

MINNESOTA

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BUILD WHAT MATTERS IN MINNESOTA

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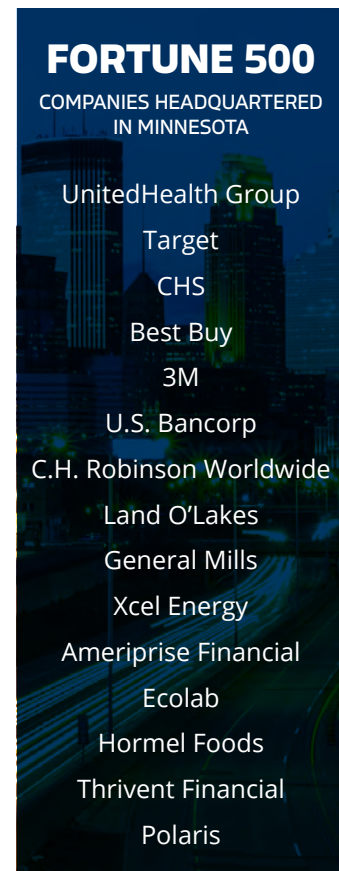
WHY MINNESOTA?



WHY MINNESOTA?

Minnesota offers the best mix of human resources, infrastructure and technology—critical variables for business productivity and success—ranking among the top five states in the U.S. for long-term competitiveness.

- **Minnesota is the 5th best state** in the country, according to 2023 rankings by U.S. News and World Report. Rankings include the 50 states across eight different categories: health care, education, economy, opportunity, infrastructure, crime & corrections, fiscal stability and natural environment.
- Minnesota ranks as the **5th best state for business**, according to 2023 rankings by CNBC. The source scored all 50 states on 88 metrics in 10 broad categories of competitiveness.
- Minnesota businesses benefit from **easy access to new college graduates and customized training opportunities** based on close proximity to nearby colleges. State Colleges and Universities provide training to over 2,700 businesses and 130,000 individuals each year throughout the state.
- A Minnesota location has **logistical benefits**, with easy access to ground, water and air transportation infrastructure. Shipping is convenient due to the state’s eight commercial ports – including three ports on Lake Superior and four on the Mississippi River. The state also has excellent rail and road networks.
- Minnesota’s business taxes rank below the national average, according to a report by Ernst & Young and the Council on State Taxation, which assessed business taxes as a share of private sector gross state product (GSP) for fiscal year 2021. **Minnesota’s business taxes as a percentage of GSP were 4.6%, ranking 13th lowest nationwide.** The national rate was 4.9%.
- Minnesota’s **electric and natural gas services are dependable and moderately priced**, providing a competitive edge to businesses. Minnesota’s average annual price of natural gas for commercial users is the **12th lowest** in the nation in 2021 (latest data).
- Minnesota ranks **5th nationwide in the 2022 Camelot Index, a well-accepted measure of quality of life.** The Camelot Index includes 27 variables across six categories: economy, health, crime, education, society, and state government.
- Minnesota ranks as the **5th best state to live** in by CNBC. To determine the list in 2022, the source compared 50 states in the category of Life, Health, and Inclusion.
- WalletHub ranks Minnesota as the **3rd happiest state.** In 2022, the source compared the 50 states and the District of Columbia across three dimensions: emotional and physical well-being; work environment; and community & environment.
- Supportive state and local partners assist businesses in securing the financial and workforce development resources for the project to be a success:
 - DEED’s business development team – along with state, regional and local partners – supports businesses in their location decision process. This includes helping identify suitable site/building options for their operations; navigating the permitting process (via the Minnesota Business First Stop, MBFS); and engaging partners to address utility, infrastructure and other industry support needs. Additionally, DEED provides workforce recruitment, development and training services; and financial assistance.



FORTUNE 500
COMPANIES HEADQUARTERED
IN MINNESOTA

- UnitedHealth Group
- Target
- CHS
- Best Buy
- 3M
- U.S. Bancorp
- C.H. Robinson Worldwide
- Land O’Lakes
- General Mills
- Xcel Energy
- Ameriprise Financial
- Ecolab
- Hormel Foods
- Thrivent Financial
- Polaris



WORKFORCE



WORKFORCE

Minnesota is home to one of the country's most talented workforces. That's no accident – it comes from years of investments by public and private sector leaders in education and training that have produced strong talent for a diverse economy.



- WalletHub ranks Minnesota **the 4th best state for women**. To find 2023's best states for women, the source compared the 50 states and the District of Columbia across 225 metrics including median earnings.
- **Minneapolis (1st) and St. Paul (5th) rank among the best cities for young professionals** according to Smart Asset 2022 rankings, which compared U.S. cities across metrics, including affordability, workforce demographics and entertainment options.
- Minnesota had the **7th highest labor force participation rate** in the nation (68.1%) in 2022, according to the Bureau of Labor Statistics (preliminary data). The national rate is 62.2%
- Minnesota ranks as the **3rd best state to work remotely**, according to 2021 rankings by CNBC, based on broadband access (89.6%), home price appreciation: (9.38%), effective tax rate (12.1%) and 2021 Top State for Business rank (7th).
- Minnesota ranks **2nd best in Healthy Society**, according to the 2022 Camelot Index.
- Minnesota ranks as the **6th best state for working moms**, according to Wallethub. In 2023, the source looked at several metrics including quality and costs of childcare; the gender pay gap and median women's pay; the ratio of women working in executive roles compared to men; and the quality of parental leave policies in the state.
- Minnesota ranks as the **6th best state for millennials**, according to WalletHub. In 2021, the source compared the 50 states and the District of Columbia across 34 metrics, including share of millennials, millennial unemployment rate and millennial voter-turnout rate.
- **Minneapolis ranks as the 8th best city for young professionals** in America, according to 2023 rankings by NICHE. The metrics included the number of bars, restaurants, coffee shops and parks; the number of families and young professionals; and the quality of public schools in the area.
- The state provides a reliable pool of workers for businesses. Minnesota ranks **7th in labor force in the Midwest**, and 22nd nationwide, with a **labor force of over 3 million**. Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, 2021 (latest data).
- Minnesota is one of the **top manufacturing states**, having a large pool of people working in production occupations.
 - **Half of Minnesota's Fortune 500 companies are involved in manufacturing**, including companies headquartered in Minneapolis-St. Paul: 3M, CHS, General Mills, Land O'Lakes, and Ecolab.
 - Other Minnesota's Fortune 500 companies headquartered outside of the Minneapolis-St. Paul metropolitan area include Hormel Foods in Austin, and Polaris in Medina.
 - Other manufacturing companies headquartered, or with large operations, in the state include Medtronic, Andersen Windows, H.B. Fuller, and Toro, just to name a few.
- Overall, Minnesota **employs nearly 330,000 people in manufacturing** industries, 21% above the national average.



<p>328,150 Jobs (2022) 21% above National average</p>	<p>+5.3% % Change (2012-2022) Nation: +6.6%</p>	<p>\$95,396 Avg. Earnings Per Job (2022) Nation: \$97,487</p>
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Source: Lightcast.

EDUCATION



EDUCATION

Minnesota values education. The state has more than 100 post-secondary institutions because Minnesotans understand that knowledge is what powers the world. Minnesota values its highly skilled workforce and invests in helping employers and workers grow their skills to meet ever-changing needs sparked by advances in automation, artificial intelligence and other technological progress.

- **The University of Minnesota serves nearly 68,500 students** and offers more than 500 undergraduate and graduate majors and programs. Campuses are located in the Twin Cities, Duluth, Morris, Crookston and Rochester.
- **Total R&D expenditures in FY2021 were \$1.07 billion for the University of Minnesota-Twin Cities campus, the largest award total ever reported for the University.**
- **Minnesota State** (formerly known as MnSCU) operates 26 colleges and 7 universities with 54 campuses throughout Minnesota, serving 300,000 students each year.
- Minnesota's **35 private colleges and universities serve over 60,000 undergraduate and graduate students.**
- In terms of the percentage of the population aged 25 years or older, **Minnesota ranks 5th for the share with a high school diploma (94.1%) and 12th in the share with a Bachelor's degree (38.9%).**
- **More than 250 public and private postsecondary institutions** offer degree and non-degree educational opportunities for individuals statewide.



Source: Minnesota State

POSTSECONDARY INSTITUTIONS IN MINNESOTA

Institution Type	Number
Private, Associate & Graduate Degrees	4
Private, Bachelor's Degrees & Above*	42
Public, Associate and Certification Degrees	45
Public, Bachelor's Degrees and Above**	12
Total	103

Notes:
 Institutions offering non-degree studies such as beauty and yoga schools were not included in the table.
 Institutions might have multiple campuses.
 * Includes 2 online only universities: Capella and Walden.
 ** 5 University of Minnesota Campuses and 7 State University Campuses.
 Number of institutions fluctuates from year to year.
 Source: Minnesota Office of Higher Education, June 2023.

BUSINESS LOGISTICS



BUSINESS LOGISTICS

An efficient and ever-growing freight system is essential for Minnesota businesses. The state is home to **15 Fortune 500 companies**. Prominent companies, such as 3M, General Mills, Land O'Lakes, Hormel Foods, Polaris Industries, Target, Cargill, C.H. Robinson and Toro, are headquartered in the state.

Minnesota is a global competitor that **exports goods and services to around 200 countries**.



TRANSPORTATION INFRASTRUCTURE

3 INTERSTATE HIGHWAYS
Minnesota has three major interstate highways – I-35, I-94 and I-90 – and the 4th largest road system in the nation. Nearly 400 million tons of freight are transported annually on Minnesota roads. Our extensive road network – and convenient north-central location – make it easy to move products anywhere in the country.

9 COMMERCIAL AIRPORTS
Nine commercial airports serve the state's major commercial and metropolitan areas. Minneapolis-St. Paul International (MSP) has 156 nonstop destinations to 127 domestic and 29 international markets. It ranks as the sixth most on-time airport in the world (2022). In 2022, and for the second consecutive year, MSP was named the best airport of its size in North America, the sixth time the airport has come in first over the past seven years.

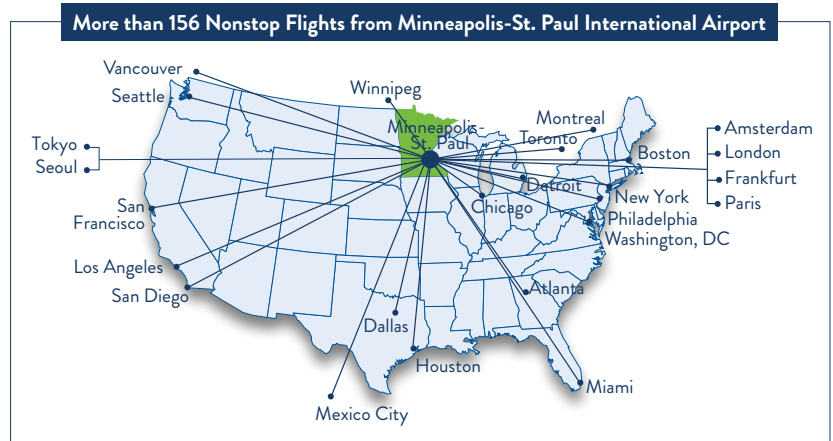
4 CLASS I RAILROADS
Rail accounts for one-quarter of the freight moved in Minnesota. The state has nearly 4,444 miles of freight railroad operated by 21 companies. Four Class I freight rail lines – with over 3,500 Class I rail miles – are integrated with the U.S. and Canadian railway systems. Commuter rail and light rail transit lines serve the Minneapolis-St. Paul metropolitan area.

7 COMMERCIAL PORTS
Minnesota has easy access to key waterways – including the Great Lakes and Mississippi River. Three ports on Lake Superior transport an average of over 54 million net tons of freight per year. And, the Mississippi River System, which spans about 200 miles, includes four port areas, and transports an average of over 14 million net tons of freight per year.

3 FOREIGN TRADE ZONES
Minnesota has three Foreign Trade Zone (FTZs) – Minneapolis/St. Paul, Duluth and International Falls – which can help businesses minimize duty payments and accelerate global supply chains. These zones have magnet sites, usually located at ports of entry or in industrial parks. Businesses can use a magnet site or can apply to establish an FTZ subzone or usage-driven site anywhere in the state.

AIR TRANSPORTATION

- Minnesota offers **commercial air service in the Twin Cities, Duluth, Rochester and six other cities** across the state.
- The Minneapolis-St. Paul International **serves 156 nonstop destinations, including 127 domestic and 29 international markets.** International destinations include Amsterdam, Paris, Mexico City, and cities in the Caribbean and Canada (as of summer 2023).
- In 2022, the Minneapolis-St. Paul International Airport was **ranked 1st in North America** by J.D. Power.
- **The Rochester International Airport is served by major airlines** such as American Air Lines, Delta Air Lines, and Sun Country Air Lines, with daily arrivals and departures. Popular destinations include Chicago, Atlanta, Fort Myers and Phoenix.





WATER TRANSPORTATION

Minnesota is well connected to key waterways. Minnesota has three ports on Lake Superior, including Silver Bay, Two Harbors and Duluth-Superior. Additionally, there are four ports on the Mississippi River.

- **The Mississippi River System stretches over 222 miles in Minnesota and supports four port areas.** Combined, these four ports transported 11 million net tons.
- **Lake Superior ports combined tonnage in 2019 (most recent data) was 56.1 million net tons.** The largest of these ports is the Port of Duluth-Superior.
 - Located at the westernmost tip of Lake Superior, the Port of Duluth-Superior is North America’s farthest inland freshwater seaport.
 - The **Port of Duluth-Superior announced in 2020 that it could handle significantly larger volumes of containers arriving on international vessels** because of expanded permissions from the Department of Homeland Security.
 - Not long ago, only containers connected with other cargo — like electrical equipment for giant wind turbine blades — could be imported to Duluth. **Now, an overseas vessel can come fully loaded with 1,000 or more 20-foot containers.**
 - **The working waterfront is populated by 20 privately-owned bulk cargo docks and an award-winning general cargo terminal,** along with with a marine fueling depot, a shipyard with dry docks, multiple tug and barge services, and an intermodal cargo terminal. Duluth-Superior is a **diversified multimodal shipping hub,** offering global cargo transport through the Great Lakes-St. Lawrence Seaway, free-flowing major highways and direct Class I rail service to the East, West and Gulf Coast.
 - **The Duluth Seaway Port Authority ranks #6 in the Green Marine 2021 environmental performance report.** Rankings include more than 50 U.S. ports and seven environmental categories. Additionally, the Army Corps of Engineers ranks the Port of Duluth as the largest port in the Great Lakes with 32.5 million short tons in 2021, surpassing coastal ports such as the Philadelphia Regional Port (30.7 million short tons), the Tampa Port Authority (30.0 million short tons) and the Port of Seattle (22.9 million short tons).

Lake Superior Port Tonnage

Lake Port	Total 2019
Duluth Superior	33,535,349
Two Harbors	16,942,617
Silver Bay	5,632,842
Total	56,110,808

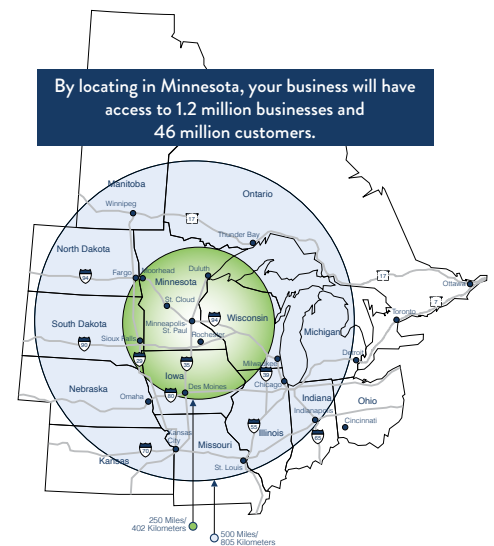
Mississippi River Port Tonnage

River Port	Total 2019
Twin Cities	7,300,722
Savage	1,631,519
Red Wing	609,543
Winona	1,541,831
Total	11,083,614

Source: Minnesota Department of Transportation.

LAND TRANSPORTATION

- Minnesota has **three major interstate highways** (I-35, I-94 and I-90) and the **4th largest road system** in the nation to facilitate surface transportation.
- **The state has 4,444 miles of freight-railroad operated by 21 companies.** Four class I freight rail lines and 3,500 class I rail miles integrate Minnesota with the US and Canadian rail systems. BNSF, Canadian Pacific, Union Pacific and Canadian National Rail all operate intermodal facilities in Minnesota. Industry moves one-fourth of its freight by rail in Minnesota.



BUSINESS COSTS



BUSINESS COSTS

Minnesota's business taxes rank below the national average, according to a report by Ernst & Young and the Council on State Taxation (FY 2021). **The state's business taxes as a percent of GDP were 4.6%, ranking 13th lowest nationwide.** The national rate was 4.9%.

CORPORATE INCOME TAX

- At first glance, Minnesota appears to have high business taxes because its corporate income tax rate of 9.8% is higher than in most states.
- However, **other favorable tax provisions produce competitive tax advantages for Minnesota.**

SALES AND USE TAX

- **Minnesota exempts capital equipment used in the manufacturing process from the sales tax.**
- There are also **several other major exemptions** for businesses, including fees for equipment installation and repair; utilities, chemicals and gases used for industrial production; and most services.

COMMERCIAL AND INDUSTRIAL PROPERTY TAX

- **Minnesota exempts personal property like machinery and inventory from the property tax, resulting in a lower effective tax rate for real and personal property.**
- As a result, businesses whose equipment and inventory values are high, relative to their real estate value, **pay a lower effective tax rate** than in states that impose such taxes.

Business Cost Type	Cost or Tax Rate
Corporate Income Tax	9.8%
Corporate Income Tax Apportionment (Sales/Property/Payroll)	100% Sales
Inventories	Exempt
Personal Property - Intangible	Exempt
Personal Property - Tangible	Exempt
Sales Tax	6.875%
Sales Tax Exemption - Machinery	Exempt
Sales Tax Exemption - Mfg. Utilities/Fuel	Exempt
Unemployment Insurance - New Employer Rate	Industry Average: 1.0%-8.9%
Unemployment Insurance - Taxable Wage Base	\$40,000
Workers' Comp. Premium	\$1.55

Sources: State Tax Handbook, CCH Publications, 2023; U.S. Master Property Tax Guide, CCH Publications, 2022; U.S. Master Sales and Use Tax Guide, CCH Publications, 2022; Minnesota Unemployment Insurance, 2023; State of Oregon, Department of Consumer & Business Services, 2022.

UTILITIES



UTILITIES

Minnesota has reliable and affordable energy service. Xcel Energy – a Fortune 500 company based in Minnesota – is one of the main providers of energy in the state, offering programs and rebates to help companies save money. Other energy providers in the state include Great River Energy, Minnesota Power, Otter Tail Power and Connexus Energy.

- Minnesota’s largest energy provider is Xcel Energy. Xcel offers assistance to industrial customers to help them save energy and money through rebates for purchasing energy-saving equipment; a variety of energy efficiency studies; energy programs for new construction; and building tune-ups of existing systems.



COMMITTED TO CLEAN ENERGY

- Xcel Energy, the largest utility provider in the state, became the first energy company in the nation to announce a vision to provide 100% carbon-free electricity by 2050 across the eight states it serves.
- Xcel Energy is the largest clean energy provider in the country (American Clean Power Association, 2021).
- Minnesota produces over 6,044 MW of electricity from clean energy, ranking 10th nationwide (American Clean Power Association, 2023).
- Minnesota’s clean energy can power 2 million homes in the state (American Clean Power Association, 2023).
- Minnesota ranks 13th nationwide in the share of electricity produced by wind, solar and energy storage power plants (American Clean Power Association, 2023).

CARBON-FREE RESOURCES BY 2040

On February 7, 2023, Governor Tim Walz signed into law new legislation requiring that 100 percent of electricity generated or procured for use in Minnesota must be from carbon-free resources by 2040. The new law requires all electric utilities, including investor-owned utilities, municipalities, and rural electric cooperatives, to generate or procure 100 percent of the electricity they provide to retail customers in Minnesota from carbon-free technologies.

QUALITY OF LIFE



QUALITY OF LIFE

Minnesota has one of the highest standards of living in the country. The state enjoys vibrant metropolitan areas with a wide variety of entertainment options, parks, lakes and a full four seasons of weather. These are some of the rankings that demonstrate that Minnesota is a great place to live.

Minnesota:

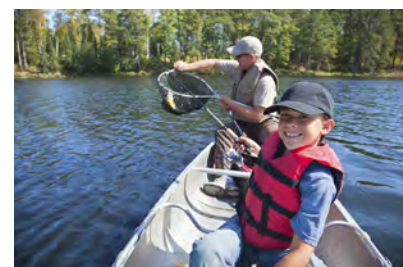
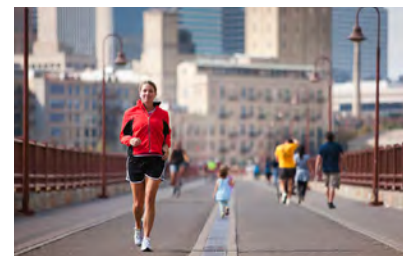
- **Least stressed state** (WalletHub, 2023)
- **2nd best state to raise a family** (WalletHub, 2023)
- **3rd happiest state** (WalletHub, 2022)
- **4th best state to have a baby** (WalletHub, 2022)
- **5th best state to live in** (CNBC, 2022)
- **5th best overall in well-being for children** (KIDS COUNT Report, 2023)
- **5th best in the Camelot Index, a well-accepted measure of quality of life** (Camelot Index, 2022)
- **8th most environmentally friendly state** (WalletHub, 2023)
- **10th best state for children’s healthcare** (WalletHub, 2023)

Minneapolis-St. Paul:

- **2nd most vibrant metro area for the arts** (SMU DataArts, 2022)
- **2nd (St. Paul) and 3rd (Minneapolis) best city park systems** (Trust for Public Land ParkScore Index, 2023)
- **2nd (Minneapolis) and 10th (St. Paul) most bikeable cities in the country** (SmartAsset, 2021)
- **3rd (Minneapolis) and 8th (St. Paul) fittest cities in America** (American College of Sports Medicine, 2022)
- **4th (St. Paul) and 5th (Minneapolis) most caring cities in the workforce** (WalletHub, 2023)
- **7th (Minneapolis) best city for Sports & Outdoors** (WalletHub, 2023)
- **8th (Minneapolis) healthiest place to live in the US** (WalletHub, 2023)

Attractions

- The **Mall of America** draws 40 million visitors annually, **generating nearly \$2 billion each year in economic impact for the state.**
- The Twin Cities area offers a **wide variety of family entertainment**, including the Minnesota Zoological Gardens, Como Zoo and Conservatory, the Children’s Museum, and the Science Museum of Minnesota.
- The region is a **mecca for college and professional sports**—including the Twins (baseball), Vikings (football), Timberwolves and Lynx (basketball), Wild (hockey), Minnesota United (soccer) and the University of Minnesota Golden Gophers’ division I teams.
- **Minnesota’s great outdoors** includes 75 state parks and recreation areas, over 1,500 miles of developed trail and 4,500 miles of state water trails, and 3,000 public water accesses on Minnesota’s 10,000+ lakes.
- Duluth’s location on **Lake Superior’s** eastern shore makes it a fantastic base camp for exploring the largest freshwater lake in the world or meandering along the North Shore Scenic Drive. With 1,200 miles of canoe trails, the **Boundary Waters Canoe Area Wilderness** is another great recreational resource.



STATE AND LOCAL ASSISTANCE





BUSINESS LOANS & GRANTS

MINNESOTA INVESTMENT FUND (MIF)

This program provides financing to help add new workers and retain high-quality jobs. The program focuses on industrial, manufacturing and technology-related industries and aims to increase the local and state tax base and improve economic vitality.

Eligibility

Funds are awarded to local units of government that provide loans to assist expanding businesses. Cities, counties, townships, selected economic development organizations and recognized Indian tribal governments are eligible. Local government submits an application on behalf of the expanding business.

All projects must meet minimum criteria for private investment, number of jobs created or retained, and wages paid.

At least 50% of total project costs must be privately financed through owner equity and other lending sources.

The expenditures financed by Minnesota Investment Fund and match must not have been completed.

Terms and Interest

Terms are for a maximum of 20 years for real estate and a maximum of 10 years for machinery and equipment. Interest rates are negotiated.

Local Loan Funds

Over the years, many communities that participated in MIF have created local revolving loan funds that complement MIF loans. These loan programs are accessed directly through the local government.

For more information

mn.gov/deed/mif

MINNESOTA FORWARD FUND

Created during the 2023 legislative session, the Minnesota Forward Fund (MFF) will increase the state's competitiveness by providing a flexible incentive program to better compete with other states for business retention, expansion, and attraction projects. MFF provides loans and grants to businesses that are making large-scale economic development projects in existing, new, and emerging industries. A one-time, \$50 million appropriation has been made through June of 2027 for providing businesses with matching funds required by federal programs. Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. Individual business expansion projects are limited to no more than \$15 million in grants or loans combined.

MINNESOTA JOB CREATION FUND (JCF)

This program provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets.

Companies deemed eligible to participate may receive up to \$1 million for creating or retaining high-paying jobs and for constructing or renovating facilities or making other property improvements. For extremely large projects, companies may be eligible to receive up to \$2 million. Award amounts depend on job creation and investment levels.

Eligibility

The program is available to businesses engaged in manufacturing, warehousing, distribution, technology-related industries, and other eligible activities. Companies must work with the local government (city, county or township) where a project is located to apply to DEED to receive designation as a Job Creation Fund business.

To be designated as a Job Creation Fund business, a business must, at minimum:

- Be engaged in an eligible business activity
- Obtain local government support for their project via council resolution
- Invest at least \$500,000 (\$250,000 for Targeted Populations*) in real property improvements within one year of becoming a designated Job Creation Fund business
- Create at least 10 (5 for Targeted Populations*) new full-time permanent jobs within two years of becoming a Job Creation Fund business while maintaining existing employment numbers
- Pay at least \$14.68 in wages and benefits in 2023, adjusted annually based on 110% of federal poverty guidelines
- Have other location options outside of Minnesota.
- Cause no undue harm to Minnesota business competitors
- Certify that the project would not occur without Job Creation Fund assistance.

Projects that begin prior to becoming designated by DEED are not eligible for the Job Creation Fund.



Prevailing Wage Requirements

Projects that receive \$200,000 or more in Job Creation Fund assistance are subject to prevailing wage requirements. Learn more regarding Prevailing Wage Requirements by reviewing the Prevailing Wage Guide or visiting the Department of Labor and Industry website regarding Prevailing Wage Requirements.

Benefits

Companies that meet eligibility requirements must sign a business subsidy agreement with DEED to meet job retention, creation, wage, and capital investment requirements. The following benefits may be available once a business meets the conditions of its agreement and provides proof of performance:

- \$1,000 (\$2,000 for Targeted Populations*) per year per job created for jobs paying at least \$30,640 in cash wages
- \$2,000 (\$3,000 for Targeted Populations*) per year per job created for jobs paying at least \$41,240 in cash wages
- \$3,000 (\$4,000 for Targeted Populations*) per year per job created for jobs paying at least \$53,022 in cash wages
- \$4,000 (\$5,000 for Targeted Populations*) per year per job created for jobs paying at least \$64,855 in cash wages
- Up to a 5% rebate for real property improvements for businesses located in the Twin Cities Metro
- Up to a 7.5% rebate for real property improvements for businesses located in Greater Minnesota

*A Targeted Population is defined as a business being located in Greater Minnesota, or being at least 51% cumulatively owned by people who are BIPOC (Black, Indigenous and People of Color), veterans, women, or people with disabilities.

For more information

mn.gov/deed/jobcreation

TAX CREDITS & BENEFITS

GREATER MINNESOTA JOB EXPANSION PROGRAM

The Greater Minnesota Job Expansion Program provides tax benefits to businesses located in Greater Minnesota that increase employment. Qualifying businesses that meet job-growth goals may receive sales tax refunds for purchases made during a seven-year certification period.

Eligibility

Businesses must meet program requirements including:

- Increase employment at the business's facility by a minimum of two full time equivalent (FTE) employees or 10% of the current number of employees, whichever is greater, within three years
- Pay compensation, which includes wages and benefits not mandated by law, which on an annualized basis equals at least 120% of the federal poverty level for a family of four, to all employees at the business facility. For 2023, these amounts are \$36,000 per year or \$17.31 per hour.
- Be in operation for at least one year within a city, or a county if an agricultural processing facility, in Greater Minnesota, which generally excludes the seven-county metropolitan area (the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington)
- Meet prevailing wage guidelines at the business facility if a construction or improvement project is undertaken and if the business is awarded a sales tax refund
- Having sales and customers primarily outside Minnesota (be in a traded sector)
- Not being engaged primarily in retail sales, gambling, entertainment, and other select industries
- Demonstrate that the expansion would not occur without assistance.

Benefits

- Purchases and use of tangible personal property and taxable services made by a qualified business are eligible for a sales tax refund. The purchase must be made, and the property or service must be delivered, during the certification period.
- The purchase and use of construction materials and supplies for property improvements by a qualified business in Greater Minnesota are also eligible for



a sales tax refund. This refund applies whether the purchases are made directly by the business or by a contractor.

- The maximum sales tax refund amount for each qualifying business is based on the application material submitted to DEED, subject to a maximum of \$2 million annually and \$10 million over the seven-year certification period.

For more information

<https://mn.gov/deed/business/financing-business/tax-credits/greater-mn-job-expansion/>

RESEARCH AND DEVELOPMENT TAX CREDIT

A business that pays certain research and development (R&D) expenses in Minnesota may qualify for the Credit for Increasing Research Activities.

The R&D credit is equal to 10% of qualifying expenses up to \$2 million, and 4% for expenses above that level. Qualifying expenses are the same as for the federal R&D credit — defined in Section 41 of the Internal Revenue Code — but must be for research done in Minnesota.

Examples include R&D-related wages, supplies and research contracted outside your business. Contributions to qualified nonprofit organizations that make grants to early-stage technology businesses in Minnesota also may qualify.

S corporations, partnerships and C corporations are eligible to claim the credit.

SINGLE SALES FACTOR APPORTIONMENT

Apportionment formulas determine how much business income is taxable in a state. Many states apportion corporate income using the in-state proportions of the corporation's sales, payroll and property to determine corporate franchise tax. Minnesota uses only in-state sales to apportion corporate income.

Single sales apportionment is beneficial to Minnesota businesses whose Minnesota sales factor is lower than the average of their Minnesota property and payroll factors.

All other things being equal, increasing non-Minnesota sales will reduce the amount of Minnesota taxable income, since more income will be attributed to, or apportioned outside of, Minnesota.

THROWBACK

Over half of the states with corporate taxes also use throwback rules in defining the sales factor. Throwback rules treat sales to out-of-state buyers as in-state sales, if the buyer's state cannot tax the business/seller or if the purchaser is a federal government agency. Throwback sales increase the in-state sales factor and corporate tax, decreasing the benefits to the taxpayer of single sales apportionment. Minnesota does not have a throwback rule.

TAX INCREMENT FINANCING

Cities, counties and development authorities often use Tax Increment Financing (TIF) to help finance project costs. TIF is used to encourage private development and to pay for public improvements, such as streets, sidewalks, sewer and water, and similar public infrastructure improvements that are related to the development.

TAX ABATEMENT

Local governments may use property tax abatement to help finance certain economically beneficial projects. Property taxes are forgiven for a period of time; or are captured for a period of time and an up-front payment is made to help with project costs.



PERSONAL PROPERTY EXEMPTION

In Minnesota, only real property such as land and buildings, is taxable. Personal property is exempt from the property tax. Anything that is not real property is personal property. The main characteristic of personal property is that it is movable without causing damage to itself or the real estate.

CAPITAL EQUIPMENT EXEMPTION

Businesses that buy or lease qualifying capital equipment (machinery and equipment used in manufacturing) for use in Minnesota are eligible for an up-front exemption from Minnesota state and local sales or use.

WORKFORCE DEVELOPMENT & TRAINING

MINNESOTA JOB SKILLS PARTNERSHIP

The Minnesota Job Skills Partnership (MJSP) program works with businesses and educational institutions to train or retrain workers, expand work opportunities and keep high-quality jobs in the state. The goal is to target short-term training for full-time employment in the growth sectors of the state's economy.

MJSP offers grants through a variety of programs to offset training-related expenses incurred by business, industry and educational institutions to meet current and future workforce needs.

Other training options include the Pathways Program and the Low-Income Worker Training Program. In addition to its flagship program, MJSP offers assistance to businesses for training low-income individuals.

Eligibility

Training projects pair at least one public or private accredited Minnesota educational institution and one business, with the exception of the Low-Income Worker Training Program option. That program provides grants to Minnesota public, private or nonprofit entities that provide employment services to low-income individuals.

Additional eligibility and project requirements apply.

Benefits

The main grant option, the Partnership Program, provides up to \$400,000 for training new workers and existing employees of participating businesses.

For more information

mn.gov/deed/mjsp

JOB TRAINING INCENTIVE PROGRAM

Grant funds may be used for direct training costs for training provided in-house; by institutions of higher education; by federal, state, or local agencies; or private training or educational providers.

Eligibility

The business must be located in Greater Minnesota.

The new jobs must pay wages at least equal to 120% of federal poverty guidelines for a family of four, plus benefits. For 2023, this is \$36,000 per year. The new jobs must also provide at least 32 hours of work per week, for a minimum of nine months per year.



The business must be able to demonstrate that its training needs cannot be met through a Minnesota Job Skills Partnership grant.

Additional eligibility and project requirements apply.

Benefits

This program provides grants of up to \$200,000 to new or expanding businesses for the purpose of training new workers as quickly and efficiently as possible.

For more information

mn.gov/deed/mjsp

DUAL TRAINING COMPETENCY GRANTS

The Dual Training Program is a collaborative of the Minnesota Department of Labor and Industry (DLI), The Office of Higher Education (OHE) and DEED. The Program will provide grants to employers or organizations representing the employer to train employees in achieving the competency standard for an occupation identified by the Commissioner of DLI.


Dual training intends to build on the PIPELINE Project at DLI which convened four industry councils with representatives from higher education, industry, labor and employers. The councils develop competency standards and identify models Minnesota's education providers can use to develop the training needed to meet the competency standards. To date, the four industries councils include advanced manufacturing, information technology, agriculture and healthcare services.

Eligibility

Employers, or organizations representing employers, invest to train employees in a competency standard identified by the DLI. The maximum grant is \$150,000 per application based on a maximum of \$6,000 per trainee. Matching funds may be required.

For more information

www.dli.mn.gov/pipeline



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