

# GREATER MINNESOTA ECONOMIC RECOVERY PLAN



*Disparities in income and educational attainment levels, population shifts and other demographic variables in greater Minnesota calls for a fresh look at job creation by rural legislators at the Capitol. Accordingly, the Coalition of Greater Minnesota Cities proposes the following roadmap for the 2012 legislative session to help boost job-creation in greater Minnesota.*

## **Protect and Restore Local Government Aid**

Cuts in Local Government Aid (LGA) lead to property tax increases on local businesses and cuts to local services. These property tax increases fall disproportionately on greater Minnesota businesses. CGMC opposes any additional cuts to LGA in 2012 and supports an increase for LGA beginning in 2013.

## **Workforce Development and Training**

- **Greater Minnesota Employer Internship Tax Credit - \$2.5 million/year for 3 years**  
Employers in greater Minnesota who hire a student enrolled at a four-year university/college or two-year technical/community college as an intern would receive a refundable tax credit for a percentage of the salary paid to the intern. Certain qualifications would be attached to the intern, as well as the employer. Additionally, the amount of the credit and number of credits issued would be limited and available on a first-come, first-serve basis. A report to the Legislature is required.
- **New Employees Job Training Program – Cost Unknown**  
A portion of a new employee's withholding tax is reinvested in the company to help pay for costs related to training of new employees. Businesses can use the funding to support its own training costs or contract with a training institution or private party to deliver the training. Applies to greater Minnesota businesses only. A report to the Legislature is required.

## **Entrepreneurial Enhancement**

- **Greater Minnesota Angel Investment Tax Credit Expansion – No Cost**  
Adjust angel investment tax credit statute to provide for 50% tax credit for investors in a qualified small business in greater Minnesota. The 25% tax credit in current law would remain for investments in Metro Area qualified businesses. Adjustment reflects significant shortage of investments in greater Minnesota since program's creation in 2010.

## Regulations/Permitting

- **Reform and Coordination of the Permitting Process – No Cost**  
Support legislative efforts designed to improve efficiency and coordination within the state regulatory permitting process. This involves the use of existing or new technologies to better track and process permits, as well as providing greater transparency and accountability. Emphasize public-private partnership opportunities with the State Chamber of Commerce and other groups.

## Infrastructure Development

- **Greater MN Business Development Public Infrastructure (BDPI) Grant Program - \$15 million (G.O.)**  
Request a \$15 million general obligation bond appropriation for the BDPI grant. Also, emphasize legislative or administrative solution allowing for receipt of BDPI grants where a city does not yet have a commitment from a tenant(s) at the industrial park.
- **Greater Minnesota General Bonding Program – at least \$350 million (G.O.)**  
2012 is a traditional bonding year at the Capitol. One-half of the bonding bill, or at least \$350 million, should be designated for various greater Minnesota infrastructure projects. This would include funding for higher education, economic development, and transportation. Estimated amount and projects loosely based on 2012 agency and local government capital investment requests submitted to the Department of Minnesota Management and Budget in June, 2011.
- **Greater Minnesota Interchange Program – \$35 million (T.H. Bonds)**  
Approximately \$35 million in trunk highway bonding for interchange projects in greater Minnesota where the interchange will promote economic development, increase employment and improve public safety. No project specifically earmarked. Repeal of Motor Vehicle Sales Tax exemption for collector cars will provide the revenue needed to pay for debt service on the trunk highway bonds. (Debt service is approximately \$3.6-3.7 million per year.)
- **Municipal Wastewater and Sewer Infrastructure Bonding - \$100 million/year for 2 years (G.O.)**  
General obligation bond request of \$200 million for a municipal wastewater and sewer infrastructure grant program. The grant would call for a local match of at least 25%. These resources would be in addition to the yearly Public Facilities Authority base request for funding of waste water and sewer projects. Funding would operate through the Wastewater Infrastructure Fund (WIF) fund, with modified eligibility criteria. The program is designed to address wastewater treatment facility improvement funding shortfalls, and incentivize project development.