



## **2008 JOBZ and Biozone Business Assistance Report**

### **Summary of JOBZ and Biozone Business Assistance Reported by State and Local Government Agencies Provided Between January 1, 2004 and December 31, 2007 In Accordance With Minnesota Statutes § 116J.993 Through § 116J.995**

**(Appendices under separate cover)**

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## 2008 JOBZ BUSINESS ASSISTANCE REPORT

### Introduction

This report summarizes Job Opportunity Building Zone (JOBZ) business subsidy agreements signed in 2007 and reported on the JOBZ Minnesota Business Assistance Form. The activity levels for JOBZ business assistance have been declining significantly from year to year as reported by local government agencies. There were 38 JOBZ business assistance agreements reported by local government agencies in 2008 for 2007 activity compared to 117 agreements reported for 2004 activity (see Table 1). There were 160 local government agencies that reported on 304 JOBZ business assistance agreements that were reached between January 1, 2004 and December 31, 2007.

TABLE 1  
Activity Levels of JOBZ Business Assistance Reached  
Between January 1, 2004 and December 31, 2007

Activity Period	Activity Levels
January 1, 2007 – December 31, 2007	38
January 1, 2006 – December 31, 2006	60
January 1, 2005 – December 31, 2005	89
January 1, 2004 – December 31, 2004	117
<b>Totals</b>	<b>304</b>

### Overview of JOBZ Activities

#### 2007 JOBZ Activity

Of the 38 JOBZ business assistance agreements reached between January 1, 2007 and December 31, 2007, agencies reported a new full-time job creation goal of 351 jobs compared to actual job creation of 202 jobs. The job retention goal was 864 jobs compared to 846 jobs retained. Agencies reported capital investment made by the businesses in the JOBZ zone from January 1, 2007 through December 31, 2007 of \$116.1 million (\$45.4 million for real property – land and buildings and \$70.7 million for personal – equipment). Agencies reported that recipients had more time to meet their goals and obligations in the agreements (see Appendix A).

#### 2006 JOBZ Activity

Of the 60 JOBZ business assistance agreements reached between January 1, 2006 and December 31, 2006, agencies reported a new full-time job creation goal of 885 jobs compared to actual job creation of 1,015 jobs. The job retention goal was 486 jobs compared to 553 jobs retained. Agencies reported capital investment made by the businesses in the JOBZ zone from January 1, 2007 through December 31, 2007 was \$268.9 million (\$104.8 million for real property – land and buildings and \$168.1 million for personal – equipment) (see Appendix B).

**2005 JOBZ Activity**

Of the 89 JOBZ business assistance agreements reached between January 1, 2005 and December 31, 2005, agencies reported a new full-time job creation goal for those 89 agreements was 1,036 jobs compared to actual job creation of 1,621 jobs. The job retention goal was 1,110 jobs compared to 1,359 jobs retained. Agencies reported capital investment made by the businesses in the JOBZ zone from January 1, 2007 through December 31, 2007 of \$128.9 million (\$61.0 million for real property – land and buildings and 67.9 million for personal – equipment) (see Appendix C).

**2004 JOBZ Activity**

Of the 117 JOBZ business assistance agreements reached between January 1, 2004 and December 31, 2004, agencies reported a new full-time job creation goal for those 117 agreements was 1,992 jobs compared to actual job creation of 3,270 jobs. The job retention goal was 1,046 jobs compared to 1,512 jobs retained. Agencies reported capital investment made by the businesses in the JOBZ zone from January 1, 2007 through December 31, 2007 of \$340.9 million (\$145.9 million for real property – land and buildings and \$195.0 million for personal – equipment) (see Appendix D).

**Recipients that Failed to Fulfill All Goals and Obligations through 2008**

As of 2008, there were 17 reported agreements where the recipient had ceased operations or were terminated for non-compliance reasons. Of the 17 agreements that were terminated, there are 10 agreements where repayment/clawback is in process or that there was some repayment/clawback to the Department of Revenue (DOR). There were also five agreements that a waiver from the repayment/clawback provisions were granted by DOR and two agreements that the status of clawback/repayment was not known but DOR is in the process of reviewing the projects (see Appendix E).

Agencies reported 11 JOBZ agreements where recipients had compliance issues and their JOBZ business assistance agreements were amended. In these cases, recipients were allowed a one year extension by DEED to address non-compliance issues (see Appendix F).

**Relocation for JOBZ Business Assistance Agreements**

Of the 38 JOBZ business assistance agreements reached between January 1, 2007 and December 31, 2007, agencies reported in 2008 that 12 agreements (31.6%) of the recipients relocated as a result of the signing of the JOBZ agreement and 26 (68.4%) did not. Of the 12 agreements that were a result of relocation, there were a total of three employees that ceased to be employed as a result of the relocation.

Of the 60 JOBZ business assistance agreements reached between January 1, 2006 and December 31, 2006, agencies reported in 2008 that 16 agreements (26.7%) of recipients relocated as a result of the signing of the JOBZ agreement and 44 (73.3%) did not. Of the 16 agreements that were a result of relocation, there was a total of one employee that ceased to be employed as a result of the relocation.

Of the 89 JOBZ business assistance agreements reached between January 1, 2005 and December 31, 2005, agencies reported in 2008 that 34 agreements (38.2%) of recipients relocated as a result of the signing of the JOBZ agreement and 55 (61.8%) did not. Of the 34 agreements that were a result of relocation, there were a total of 92 employees that ceased to be employed as a result of the relocation.

Of the 117 JOBZ business assistance agreements reached between January 1, 2004 and December 31, 2004, agencies reported in 2008 that 43 agreements (36.8%) of recipients relocated as a result of the signing of the JOBZ agreement and 74 (63.2%) did not. Of the 43 agreements that were a result of relocation, there were a total of six employees that ceased to be employed as a result of the relocation.

### **Overview of 2007 JOBZ Findings**

The forms summarized in this section of the report encompass JOBZ business assistance agreements reached between January 1, 2007 and December 31, 2007. There were 38 JOBZ business assistance agreements reported by government agencies in 2008 for 2007 activities. More information about the JOBZ program including annual reports can be found at [www.positivelyminnesota.com](http://www.positivelyminnesota.com).

### **Public Purpose for JOBZ Business Assistance Agreements**

Minnesota Statutes §116J.994 requires that business assistance agreements including JOBZ agreements state a public purpose. Of the 38 JOBZ agreements entered into in 2007, creating high quality job growth, 36 agreements (94.7%), and increasing economic diversity, 34 agreements (89.5%), accounted for the highest share of public purpose reported by government agencies. Other types of public purposes included stabilizing the community, 23 agreements (60.5%); job retention, 19 agreements (50.5%); increasing the tax base, 12 agreements (31.5%); and other, two agreements (5.3%).

### **Industrial Sector of JOBZ Business Assistance for Recipients**

Of the 38 JOBZ business assistance agreements reported by government agencies in 2008, the manufacturing sector accounted for 25 agreements (65.8%); wholesale trade, seven agreements (18.4%); services, three agreements (7.9%); other, two agreements (5.3%); and construction, one agreement (2.6%) (see Table 2).

TABLE 2  
Distribution of JOBZ Business Assistance Agreements by Industrial Sector for Agreements Reached Between January 1, 2007 and December 31, 2007

<b>Sector</b>	<b>Quantity</b>	<b>Percentage</b>
Manufacturing	25	65.8%
Wholesale Trade	7	18.4%
Services	3	7.9%
Other	2	5.3%
Construction	1	2.6%
<b>Total</b>	<b>38</b>	<b>100.0%</b>

### **Zone Distribution of JOBZ Business Assistance Agreements**

The Northeast zone accounted for the most of the JOBZ business assistance reported in 2008. As Table 3 illustrates, of the 38 JOBZ business assistance agreements reported in 2008, the Northeast zone accounted for eight agreements (21.1%) followed by the West Central zone, with seven agreements (18.4%). The location of the JOBZ zones is on DEED's website at [deed.state.mn.us/bizdev/joblocator.htm](http://deed.state.mn.us/bizdev/joblocator.htm).

TABLE 3  
Zone Distribution of JOBZ Business Assistance Agreements Reached  
Between January 1, 2007 and December 31, 2007

Zone	Quantity	Percentage
Northeast	8	21.1%
West Central	7	18.4%
South Minnesota JOBZ Alliance	6	15.8%
Region 5	5	13.2%
Region 7E	4	10.5%
Southwest	3	7.9%
Positively Southern Minnesota	3	7.9%
Upper Minnesota Valley	2	5.3%
<b>Total</b>	<b>38</b>	<b>100.0%</b>

### ***JOBZ Goals and Actual Performance***

Of the 38 JOBZ business assistance agreements entered into by agencies between January 1, 2007 and December 31, 2007, 37 agreements (97.4%) established specific job and wage goals, one agreement (2.6%) did not. Of these 38 JOBZ business assistance agreements, 17 agreements (45.9%) have attained specific job and wage goals; and 20 agreements (54.1%) reported that the recipient had not attained specific job and wage goals. All agencies reported that recipients had more time to meet their goals.

There were 37 JOBZ business assistance agreements that were reported by agencies that established other (i.e., not specific) job creation and/or retention goals. Under the JOBZ program, qualified businesses are required to retain jobs for the duration of the program until December 31, 2015. Of the 37 agreements reported by agencies that established other job creation and/or retention goals, two recipients attained their goals. All agencies reported that recipients had more time to meet their goals.

There were four JOBZ business assistance agreements that were reported by agencies that established other wage goals. Of the four agreements reported by agencies that established other wage goals, no recipient had attained their goals. All agencies reported that recipients had more time to meet their goals.

There were six JOBZ business assistance agreements that were reported by agencies that established goals other than wage and job goals (e.g., capital investment). Of the six agreements reported by agencies that established goals other than wage and job goals, three recipients attained their goals. All agencies reported that recipients had more time to meet their goals.

### ***New Full-time Job Creation Goals and Actual Performance***

Under the law, JOBZ business assistance agreements in addition to other goals, must include goals for the number of new jobs created, which may include separate goals for the number of full-time, part-time and retained jobs and wage goals for jobs created.

Of the 38 JOBZ assistance agreements, agencies reported a new full-time job creation goal of 351 compared to actual new jobs created of 202. The average salary excluding benefits was \$10.96 with an average hourly health benefit of \$1.34 and non-health benefit of \$3.63. The actual average salary excluding benefits was \$18.51 with an average hourly health benefit of \$1.95 and non-health benefit of \$2.18 (see Table 4).

Table 4  
New Full-time Job Creation and Wage Goals and Actual Performance for JOBZ Agreements Reached Between January 1, 2007 and December 31, 2007

Goals				Actual			
Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit	Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit
351	\$10.96	\$1.34	\$3.63	202	\$18.51	\$1.95	\$2.18

*Full-time Retention Goals and Actual Performance*

Of the 38 JOBZ assistance agreements, agencies reported a full-time job retention goal of 864 compared to actual jobs retained of 846. The average salary excluding benefits was \$12.36 with an average hourly health benefit of \$1.14 and non-health benefit of \$3.33. The actual average salary excluding benefits was \$13.04 with an average hourly health benefit of \$1.18 and non-health benefit of \$3.32 (see Table 5).

Table 5  
Full-time Job Retention Wage Goals and Actual Performance for JOBZ Agreements Reached Between January 1, 2007 and December 31, 2007

Goals				Actual			
Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit	Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit
864	\$12.36	\$1.14	3.33	846	\$13.04	\$1.18	\$3.32

*New Part-time JOBZ Actual Performance*

There were no goals reported for new part-time jobs, however, of the 38 JOBZ assistance agreements, agencies reported eight jobs that were created. The average salary excluding benefits was \$13.78 and a non-health benefit of \$1.32 (see Table 6).

Table 6  
New Part-time Jobs: Actual Performance for JOBZ  
Agreements Reached Between January 1, 2007 and December 31, 2007

Goals				Actual			
Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit	Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit
\$0	\$0	\$0	0	8	\$13.78	\$0	\$1.32

*Part-time JOBZ Retention Goals and Actual Performance*

Of the 37 JOBZ assistance agreements, agencies reported a part-time job retention goal of two jobs compared to actual performance of seven jobs. The average salary excluding benefits was \$14.26 with no benefits reported. The actual average salary excluding benefits was \$14.11 and a non-health benefit \$0.09 for hourly wages (see Table 7).

Table 7  
Part-time Job Retention Wage Goals and Actual Performance for  
JOBZ Agreements Reached Between January 1, 2007 and December 31, 2007

Goals				Actual			
Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit	Number of Jobs	Average Hourly Wage	Average Hourly Health Benefit	Average Hourly Non-Health Benefit
2	\$14.26	\$0	\$0	7	\$0	\$0	\$0.09

**Overview of Biozone Findings**

This report summarizes Biozone business assistance agreements that were signed between January 1, 2004 and December 31, 2005. There were five Biozone agreements reported by government agencies in 2006 for 2005 activity. There were also two Biozone business assistance agreements reported by agencies in 2006 for 2004 activity.

**2005 Biozone Activity**

Of the five Biozone business assistance agreements reached between January 1, 2005 and December 31, agencies reported a full-time job creation goal of 28 jobs compared to an actual job creation of 33 jobs. There was also one project that was terminated and the recipient had not claimed any of the tax benefits (see Appendix G).

***2004 Biozone Activity***

There were two Biozone business assistance agreements reached January 1, 2004 and December 31, 2004, agencies reported a full-time job creation goal of 27 jobs and a job retention goal of 3.5 jobs. Both project agreements were terminated and the recipients had not claimed any of the tax benefits (see Appendix H).