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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3599**

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The bill was read for the first time and referred to the Higher Education and Work Force Development Policy and Finance
Division

1.1 A bill for an act
1.2 relating to economic development; requiring a standard business subsidy
1.3 agreement for the JOBZ program; amending Minnesota Statutes 2006, section
1.4 469.310, subdivision 11.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 469.310, subdivision 11, is amended to
1.7 read:

1.8 Subd. 11. **Qualified business.** (a) A person carrying on a trade or business at a
1.9 place of business located within a job opportunity building zone is a qualified business
1.10 for the purposes of sections 469.310 to 469.320 according to the criteria in paragraphs
1.11 (b) to ~~(f)~~ (h).

1.12 (b) A person is a qualified business only on those parcels of land for which the
1.13 person has entered into a business subsidy agreement, as required under section 469.313,
1.14 with the appropriate local government unit in which the parcels are located.

1.15 ~~(c) Prior to execution of the business subsidy agreement, the local government~~
1.16 ~~unit must consider the following factors:~~

1.17 ~~(1) how wages compare to the regional industry average;~~

1.18 ~~(2) the number of jobs that will be provided relative to overall employment in the~~
1.19 ~~community;~~

1.20 ~~(3) the economic outlook for the industry the business will engage in;~~

1.21 ~~(4) sales that will be generated from outside the state of Minnesota;~~

1.22 ~~(5) how the business will build on existing regional strengths or diversify the~~
1.23 ~~regional economy;~~

1.24 ~~(6) how the business will increase capital investment in the zone; and~~

2.1 ~~(7) any other criteria the commissioner deems necessary~~ The commissioner shall
2.2 prepare a standard business subsidy agreement to be used for all subsidies. For each
2.3 proposed subsidy, the commissioner shall execute an agreement between the applicant, the
2.4 business, and the department. The agreement must contain specific commitments for job
2.5 creation, retention, and capital investment.

2.6 (d) A person that relocates a trade or business from outside a job opportunity
2.7 building zone into a zone is not a qualified business unless the business meets all of the
2.8 requirements of paragraphs (b) and (c) and:

2.9 (1) increases full-time employment in the first full year of operation within the job
2.10 opportunity building zone by a minimum of five jobs or 20 percent, whichever is greater,
2.11 measured relative to the operations that were relocated and maintains the required level of
2.12 employment for each year the zone designation applies; and

2.13 (2) enters a binding written agreement with the commissioner that:

2.14 (i) pledges the business will meet the requirements of clause (1);

2.15 (ii) provides for repayment of all tax benefits enumerated under section 469.315 to
2.16 the business under the procedures in section 469.319, if the requirements of clause (1) are
2.17 not met for the taxable year or for taxes payable during the year in which the requirements
2.18 were not met; and

2.19 (iii) contains any other terms the commissioner determines appropriate.

2.20 (e) The commissioner may waive the requirements under paragraph (d), clause (1),
2.21 if the commissioner determines that the qualified business will substantially achieve
2.22 the factors under this subdivision.

2.23 (f) A business is not a qualified business if, at its location or locations in the zone,
2.24 the business is primarily engaged in making retail sales to purchasers who are physically
2.25 present at the business's zone location.

2.26 (g) A qualifying business must pay each employee compensation, including benefits
2.27 not mandated by law, that on an annualized basis is equal to at least 110 percent of the
2.28 federal poverty level for a family of four.

2.29 (h) A public utility, as defined in section 336B.01, is not a qualified business.