



2012 CGMC Policy Positions: Economic Development

The growth of income disparities, educational attainment levels, population shifts and other variables in greater Minnesota demands a job-creation *call-to-action* by the 2012 Legislature. The Legislature – and greater Minnesota legislators in particular – need to expand and enhance greater Minnesota’s economic development and redevelopment toolbox. To help improve the economic climate and boost greater Minnesota’s economic recovery, the CGMC supports the following economic positions in the 2012 legislative session:

GREATER MINNESOTA ECONOMIC RECOVERY PLAN (NOT LISTED IN ORDER OF PRIORITY)

Workforce Development

- A. **Greater Minnesota Employer Internship Tax Credit**
CGMC supports legislation to enact an employer internship tax credit program. This program would provide small tax incentives to greater Minnesota employers to hire current 4-year or 2-year college students as interns in select, high-demand occupational fields.
- B. **Greater Minnesota New Employees Job Training Program**
CGMC supports legislation to enact a jobs training program for greater Minnesota businesses. This program would provide a loan from the state to certified employers for training new hire employees. The loan program would be financed by a portion of the new hire’s withholding tax. The legislation would allow a business to use the funding to support its own training costs or contract with a training institution or private party to deliver the training.

Entrepreneurial Enhancement

- A. **Greater Minnesota Angel Investment Tax Credit Expansion**
CGMC supports legislation to adjust the angel investment tax credit (Minn. Stat. §116J.8737) to provide for a 50% tax credit for investors in a qualified small business in greater Minnesota. The adjustment would reflect a significant shortage of investments in greater Minnesota since the program’s creation in 2010.

Regulations and Permitting

- A. **Minnesota’s state regulatory environment often fails to respond and process permit applications by local businesses, individuals, and other entities in a timely manner. The CGMC supports efforts to improve the existing state regulatory approval process. These efforts should emphasize improving coordination between agencies, enhancing transparency and access to information, strengthening accountability and fostering greater communication between local businesses and state regulatory agencies.**

To aid in these efforts, the CGMC encourages state lawmakers and the governor to

implement regulatory reform measures that maximize existing resources while utilizing new and existing technologies.

Infrastructure Development

A. Greater MN Business Development Public Infrastructure Grant (BDPI)

The BDPI grant provides financial assistance to local units of government to assist in funding public infrastructure vital for business expansion.

- a. CGMC supports a \$15 million or greater appropriation for the BDPI grant through the bonding process, with a heavy emphasis of grant awards targeted to greater Minnesota cities.
- b. CGMC supports the BDPI program as a stand-alone grant program open to only greater Minnesota.
- c. CGMC opposes any efforts to earmark or designate a portion of BDPI grant money to specific geographic areas or for specific uses.

CGMC supports legislation or administrative efforts to allow the awarding of BDPI grants to local units of government notwithstanding the identification and/or commitment of a tenant-business at the industrial park.

B. Greater Minnesota Bonding Bill

The CGMC encourages the state to make use of low construction bids, and historically low interest rates, by providing at least \$350 million in general obligation bonding for infrastructure projects in greater Minnesota. This includes projects related to higher education, economic development and transportation. Specific projects for funding should be based on, but not limited to, state agency and local government requests submitted to the Department of Management and Budget through the Fiscal Year 2012 capital budget request process.

C. Greater Minnesota Interchange Program

CGMC supports at least \$45 million in trunk highway bonding for a transportation and economic development interchange program in greater Minnesota. The interchanges must involve a trunk highway and promote economic development, increase employment and promote traffic safety.

CGMC supports additional revenue to service debt payments related to the additional trunk highway bonding authority.

D. Greater Minnesota Municipal Wastewater and Sewer Infrastructure Program

CGMC supports legislation creating a competitive grant program to fund the construction, reconstruction and improvement of municipal wastewater and sewer facilities in greater Minnesota. The purpose of the program is to address wastewater treatment facility improvement funding shortfalls and incentivize project development. The program should operate through the existing Wastewater Infrastructure Fund (WIF) process, with additional flexibility provided to allow for expanded grantees and the quick delivery of grant awards. Projects that have a demonstrated history of local funding support should be prioritized.

Additionally, the CGMC supports broadening the criteria for WIF grants in general to increase the number of eligible grant recipients.

ADDITIONAL CGMC LEGISLATIVE PRIORITIES FOR THE 2012 LEGISLATIVE SESSION

Infrastructure Development

A. Redevelopment Grant program

The Redevelopment Grant program helps local authorities renew obsolete or abandoned properties for industrial, commercial, and residential uses. CGMC supports a \$15 million or greater appropriation for the Redevelopment Grant program. CGMC supports the 50-50 percentage grant award split between greater Minnesota and the metro area.

B. Innovative Development Public Infrastructure Grant program (BBPI)

CGMC supports a bonding appropriation for the BBPI program, and believes the program should remain a stand-alone grant program under state law.

C. Broadband Growth

Expansion of broadband internet service to greater Minnesota will help spur economic growth and speed productivity, expand educational opportunities, and attract and retain jobs. CGMC supports a statewide policy to increase broadband speed and capacity throughout Minnesota, along with creating incentives for speeding broadband capacity and infrastructure development.

D. Investment in High Speed Passenger Rail

Mobility improvements associated with high speed rail is expected to produce thousands of jobs and billions of dollars in economic benefits. This may include extra annual household income, higher property values, and new development near rail stations. CGMC supports a renewed investment in high speed passenger rail service throughout greater Minnesota and the metro area.

E. Highway Transportation Funding

Quality transportation access is important to greater Minnesota cities for economic growth and sustainability. CGMC supports expanded four-lane highway access and improved regional & inter-regional corridor transportation systems throughout greater Minnesota, linking cities to interstate thoroughfares and the metro area.

Local Tax Incentive Tools

A. JOBZ

The JOBZ program has been an effective economic stimulus tool for greater Minnesota, attracting out-of-state businesses to the region, retaining jobs, and creating new capital investment opportunities. Although the JOBZ program is scheduled to end by statute in 2015, the need for a similar program in greater Minnesota remains.

CGMC supports legislation creating a broad-based, rural economic development tool similar to JOBZ that will provide greater Minnesota communities with a competitive incentive to offer new and expanding businesses. Alternatively, CGMC supports the

preservation and extension of the JOBZ program, especially for economically-distressed areas.

B. Tax Increment Financing (TIF)

TIF continues to be an important tool in providing general economic development incentives and financing public infrastructure costs. CGMC supports the application of TIF to a broad range of redevelopment projects.

C. Tax Abatement

Abatement can be a positive, flexible tool for economic development, although it lacks parity with Tax Increment Financing (TIF) because TIF requires each local taxing jurisdiction to capture its taxes. CGMC supports efforts to provide cities with the advantages that come with abatement, while also encouraging the equal participation of all taxing jurisdictions in the abatement process.

D. Main Street Development and Relocation Incentives

Protecting and promoting the business districts and Main Street thoroughfares of greater Minnesota cities is key to economic development and growth. It is critical that local entrepreneurs and retail operators on these main streets succeed. As a result, CGMC supports efforts to provide a tax credit, deduction, grants or low-interest, long-term loan programs for storefront owners who offer incentives to small retail or service type businesses existing or relocating on Main Street.

E. Keeping Greater Minnesota Competitive

In order to thrive, greater Minnesota cities must remain competitive with neighboring border cities, which often benefit from economic development programs unavailable in Minnesota. CGMC, therefore, supports ongoing efforts by the state of Minnesota to provide a variety of new and innovative economic development proposals to help level the playing field for greater Minnesota cities.

Workforce Development

A. EB-5 Regional Investment Program

The EB-5 program is a federal job-creation program that encourages foreign investments in Minnesota companies in return for an opportunity for these foreign investors to become permanent U.S. residents. Twenty counties in Northwest Minnesota are already involved in this program through a regional center based in North Dakota. Governor Mark Dayton has proposed expanding the EB-5 program to all of Minnesota. The CGMC supports the creation of a statewide Minnesota EB-5 regional investment program in order to stimulate economic activity and job-creation.

B. Green Jobs

CGMC supports state and national job creation, job training, and entrepreneurial opportunities in the emerging green economy, including renewable energy, sustainable agriculture, and green building. Specifically, CGMC supports efforts to put more Minnesotans on green-collar career pathways—providing them training and retraining

through the Minnesota State Colleges and Universities System, credentials, work experience, job placement, and other essential elements for good and secure jobs in the clean energy economy.

C. Affordable Housing

Quality affordable housing opportunities are directly linked to the economic development and vitality of a region, providing for safe and healthy living environments for workers and their families. CGMC supports efforts to increase access to affordable housing, first-time homebuyer assistance programs, the rehabilitation of aging housing stock in greater Minnesota and programs that would provide seniors with housing options that would free up their housing stock for workers and young families.

Tourism

A. Expansion of Motorized and Non-Motorized Trails

Access to bike trails, snowmobile trails and other motorized/non-motorized trails draws thousands of visitors each year to greater Minnesota cities, boosting tourism and economic growth. Accordingly, CGMC supports expanded motorized and non-motorized trail access throughout the state, particularly in greater Minnesota.