



**FARGO
MOORHEAD**
ECONOMIC DEVELOPMENT

smartbook

FALL 2023



INCENTIVES, WORKFORCE PROGRAMS & FINANCING



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2023

INCENTIVES, WORKFORCE PROGRAMS & FINANCING

Most of North Dakota's economic development tools and incentives are targeted toward primary-sector businesses. Legislation for several of these incentives specifies that a business must be certified as a primary-sector business by the Economic Development & Finance Division of the N.D. Department of Commerce. Certification does not guarantee receipt of any incentive, but being certified as a primary-sector business can be an important first step in the process.

A primary-sector business is defined as an individual, corporation, limited liability company, partnership, or association which through the employment of knowledge or labor adds value to a product, process, or service that results in the creation of new wealth. Primary-sector businesses typically include manufacturing, value-added ag/food processing, and technology-based services where a vast majority of revenue is generated from clients outside of North Dakota. The term may include some back office, corporate headquarters and tourism but does not include production agriculture.

Eligibility requirements for Minnesota's economic development tools and incentives will vary by program. A wide variety of businesses may qualify. Some state incentives are often tied to wage and job creation goals. Eligibility may be determined through the Minnesota Department of Employment and Economic Development (DEED) or the local governing municipality.

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Please contact the Greater Fargo Moorhead EDC for assistance with any incentives or programs. Our organization is happy to provide you with additional information or to act as the pass-through entity when applicable.

CASS COUNTY & NORTH DAKOTA TAX INCENTIVES

➤ **CORPORATE INCOME TAX EXEMPTION**

Newly established primary-sector businesses, or expansions of existing primary-sector businesses, are eligible for a five-year exemption from North Dakota state corporate income taxes. In the case of an expansion project, only the net income attributable to the expanded portion of the business is eligible for exemption.

➤ **PROPERTY TAX EXEMPTION**

A qualifying primary sector project may receive a complete or partial exemption from ad valorem taxation for up to ten years on new or existing buildings or structures used in the qualifying project. Tax incentives may not be granted for land. Buildings in a Tax Increment Financing district are not eligible for the property tax exemption. As a new business to our community, you may be eligible for a 5-year, 100% property tax exemption, or if leasing, exemption benefits could be reflected in your lease rates with the building owner.

➤ **SALES & USE TAX EXEMPTION**

North Dakota provides sales tax exemptions for equipment and materials used in manufacturing and other targeted industries. A new or expanding plant may be exempt from sales and use tax on purchases of machinery or equipment used for manufacturing, ag commodity processing or recycling. The expansion must increase production volume, employment, or the types of products that can be manufactured or processed.

Other exemptions narrower in scope are also available including the construction of ag processing or energy generating facilities as well as coal mine and biodiesel fuel equipment.

➤ **21ST CENTURY MANUFACTURING WORKFORCE INCENTIVE**

(AUTOMATION TAX CREDIT) - 15% tax credit on equipment and technology used to automate a manufacturing process to improve job quality or increase productivity. To qualify, the machinery and equipment must upgrade or advance a manufacturing process in this state, which leads to a 5% increase in average wages, workforce safety or output. There is a \$3 million cap per calendar year. \$500,000 dollars is designated for credits claimed by first-time claimants for manufacturing machinery and equipment for the purpose of automating manufacturing processes. If more than \$500,000 for first-time claimants or \$3 million is claimed in aggregate, the actual amount each taxpayer will receive will be a pro rata share of the 15% based on the total claims.

➤ **RESEARCH EXPENSE INCOME TAX CREDIT (R&D TAX CREDIT)**

Income tax credit for conducting research in North Dakota. The credit is equal to a percentage of the excess of qualified research expenses in North Dakota over the base amount in North Dakota. "Qualified research expenses" and "base amount" have the same meaning as defined under federal income tax law (I.R.C. § 41). The applicable percentage is 25% for the first \$100,000 of excess expenses in a tax year. The applicable percentage for excess expenses over \$100,000 in a year is 8%.

➤ **INTERNSHIP EMPLOYMENT TAX CREDIT**

An individual, estate, trust, partnership, corporation, or limited liability company is allowed an income tax credit for employing an individual under an internship program located in North Dakota. The credit is equal to 10% of the compensation paid to the intern. This credit is allowed for up to five interns employed at the same time. An employer is allowed no more than \$3,000 of credits for all tax years.



➤ **ANGEL INVESTOR INVESTMENT CREDIT**

An income tax credit is available to individuals who set up a North Dakota angel fund for the purpose of pooling their monies to make qualified investments in qualified businesses. For purposes of this credit, a qualifying individual is referred to as an angel investor. To participate in this credit program, both the angel fund and qualified business must be certified by the Department of Commerce Division of Economic Development and Finance. The credit is equal to the angel investor's contribution to the total amount invested by the angel fund multiplied by the applicable credit rate. The applicable credit rate is 35% for an in-state qualified business and 25% for an out-of-state qualified business. The maximum credit allowed to an angel investor for all qualified investments made in a tax year is \$45,000. An unused credit may be carried forward up to 5 tax years. An angel investor is allowed no more than \$500,000 of credits under the program.

➤ **APPRENTICESHIP INCOME TAX CREDIT**

Can be applied against the income tax liability for qualified compensation paid to an apprentice employed in this state by the taxpayer. The amount of credit is limited to 10% of the stipend or salary paid to an apprentice employed by the taxpayer. The total amount of credits allowed to a taxpayer may not exceed \$3,000 in total credits for all taxable years combined. The tax credit can be applied to a max of five apprentices employed by the taxpayer at the same time.

➤ **BIOLOGIC INPUTS SALES TAX EXEMPTION**

Provides a sales and use tax exemption for raw materials, single-use product contact systems, and reagents used for biologic manufacturing.

➤ **SEED CAPITAL TAX CREDIT**

An individual, estate, trust, partnership, corporation or limited liability company is allowed an income tax credit for investing in a seed capital qualified primary-sector business. The credit is equal to 45% of an investment with no more than \$112,500 allowed in any taxable year. The unused credit may be carried forward up to four years.

Only the first \$500,000 of eligible investments in a certified business is eligible for the tax credit. The total amount of tax credits allowed for investments made in all certified businesses in any calendar year is limited to \$3.5 million.



CASS COUNTY & NORTH DAKOTA WORKFORCE PROGRAMS

› OPERATION INTERN

Operation Intern is a grant program, designed to expand the number of internships, work experience and apprenticeship positions with North Dakota employers. The focus of the program is the creation of new internships and apprenticeships within the state's targeted industries including Energy, Advanced Manufacturing, Value-Added Agriculture, Tourism, Technology-Based Businesses, to include Cybersecurity, and Healthcare and other in-demand occupations. Employers can access up to \$4,000 of matching funds for each student, with a maximum of 5 interns per year. Total maximum award per intern is \$8,000. Operation Intern awards require a one-to-one match from each employer receiving funds.

The maximum amount of Operation Intern funds an employer can receive is \$20,000 per funding round or \$40,000 per biennium. Employers will be limited to a maximum of 5 interns each funding round. This biennium will have two funding rounds. The next funding round will be from May 1, 2024 thru June 30, 2025.

Applications will be accepted starting on Feb. 1, 2024.

› CAREER BUILDERS SCHOLARSHIP AND STUDENT LOAN REPAYMENT

This program is a tool for business to recruit and retain talent in high-need and emerging occupations in the state. This unique partnership provides \$1 of state funds for each \$1 of private-sector matching funds, up to a total of \$17,000 per recipient! The high-need and emerging occupations list is reviewed annually to determine qualifying positions. Individuals can receive a scholarship on the front end, loan repayment on the back-end, or both, for their commitment to the state to fill one of the high-need occupations.

› NORTH DAKOTA NEW JOBS TRAINING PROGRAM

Program offers incentives to primary sector businesses that are creating new full-time employment opportunities through business expansion, creation and/or relocation to the state. Funding is provided to help offset the cost of training new employees.

Under the North Dakota New Jobs Training Program, your business may be able to obtain funds in the form of a reimbursement grant through the GFMEDC as the grantor. State income tax withholding from the new positions created are matched for up to ten years or until the maximum reimbursement is reached, whichever comes first.

A North Dakota New Jobs Training Preliminary Agreement establishes the effective date for a project and must be in place prior to the start date of any new employee. To qualify, the business must agree that all the new jobs created will be paying a minimum of \$10 per hour plus benefits within the first 12 months of employment.



CASS COUNTY FINANCIAL RESOURCES

➤ **NORTH DAKOTA OPPORTUNITY FUND**

The program offers rates ranging from 4% to market rate. Eligible uses include construction, equipment, term working capital, real estate, and interim SBA 504 loans. Loan proceeds will not exceed \$1 million and must not exceed more than 50% of the proposed project costs. This fund is typically used as a gap financing tool to lower the borrower equity portion and/or the lead lender's total loan exposure; and may be used as the "community" partner with the Bank of North Dakota Flex PACE program. The program is administered by Lewis & Clark Development Group.

➤ **AG PRODUCTS UTILIZATION (APUC)**

Creates new wealth and employment opportunities through the development of new and expanded uses of North Dakota's agricultural products through a grant program. There is no set limit on the grant size but total available funds are limited. Grantee must provide a 25% match.

Applicants are invited to present their proposals to the Commission on a quarterly basis. Fifteen minutes are allowed for each presentation, followed by five minutes of question and answer. The first 15 qualified presentations will be heard each quarter. The deadlines for submitting applications are: January 1, April 1, July 1 and October 1.

A maximum of 15 qualifying applicants present funding proposals on a quarterly basis for the following grant categories:

- Basic and Applied Research
- Marketing and Utilization
- Farm Diversification
- Technical Assistance
- Nature Based Agri-Tourism
- Prototype Development & Technology

➤ **GROWTH INITIATIVE FUND (GIF)**

The Growth Initiative Fund (GIF) is a revolving loan fund managed and administered by the GFMEDC. While the primary function has been serving as the community portion of the Bank of North Dakota's PACE & Flex PACE program, a portion of the GIF's funds are available to assist rapidly growing companies and startup companies targeted as emerging sectors by the GFMEDC. Projects will be considered on a case-by-case basis.

➤ **COMMUNITY DEVELOPMENT LOAN FUND (CDLF)**

These funds are awarded to communities for real property, site improvements and infrastructure, and can fund working capital. They are designed to assist primary sector and retail sector businesses looking to establish or expand in communities which can be debt or equity. This program can be structured in a number of ways, which could include low interest and no interest loans, forgivable loans and grants. CDLF provides flexible financing options for new and existing businesses in the region with the exception of businesses located within the city of Fargo. A city or county must apply for this program on behalf of a for-profit business. The CDBG requires that projects must create or retain jobs in order to receive funding, which is based on a maximum of \$35,000 per job. The total maximum loan amount is \$500,000. Borrowers must provide a 10% equity contribution. Loan funds are typically subordinated to bank financing since CDLF funding is limited to 50 percent of the total project costs.



► LEGACY INVESTMENT FOR TECHNOLOGY LOAN FUND (LIFT)

LIFT is a 0% interest loan fund (for 3 years) established for the purpose of providing financing for commercialization of intellectual property within the State of ND. LIFT is administered by the North Dakota Department of Commerce in conjunction with the Bank of North Dakota to fund applied research, experimentation, or operational testing within several target diversification sectors in North Dakota.

- Advanced computing and data management
- Agriculture technology
- Autonomous and unmanned vehicles and related technologies
- Energy
- Health care
- Value-added agriculture
- Value-added energy
- Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy.

LOAN TERMS:

- Zero percent interest and no required payments for the first three years of the loan
- Two percent interest, with monthly interest payments, for the next two years of the loan
- All principal due at maturity, at the end of five years
Upon approval by the Bank of North Dakota, the loan may be refinanced at the beginning of year six, at an interest rate equal to a standard Bank of North Dakota loan for all subsequent years.

Approval for the LIFT fund applications shall be made by the LIFT Fund Committee with consideration given to the following:

- Deliver applied research, experimentation or operational testing in one or more of the diversification sectors to create information or data to enhance North Dakota companies or industries or companies making investments in North Dakota.
- Lead to the commercialization or patent of an innovation technology solution, or
- Result in the development of a new company or expansion of an existing company that will diversify the state's economy through new products, investment, or skilled jobs.

Applicants meeting these criteria are encouraged to apply. Applications will be reviewed by the Department of Commerce to ensure they meet the criteria outlined in the legislation, and then turned over to the Committee for approval or rejection on a monthly basis.

If approved, the applicant will work with the Bank of North Dakota to structure and establish the loan and access the funds.

► BIOSCIENCE INNOVATION GRANT PROGRAM (BIG)

The purpose of the BIG program is to foster the growth of the bioscience industry in the state. Applicants applying should focus on one or more of the following areas:

- Supporting biotechnology innovation and commercialization in areas including:
 - Crop genetics;
 - Biofuels;
 - Biomaterials;
 - Biosensors and biotechnology in relation to food, nutrition, animals, humans, equipment, medical and health products and services;
 - Medical diagnostics;
 - Medical therapeutics; and
 - Farm-based pharmaceuticals;
- Promoting the creation of bioscience jobs in the state to be filled by graduates from institutions under the control of the state board of higher education;

- Encouraging the development of new bioscience technologies and bioscience startup companies in the state;
- Leveraging the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production;
- Promoting bioscience research and development at institutions under the control of the state board of higher education;
- Encouraging coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

Applicants must have a minimum of fifty percent match of the grant funds received.

FINANCIAL RESOURCES (CONTINUED)

➤ **AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND (ADD)**

Provides interest rate buydowns and grants up to \$1 million to support new or expanding value-added agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs, and grow the state's economy. Value added agriculture businesses include food production or processing facilities; feed or pet food processing facilities; commodity processing facilities; agriculture product manufacturers; and animal agriculture production facilities, including swine, poultry, dairy, and feed lot production facilities. Businesses with a majority ownership comprised of North Dakota residents will have priority over majority non-North Dakota-owned applications. Companies outside North Dakota must have an established relationship with a North Dakota partner which includes individual, company or agency to validate the credibility of the proposal and comply with the intent of the Code. The Committee reserves the right to increase or decrease requested funding based on its findings and on its level of available funds.

➤ **NORTH DAKOTA GROWTH FUND**

The North Dakota Growth Fund ("NDGF") is a \$100 million multi-stage investment fund that will seek to invest in North Dakota businesses and entrepreneurs. NDGF was created to further advance innovation and private markets investments in North Dakota by seeking investments that provide strong risk-adjusted returns and support the growing entrepreneurial ecosystem in the State. NDGF will do this by making targeted investments with venture capital, private credit (including venture debt), private equity, growth equity, infrastructure and real assets opportunities with a nexus to the State of North Dakota. NDGF's fund investment portfolio will be diversified across vintage, stage, sector, geography and strategy. Portfolio funds include Badlands Capital, gener8tor 1889 Fund, Homegrown Capital, Lewis & Clark Agrifood and Longwater Opportunities.

➤ **ANGEL MATCH PROGRAM (AMP)**

North Dakota launched the AMP to support early-stage primary sector businesses by matching investor commitments up to \$250,000 per business. Businesses may apply for funds if the total financing round is \$2 million or less. Investors may be individuals, LLCs, businesses, trusts, or an investment fund. Investors must be in, and remain in, compliance with state and federal securities laws, and invest only in qualified businesses that are issuing securities in compliance with state and federal securities laws.

➤ **WONDER FUND NORTH DAKOTA**

\$45 million direct investment program providing early-stage investment opportunities for financial and operational growth. Funds from the program will be used to invest in early-stage businesses headquartered in North Dakota with less than 500 employees and will consider companies based outside the state if their product and service have a material impact on North Dakota. The program is administered by O'Leary Ventures.

➤ **STEP ND GRANT PROGRAM: EXPORT ASSISTANCE**

Provides financial and technical assistance to qualifying small businesses with an active interest in exporting products or services to foreign markets

The North Dakota Trade Office allocates funds to approved companies on a rolling basis. Funds will be used to assist eligible companies for reimbursement of 75% of eligible costs up to \$5,000 per activity.

➤ **GENER8TOR ACCELERATOR**

The gener8tor accelerator provides a \$100,000 investment and concierge-approach over a 12-week program for 5-6 high growth startups per cohort. In addition, their gBETA is a free 7-week program for early-stage companies, providing coaching, mentoring, meetups, pitch opportunities and more.

➤ **WEST FARGO ENTERPRISE GRANT (WEST FARGO ONLY)**

The City of West Fargo targeted development program provides the use of public funds to leverage private investment for interior and exterior improvements to commercial properties located within the city. The program applies to all commercial property that is located within the targeted redevelopment area downtown. The program is intended to encourage property owners and business tenants of properties to undergo projects which are transformational with respect to use, which must be consistent with the vision of the West Fargo 2.0 comprehensive plan, or lifespan of the building not just maintenance of the property. Interested parties may apply for a grant not to exceed \$75,000. To qualify for the entire \$75,000 the applicant must have at least \$150,000 of qualifying expenses that are approved by the West Fargo Economic Development Advisory Committee (EDAC) and City Commission. Projects will be considered on a prorated basis, the grant is eligible for up to 50% of the qualified expenses.

➤ **NORTH DAKOTA DEVELOPMENT FUND**

The fund provides “flexible financing” through loans and equity investments not available from most conventional lenders and is available to primary sector business. The fund is a source of financing whose funds can be subordinated to a company’s lead lender. If a business can’t handle added debt, the Development Fund can take an equity financing position. The fund invests up to \$3,000,000 per borrower, based on the project and job requirements. Examples of eligible funding uses include purchasing real estate or equipment, providing working capital or purchasing inventory. The purpose is to provide the proper risk/return consideration in keeping with the legislative intent of the Fund. The fund considers projects that are feasible and have a reasonable chance of succeeding.

➤ **CLEAN AND SUSTAINABLE ENERGY AUTHORITY (CSEA) GRANT PROGRAM**

Offers financial support in the form of grants or loans to support projects proposing research, development, and technological advancements for large-scale development and commercialization of projects, processes, activities and technologies that reduce environmental impacts and/or increase sustainability of energy production and delivery.

➤ **INNOVATE ND**

A state funded voucher reimbursement program to help North Dakota entrepreneurs further their business by supporting customer and market research. Each participant is eligible for up to \$22,500 in reimbursable expenses to be paid through the Entrepreneur Center. There are two phases offering \$7,500 and \$15,000, respectively in reimbursable expenses. The participant has up to three months per phase, for a total of six months to complete all requirements of the program.

➤ **RENEWABLE ENERGY PROGRAM**

The Program’s responsibilities include providing financial assistance as appropriate to foster the development of renewable energy and related industrial use technologies including, but not limited to, wind, biofuels, advanced biofuels, biomass, biomaterials, solar, hydroelectric, geothermal, and renewable hydrogen through research, development, demonstration and commercialization. In addition the Program shall promote research and utilization of renewable energy co-product utilization for livestock feed, human food products and industrial use technologies.

\$3,000,000 of funding be made available each biennium to the Renewable Energy Fund from the Resources Trust Fund. Grant round deadline dates will be February 1 and August 1 of each year.

CASS COUNTY FINANCIAL RESOURCES (CONTINUED)

► BANK OF NORTH DAKOTA PROGRAMS

The Bank of North Dakota (BND) is the only state-run bank in the United States. Its commercial lending program serves the credit needs of the state and are made on a sound and collectible basis. All business loans are made in participation with a lead lender. The lead lender completes and submits an application requesting BND's participation.

	ACCELERATED GROWTH LOAN	PACE & FLEX PACE	MATCH
borrower	ND business	Primary sector business	Primary sector business
funding limit	\$3,000,000 by BND	up to BND lending limit	up to BND lending limit
BND participation requirements	Lead lender required - BND Participation up to 90%	Lead lender required - BND must participate at 50%-80% of total loan	Lead lender required
use of proceeds	Working capital, equipment, real property, refinancing	Term working capital, equipment, real property	Real estate, term working capital, purchase or lease equipment
interest rate	Variable rate is 2% above prime	5% below yield rate and not less than 5% below Prime with a floor of 1%	BND's portion is 0.25% over the 1-5 year US Treasury rate with a 2% floor
term	Max term is 10 years	Averages: working capital 1-5 yrs, equipment 5-7 yrs, real estate 12-15 yrs	Averages: working capital 1-5 yrs, equipment 5-7 yrs, real estate 12-15 yrs
collateral	Evaluated on a loan-by-loan basis	First security interest on acceptable business assets	First security interest on acceptable business assets and corporate guarantee
equity requirements	Case-by-case	Based on project and management	No minimums, based on project and management
personal guarantee	Yes	Yes	Corporate guarantee from parent if borrower is a subsidiary
credit criteria	Based on borrower and project	Based on borrower and project	Borrower must have a long-term credit rating of "A" or better, or its equivalent.
qualifications	Company anticipates a min. growth in sales of 15% over 3 years; OR a sales record showing min. monthly recurring revenues of \$50,000 per month.	PACE: BND buydown is based on either the total investment OR the number of jobs created. Flex PACE: Determined by community fund.	Project must demonstrate a significant impact on the state's economy.
miscellaneous	Have a record of proven operations, experienced management and the ability to generate cash flow but have limited assets for traditional bank financing	Maximum BND buydown is \$500,000 per biennium per borrower.	Bank line of credit may be substituted for "A" credit rating.



CLAY COUNTY & MINNESOTA TAX INCENTIVES

➤ **BORDER CITIES ENTERPRISE ZONE**

Qualifying businesses that locate or expand in Dilworth or Moorhead are eligible for tax reductions under the Border Cities Enterprise Zone legislation. Potential tax reductions are determined at the city level and may include: refundable sales tax credit for the tax paid on construction materials, supplies and equipment consumed in the zone; corporate income tax credit; new job credit; property tax exemption and disparity reduction credits; and credits to offset workers compensation costs.

WORKERS COMPENSATION REBATE PROGRAM

This program offers to reimburse 25% of annual workers compensation expenses. Participating businesses submit an application each year to receive a credit for a percentage of the actual cost of workers' compensation insurance.

A 25% credit of the actual workers' compensation expense is available for qualifying companies in Moorhead with a \$30,000 program cap per company per year.

MOORHEAD EMPLOYEE CREDIT

- Moorhead may offer up to a \$1,500 credit per employee with a cap of \$150,000.
- This is a fully refundable credit available for the first two years of operation

➤ **CAPITAL EQUIPMENT EXEMPTION**

Minnesota provides opportunities for up-front sales and use tax exemptions for the purchase of capital equipment and utilities used in a production process. Specific qualifying capital equipment may be eligible for an exemption of the sales tax on the equipment. To qualify for the exemption, the equipment must be used for one of the following:

- To manufacture, fabricate, mine, or refine products that are ultimately sold at retail
- To electronically transmit information sold to retail customers from an online database
- To generate electricity or steam to sell at retail

➤ **PROPERTY TAX INCENTIVES**

Local or county government agencies may use a property tax abatement/exemption or tax increment financing to help finance certain economically beneficial projects. A qualifying project and the level of abatement will vary depending on the community.

➤ **MINNESOTA'S ANGEL TAX CREDIT**

Minnesota provides a 25 percent credit to investors or investment funds that make equity investments in startup companies focused on high technology, new proprietary technology, or a new proprietary product, process or service in specified fields. The maximum credit is \$125,000 per person, per year (\$250,000 if filing jointly). The credit is refundable. Residents of other states and foreign countries are eligible. The amount of available credits will vary on the year and some credits may be reserved for minority- and women-owned businesses, as well as businesses located in Greater Minnesota ("targeted businesses"), until a particular point in the year.



➤ **SEED CAPITAL INVESTMENT PROGRAM**

The Seed Capital Investment Program provides tax incentives for investing in innovative business located in the Minnesota border cities including Dilworth and Moorhead. Investors may receive a 45 percent tax credit on their investment, up to \$112,500 per year. The credit is non-refundable and may be carried forward up to four years.

➤ **LAUNCH MINNESOTA**

The Innovation Grant reimburses business expenses, incurred in Minnesota, for research and development, direct business expenses (including wages of employees, but not salaries or wages of 20% or more owners of the business or their family members), and the purchase of technical assistance and services. Qualifying businesses may receive grants up to \$35,000, which are disbursed on a 2:1 reimbursement basis (grantee spends \$2, then gets reimbursed \$1).

The Minnesota SBIR/STTR Matching Grant provides funding to Federal SBIR/STTR first time Phase 1 and Phase 2 awardees. Qualifying businesses receive grants based on sliding scale of their Federal award up to \$35,000 for Phase 1 awards and up to \$50,000 for Phase 2 awards. Applicants may receive one grant per biennium.

➤ **GREATER MINNESOTA JOB EXPANSION PROGRAM**

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 business' certification period. The program is available for eligible existing businesses located in Greater Minnesota that meet eligibility requirements including specified job creation and wage level, and are approved by DEED. 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.



➤ **CAPITAL EQUIPMENT EXEMPTION**

An up-front sales tax exemption on eligible capital equipment purchases. To qualify for the exemption, the equipment must be used for one of the following: To manufacture, fabricate, mine, or refine products that are ultimately sold at retail; To electronically transmit information sold to retail customers from an online database; To generate electricity or steam to sell at retail.

➤ **RESEARCH AND DEVELOPMENT TAX CREDITS**

The State of Minnesota offers partnership and S corporation businesses tax credits based upon their R&D expenditures. The tax credit for R&D expenditures is 10 percent, up to the first \$2,000,000 in eligible expenses, and 4% for expenses above that level. This credit is nonrefundable. You may carry forward up to 15 years any credit amount you are not able to claim in the current year.

➤ **DATA CENTER TAX CREDIT**

Companies that build new data or network operation centers of at least 25,000 square feet and invest \$30 million, or refurbish an existing center of at least 25,000 square feet and invest \$50 million, qualify for sales tax exemptions for 20 years on computers and servers, cooling and energy equipment, energy use and software, and they pay no personal property tax ever. Companies have 48 months to complete a new center and 24 months to complete a refurbished center.



CLAY COUNTY & MINNESOTA

WORKFORCE PROGRAMS

› MINNESOTA JOB SKILLS PARTNERSHIP

The Minnesota Job Skills Partnership (MJ SP) program was created to join Minnesota businesses and schools in developing a competitive workforce. The program provides grants up to \$400,000 to one or more education institutions to supply new job training or retraining to existing employees. Funds awarded by the program may be used for training-related costs such as curriculum development, instruction, training materials and supplies, training equipment, and instructor travel. Participating businesses must match grant amounts on at least a one-to-one basis.

› MINNESOTA PATHWAYS PROGRAM

The Pathways Program is designed to act as a catalyst between business and education in developing cooperative training projects that provide training, new jobs and career paths for people who have incomes at or below 200% of the federal poverty guidelines or those who are making a transition from public assistance to work.

Grants of up to \$400,000 are awarded to accredited Minnesota educational institutions and workforce development intermediaries partnering with businesses within the state. Preference will be given to projects that provide employment with benefits and/or with defined career paths. Further preference will be given to projects that demonstrate the active participation of local human service agencies or nonprofit organizations that provide employment and training services. All projects must have at least one educational institution and one business working together. Funds may be used for educational infrastructure improvements necessary to support businesses located or intending to locate in Minnesota. Requests for wage subsidies and tuition reimbursements are ineligible. A cash or in-kind contribution from the contributing business must match Pathway funds on at least a one-half-to-one ratio.

› JOB TRAINING INCENTIVE PROGRAM

Provides grants of up to \$200,000 to new or existing business for the purpose of training new workers as quickly and efficiently as possible. 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 providers. The new jobs must pay wages at least equal to 120% of federal poverty guidelines for a family of four. 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. Businesses are required to match the grant on a one-half-to-one basis.

› LOW INCOME WORKER TRAINING PROGRAM

Helps workers whose incomes are at or below 200 percent of the federal poverty guidelines gain new skills necessary to move up the career ladder to higher paying jobs and greater economic self-sufficiency. The program provides grants of up to \$200,000 to public, private, or nonprofit entities that provide employment services to low-income individuals. Grant funds may be used to pay for job-specific skills training, and may also be used for training-related materials and supplies and for training-related certification or test fees. When a need is adequately demonstrated, up to 10% of the direct training costs may be requested for operating costs directly related to project coordination. Allowable operating costs include costs associated with recruitment, screening and referral of program participants, along with costs for completing program reporting requirements.



› AUTOMATION TRAINING INCENTIVE PROGRAM

This program provides grants of up to \$35,000 to existing businesses for the express purpose of training incumbent workers as quickly and effectively as possible on new automation technology. The program is available to existing businesses located in Greater Minnesota that are investing in new automation technology at the project location. Training is for existing, full-time jobs paying at least 120% of federal poverty guidelines. Funds may be used to pay direct training costs for existing workers including trainee wages for on-the-job training, curriculum development, delivery of training, materials and supplies, training equipment and facilities, and trainer travel and lodging costs. Funds may also be used for assessment, testing and certification costs. Training may be provided in-house, by institutions of higher education, by federal, state, or local agencies, by consultants, or equipment vendors.

› DUAL TRAINING PIPELINE GRANTS

Provides grants to employers to train employees in achieving the competency standard for an occupation identified by the Commissioner of DLI. Maximum grant is \$150,000 per application based on a maximum of \$6,000 per trainee for a maximum of four years per employee.

- Matching funds may be required. Dual-training grants can be used to meet competency standards in the following industries and occupations:
- Advanced manufacturing – Machinist/CNC operator, logistics and supply chain manager, etc.
- Agriculture – Agronomist, grain merchandiser, etc.
- Health care services – LPN, medical lab assistant, radiologic technician, etc.
- Information technology – security analyst, software developer, web developer, etc.

› SCITECH INTERNSHIP PROGRAM

SciTech connects STEM college students (science, technology, engineering and math) to paid internships that provide rewarding hands-on experience in small Minnesota businesses. Companies receive assistance finding qualified candidates and a \$1:\$1 wage match to cover 50% of the intern's wages (capped at \$2,500) when they hire a student through SciTech.





CLAY COUNTY & MINNESOTA FINANCIAL RESOURCES

➤ MINNESOTA INVESTMENT FUND

Provides grants that create and retain high quality jobs, with a focus on industrial, manufacturing and technology-related industries.

Grants are awarded to local units of government who provide loans to assist expanding businesses. All projects must meet minimum criteria for private investment, number of jobs created or retained, and wages paid. There is a maximum of \$500,000 per grant, and only one grant per state fiscal year can be awarded to any individual governmental unit. At least 50% of the total project costs must be privately financed through owner equity and other lending sources, and most applications that are actually selected for funding have around 70% private financing. Grant terms are for a maximum of 20 years for land and buildings and 10 years for machinery and equipment. Interest rates are negotiable.

➤ WEST CENTRAL INITIATIVE ACCESS TO CAPITAL

Makes it easier for banks to work with WCI for certain small business financing. WCI will match bank loan amount up to \$75,000; 100% LTV subordinated financing is available; low-interest fixed rate, 5-year balloon, amortization to match the bank; 3-day approval based on bank write up.

➤ WEST CENTRAL INITIATIVE BUSINESS AND INDUSTRY LOAN FUND

Used for loans from \$20,000 to \$300,000. Most of the loans in this fund are given to manufacturing businesses. WCI receives funds from several different sources for this loan program, and they all have different qualifying criteria for projects, businesses, startups and some retail businesses.



➤ AUTOMATION LOAN PARTICIPATION PROGRAM (ALPP)

Makes companion loans intended to fill gap financing needs for businesses purchasing machinery, equipment, or software to increase productivity and automation. Loans need to be made in conjunction with private financing, typically a bank, in an amount at least equal to the DEED loan. Loans may be up to \$500,000 with 1% interest on a 5 to 7-year term. Eligible borrowers include manufacturing, distribution, technology and warehousing businesses located in Minnesota. The program targets

➤ WEST CENTRAL INITIATIVE SMALL ENTERPRISE LOAN FUND (SELF)

Provides loans from \$1,000 to \$50,000, and includes smaller loans to businesses in the manufacturing or service sectors. A small number of loans are made to retail businesses that do not compete with others in their immediate trade area.

› **WEST CENTRAL INITIATIVE COMMUNITY-BASED COMPONENT FUNDS**

A number of Clay County communities offer their own community-based revolving loan funds through the West Central Initiative. They include Barnesville, Hawley and Moorhead; for more information on eligibility and funding, please contact our office. Clay County also operates the Clay County Loan Fund to assist businesses that demonstrate a financing gap and that most likely would not succeed without the fund's support. Specific use of loan funds could include machinery or equipment, real estate, working capital, inventory and related expenses and professional fees. The maximum loan amount is \$20,000 or 10% of the net assets of the fund, whichever is greater, and cannot surpass 50% of the total project cost.

› **STEP GRANT PROGRAM: EXPORT ASSISTANCE**

Provides financial and technical assistance to qualifying small businesses with an active interest in exporting products or services to foreign markets

Reimbursement of up to \$500 for export training that will result in the development of an export strategy or up to \$7,500 for approved export development activities. Companies may not apply for reimbursement for activities that have already taken place.

› **GROWTH LOAN FUND**

Supports start-up development in Minnesota by investing in technologically innovative seed- and early-stage businesses. Eligible companies must be researching or developing proprietary products or technologies in high-tech fields like aerospace, agriculture, renewable energy, biotech, conservation, environmental engineering, and food technology. Businesses must raise private equity in order to qualify for loans. Applicants state how much equity they intend to raise, then have 12 months to do so. If they achieve their goal, DEED will provide a loan based on 20% of the total amount of equity investment raised in the funding round. Loans range from \$100,000 to \$400,000

› **MN DIRECT INVESTMENT AND MULTI-FUND**

two venture capital programs offered by the University of Minnesota investing in Minnesota-based seed- and early-stage businesses in the advanced manufacturing, agtech/foodtech, climate tech, life sciences, software, and technology sectors.

› **MINNESOTA JOB CREATION FUND**

May provide up to \$1 million in grants to approved businesses after specified job creation and capital investment goals are achieved (5 jobs and \$250,000 capital investment are minimum levels for participation). Actual job creation and capital investment rebates are based on project parameters. In some cases, companies may receive awards of up to \$2 million.

› **GREATER MINNESOTA BUSINESS DEVELOPMENT INFRASTRUCTURE GRANT PROGRAM**

Helps stimulate new economic development through investments in public infrastructure. It provides grants to cities of up to 50 percent of the capital costs of the public infrastructure necessary to expand jobs in the area and create new capital investments in greater Minnesota communities. Applicants may receive no more than \$2,000,000 in two years for one or more projects for public infrastructure improvements. Cities must provide a match of at least 50% of the project capital costs.

› **MINNESOTA LOAN GUARANTEE PROGRAM (MNLGP)**

Provides loan guarantees to enrolled lenders for up to 80% of principal on loans to eligible businesses. The maximum loan guarantee amount is \$800,000. A fee of 0.25 percent of the guarantee amount is charged for each enrolled loan. The fee is waived for loans to qualified Socially and Economically Disadvantaged Individuals (SEDI)-Owned businesses and for loans with terms of less than one year. Borrowers must be Minnesota-headquartered small businesses using the loan proceeds for an eligible business purpose in Minnesota.

› **SMALL BUSINESS LOAN PARTICIPATION PROGRAM (SBLPP)**

DEED will purchase 25% to 30% participations in loans made by approved non-depository Community Development Financial Institution (CDFI) and nonprofit lenders. Lenders are responsible for all credit decisions and loan terms. Borrowers must apply directly with an approved lender. Purchased participations will range from \$10,000 to \$250,000. Loan proceeds must be used for eligible business purposes, which may include equipment purchases, working capital and startup costs, as well as real estate purchase, construction, renovation, or tenant improvements of an eligible place of business. Loans may not be used for passive real estate.



FARGO MOORHEAD

ECONOMIC DEVELOPMENT

Please note: While the information provided reflects a majority of the incentives and programs available, it does not list every program and incentive available in North Dakota and Minnesota. For a complete list of programs and incentives, including community-specific programs and incentives, please contact the GFMEDC at (701) 364-1900.



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