation or preservation within a community or region.	§ 462A.33	MHFA
Greater Minnesota Business Development Public Infrastructure Program	Resources made available to local governments for infrastructure projects to promote and support economic development in Greater Minnesota. Eligible projects include manufacturing, technology, warehousing and distribution, research and development, agricultural processing, or industrial park development. Local match required.	§ 116J.431	DEED

Program	Description	Statutory Authority	Agency
Host Community Economic Development Grants	Grants to cities within the seven-county metropolitan area that are the site of a waste disposal facility accepting unprocessed mixed municipal solid waste. Grants may be used to finance the capital costs of development or redevelopment projects to create jobs, increase the city tax base or the city's capacity to attract private investment, or other criteria developed by the commissioner of DEED.	§ 116J.548	DEED
Innovative Business Development Public Infrastructure Grant Program	Competitive grants to local governments to acquire and prepare land for an eligible innovative business development project by improving public infrastructure. An innovative business is one researching, or developing, or using a proprietary product, process, technology, or service in a high-technology field or in tourism, forestry, mining, transportation, or green manufacturing. Requires a local government match.	§ 116J.435	DEED
Redevelopment Grant and Loan Program	Resources available to local governments for site redevelopment. Resources available through bonding money and the general fund.	§§ 116J.571 – 116J.5765	DEED
Tax Increment Financing	Program allows local development authorities (typically agencies created and controlled by cities) to capture the growth in property tax in a defined geographic area (a tax increment financing or TIF district) to pay for private and public development costs, such as land acquisition, site preparation, installation of public infrastructure, and so forth.	§§ 469.174 – 469.1773	Local units of government
Transit Improvement Area Loan Program	Loans to eligible organizations for development of areas near transit facilities. Funding through special accounts in general fund and bond proceeds fund.	§§ 469.35 – 469.351	DEED
Transportation Economic Development Infrastructure Program	Grants to local governments for predesign, design, acquisition of land, construction, reconstruction, and infrastructure improvements to promote economic development, increase employment, and improve transportation systems to accommodate private investment and job creation. Funds made available cannot be used on trunk highway improvements but may be used for nontrunk highway improvements in coordination with trunk highway improvement projects done by MNDOT.	§ 116J.436	DEED and MNDOT

Program	Description	Statutory Authority	Agency
Workforce Housing Development Program	Grants to cities and communities in Greater Minnesota for development of market-rate housing to address local housing shortfalls that are impacting the ability to recruit employees. Requires a 50 percent local government match; grant can fund a maximum of 25 percent of the project.	§ 462A.39	MHFA
Other			
Economic Development	Provides a broad range of economic development authority, entities, and financing. Includes: housing and economic development authorities; port authorities; economic development authorities; area redevelopment; city development districts; mined underground space development; rural development financing authorities; municipal industrial development; border city enterprise zones; tax increment financing; miscellaneous items including foreign trade zones, special tax provisions for certain industries including agricultural processing facilities, businesses with disrupted access, neighborhood revitalization, and municipal commercial rehabilitation loans; targeted community revitalization; enterprise zones; transit improvement areas; and Destination Medical Center.	Chapter 469	Primarily local governments with DEED, DOR, and MNDOT

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