

## Job Creation Fund Benefits Explained

If you are considering Minnesota for expansion, the Minnesota Job Creation Fund Program (JCF) can provide financial benefits to facilitate the project. JCF is a pay-for-performance program that provides financial benefits after job creation **and** capital investment thresholds have been met. Once a business is approved as a JCF business, it receives an Award Letter from DEED noting the projected award benefit which is based on the best case scenario as defined in the application. This scenario considers only the eligible capital investment and job creation that occurred on or after the date the business is approved as a JCF business.

Once a business meets the \$500,000 capital investment (\$250,000 if a targeted population) **and** 10 full-time job creation (5 if a targeted population) thresholds, it is eligible to request JCF benefits using a *JCF Report Form*. This document will help businesses understand the information needed to receive the JCF benefits. If the project is considered a retention project or a Mega Project, please contact JCF program staff due to the unique project requirements.

## Capital Investment Rebate

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### What costs are eligible for a Capital Investment Rebate?

A qualified Minnesota JCF Business is eligible for a capital investment rebate on the purchases and services used for real property (i.e., fixed property and generally not furniture, fixtures or equipment) improvements. The rebate applies to purchases made by the qualified Minnesota JCF business or a contractor hired to perform work or services at the project location.

Expenditures made by a third-party business like a developer or landlord (e.g. tenant improvements) are eligible only if expenditures are reimbursed directly by the qualified JCF business or made in partnership with the JCF business. The capital investment rebate **does not** include costs associated with acquiring real property. Eligible costs are construction materials, services, and supplies used for or consumed in the project generally include:

- A. Building construction costs
- B. Construction labor & materials
- C. External Site Preparation when property is owned by the JCF business, related parent company or lease to own.
- D. Real property tenant improvements in leasing scenarios
- E. Rehabilitation / Remodel
- F. Eligible soft costs directly related to construction like architect and engineering fees

Depending on the ownership of the property and JCF business, actual eligible costs may vary and other requirements may apply:

- For businesses that have a **related parent company that will own 100% of the building**, the business must provide a long-term lease in addition to other legal documents noting the related relationship between the lessor and lessee.
- For businesses with **lease to own agreements**, the transfer of ownership to the JCF business must occur within one (1) year following the issuance of the final certificate of occupancy is obtained on the project. Situations that transfer ownership after this date will be considered a lease scenario.
- For businesses **leasing an entire building** from an unrelated party, a copy of the executed lease demonstrating the real property improvements associated with the recipient's occupancy as a paid line item within the lease agreement. Only the eligible real property improvements paid by the JCF business or made in partnership with an eligible third party within the JCF contract term will be eligible for rebate. The building shell and external site improvements are not eligible.
- For businesses **leasing a portion of a building** from a related or unrelated party, a copy of the executed lease demonstrating the real property improvements associated with the recipient's occupancy as a line item within the lease agreement. Only the real property improvements paid by the JCF business or made in partnership with an eligible third party within the JCF contract term will be eligible for rebate. Common areas used by multiple tenants are ineligible for capital investment rebate.
- For leasing scenarios, expenditures related to the JCF occupancy are eligible once they are paid by the JCF business as an upfront expense or periodically through such contractual documents as a lease or made in partnership with an eligible third party. Any costs paid by the JCF business after the JCF term is complete are ineligible for a rebate.

#### **How to Document Capital Investment?**

To access JCF capital investment benefits, the JCF business must submit the proper documentation to DEED including the *JCF Report Form* and supporting documents. The business must provide:

- A. Sworn Construction Statement
- B. Copies of invoices for "Eligible Soft Costs"
- C. AIA Certificate of Substantial Completion (Form G704)
- D. Certificate of Occupancy issued by the local municipality
- E. Other documents may be necessary depending on the nature of the project and documents submitted.

## Job Creation Award

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### What jobs are eligible for an award?

A qualified Minnesota JCF Business is eligible for an **annual** award for each new job **created** and **maintained** by the business at the project site. For a NEW full-time Employee position to be considered **eligible** for a payment in a given 12-month period, it **must** meet the following:

- A. The NEW full-time Permanent position did not exist prior to the JCF award and is filled by an employee who began work in the position at the Project Site on or after the Benefit Date (i.e., not a contracted employee) and is scheduled to work at least 2,080 hours. Hours worked may include regular, overtime, Paid Time Off (PTO, Holiday, Vacation, Sick, Bereavement, Military Service, and Volunteer).
- B. Full-time Employees may include NEW positions that are filled by staff that worked:
  - 1,040 or fewer hours annually for the JCF business prior to full-time employment, or
  - full-time for the JCF business outside Minnesota but the position was transferred to the JCF site. Jobs relocated to the site from other JCF business Minnesota locations are not eligible.
- C. The JCF business must maintain the NEW full-time permanent position for a minimum period of not less than one (1) year to receive the annual award. Any NEW full-time permanent position vacant for more than 90 days during the reporting year is not eligible for a rebate.
- D. Employee must be paid total compensation of at least \$12.85 per hour, adjusted annually on January 1 as of the reporting date. This number equates to 110% of the federal poverty level of a family of four as determined by the U.S. Health and Human Services Department. The benefits in addition to wages that include statutory required benefits as FICA, unemployment insurance and workers' compensation.
- E. All new jobs generally must be in addition to existing job totals in Minnesota. New job creation will be compared to pre-JCF base employment levels noted in the Business Subsidy Agreement.

**What are the wage requirements for the different award levels?**

As of July 1, 2017, the award schedule for these NEW full-time employee positions is as follows:

<b>2017 Annual Total Cash Wage</b>	<b>2016 Annual Total Cash Wage</b>	<b>Metro Award Schedule</b>	<b>Targeted Populations Award Schedule</b>
\$26,837 - \$36,126	\$26,774 - \$36,041	\$1,000	\$2,000
\$36,126 - \$46,448	\$36,041 - \$46,339	\$2,000	\$3,000
\$46,448 +	\$46,339 +	\$3,000	\$4,000

\*Cash Wage means the hourly cash wage the employee is paid.

**How to Document the Job Creation?**

JCF businesses need to submit the *JCF Report Form* and necessary company payroll records to document timing and compensation of the NEW full-time employee positions to receive an award. Each job has been in place and filled for at least one (1) year since the business received Minnesota JCF designation. DEED may also request additional information as deemed necessary by DEED.

**Thank you for expanding in Minnesota. Please call Tom Washa (651-259-7483) if you have any questions about the Job Creation Fund program.**