

CITY OF PROCTOR, MINNESOTA
JOBZ Assistance Policy

The Commissioner of the Minnesota Department of Employment and Economic Development (the "Commissioner") has designated four areas within the City as Job Opportunity Building Sub-Zones (JOBZ) under Minnesota Statutes, Sections 469.310 through 469.320 (the "Act"). The following assistance is available under the Act:

- Exemption from individual income taxes as provided under M.S. §469.316
- Exemption from corporate franchise taxes as provided under M.S. §469.317
- Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in M.S. §297A.68, subdivision 37
- Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under M.S. §297B.03
- Exemption from the property tax as provided in M.S. §272.02, subdivision 64
- Exemption from the wind energy production tax under M.S. §272.029, subdivision 7
- Jobs credit allowed under M.S. §469.318

Businesses desiring the assistance provided by the Act must comply with applicable criteria listed below:

I. The following criteria are applicable to businesses already located within a JOBZ:

1. The business must be located in job opportunity building sub-zone.

II. The following criteria are applicable to businesses wishing to relocate to a JOBZ:

2. "Relocate:"

1. means that the business:

1. ceases one or more operations or functions at another location in Minnesota and begins performing substantially the same operations or functions at a location in a JOBZ; or
2. reduces employment at another location in Minnesota during a period starting one year before and ending one year after it begins operations in a JOBZ and its employees in the JOBZ are engaged in the same line of business as the employees at the location where it reduced employment; but

2. does not include an expansion by a business that establishes a new facility that does not replace or supplant an existing operation or employment, in whole or in part.

3. The business must demonstrate increased employment ~~or~~ **and** capital investment described in 1 ~~or~~ **and** 2 below.
 1. the business must demonstrate:
 1. an increase in full-time **or full time equivalent** employment in the first full year of operation within the JOBZ **zone** by ~~at least 20%~~ **a minimum of five jobs or 20 percent, whichever is greater**, measured relative to the operations that were relocated and
 2. the business must demonstrate that it expects to maintain the required level of employment for each year the JOBZ designation applies; ~~or~~ **and provides for repayment of all tax benefits if these requirements are not met**
 2. the business demonstrates that it will make a capital investment in the property located within a JOBZ equivalent to 10% of the gross revenues of operation that were relocated in the immediately preceding taxable year.
 4. The business must enter into a written agreement with the Commissioner that:
 1. pledges that it will meet the criteria listed in B, above;
 2. provides for repayment of all tax benefits to the business received under the Act if the requirements in B are not met for the taxable year or for taxes payable during the year in which the requirements were not met; and
 3. contains such other terms the Commissioner determines are appropriate.
2. The following criteria are applicable to all businesses wishing to receive the assistance permitted under the Act:
 1. The nature of the enterprise must not be retail in nature and must be at least one of the following:
 1. industrial;
 2. manufacturing;
 3. customer service - serving customers primarily outside the area.
 2. The proposal of the business must be consistent with and further the objectives of the City's Development Plan prepared under Section 469.311 of the Act.

3. The business must comply with the City's Business Subsidy Criteria developed and approved under the Minnesota Business Subsidy Law, Minnesota Statutes, Sections 116J.993 through 116J.995.
 4. The activities to be conducted by the business in the JOBZ must be consistent with the City's zoning and land use requirements.
 5. The hourly wage levels (before benefits) to be provided by the business must be at least 110% of the poverty level for a family of four as established from time to time by the United States Department of Health and Human Services. (For part-time employees total hourly compensation must equal or exceed the minimum annual compensation divided by 2080.) 110% of poverty level for a family of four ~~during 2004~~ **effective July 1, 2006** amounted to ~~\$10.10~~ **\$10.58** per hour as derived from statistical data published by the United States Department of Health and Human Services, which data are usually adjusted on an annual basis.
 6. At least 1 job must be created for each \$25,000 of assistance gained.
 7. The business must enter into covenants with the City to not relocate outside the City and to provide the wage and benefit levels described in this policy.
3. The following criteria will be considered by the City for all businesses wishing to receive the assistance permitted under the Act:
1. The ability of the Business to use existing infrastructure.
 2. The number of jobs to be created.
 3. The number of jobs to be maintained.
 4. The estimated annual payroll for the new and maintained jobs.
 5. Training plans for or programs to be provided to employees to be working in the JOBZ.
 6. The estimated start-up and expansion rate for the business and how the rate relates to the statewide rate.
 7. Local existing resources to be utilized in the proposed project.
 8. Whether the proposed project will redevelop deteriorated or underutilized areas within the City or other sites with constraints.
 9. Whether the proposed project will compete and cause financial harm to existing local businesses.

10. Whether the type of business will encourage neighborhood stability and growth consistent with good planning
 11. The agreement by the business to provide all required reports to the Commissioner.
4. Each business wishing to receive the assistance permitted under the Act must provide the City with the following information:
1. The number of existing jobs provided by the business.
 2. The current annual payroll for the business.
 3. The proposed use or reuse of property located within the JOBZ by the business.

Date of public hearing _____

Adopted by: _____

Date of adoption: _____