

The Grow Austin Fund: Fostering a Business Friendly Environment

Businesses considering Austin, Minnesota for an expansion project may be eligible for significant financial benefits through the Grow Austin Fund and Austin Utilities. The fund is a pay-for-performance program designed as a “match” of benefits of the State of Minnesota Job economic development incentives. The Grow Austin Fund aims to support quality job growth and positively differentiate our community as a business-friendly location.

The fund is eligible for local, existing businesses as well as business that are new to the community.

Austin Minnesota Standout Incentives*							
	State of Minnesota (DEED)		Grow Austin Fund Match of State Incentive			Austin Utilities Economic Incentive***	
	Wage	Rebate	Wage	Match	Rebate per job	Increased Monthly Elec. Demand	Rebate per job
Job Rebate	26,774-36,041	\$2,000	34,440-36,041	12.5%	\$250	50 KW – 300KW	\$200
	36,042-46,339	\$3,000	36,042-46,339	33%	\$1,000	300 KW- 1MW	\$500
	46,340+	\$4,000	46,340+	75%	\$3,000	1MW – 10 MW	\$1,000
						10MW or larger	\$1,500
Capital Investment Rebate	7.5% up to \$500,000 in rebates. Investment must exceed \$250,000		1% up to \$100,000. Investment must exceed \$250,000			No capital investment rebate	
Job Training	Supports training for new and existing employees with grants up to \$400,000		1/2 of any cash contribution required by for qualifying businesses (up to \$25,000)			n/a	
Eligibility**							
Minimum capital investment	\$250,000		\$250,000			\$500,000	
Minimum new jobs	5		3			3	
Timing of rebates	Pay for performance with annual payments; up to 5 years		Pay for performance with payment at end of first year after approval. One time award.			Pay for performance; first applied to any customer utility extension costs. One time award	
Annual Program Cap	Varies		Local incentives will be capped at an overall total of \$325,000 each year			No cap	
Minimum wage to qualify	110% of poverty for family of four; plus statutorily required benefits		140% of poverty for family of four; plus statutorily required benefits. 75% of all new jobs must meet this income standard.			140% of poverty for family of four; plus statutorily required benefits	
<p>* All awards are subject to approval on a case by case basis by the State of Minnesota, City of Austin, Mower County and Austin Utilities and will have annual available fund caps.</p> <p>** Eligibility for these incentives does not exclude recipient from additional incentives such as TIF or tax abatement.</p> <p>*** See attached for Austin Utilities</p>							

More information on Programs

Grow Austin Fund: Eligibility, Requirements, Benefits

Eligibility Businesses must be new or expanding business located in Austin and must be primarily engaged in manufacturing, warehouse, distribution, information technology, finance, insurance, or professional or technical services. At minimum, a business must:

- Invest \$250,000 in real property improvements within one year of designation.
- Create at least 3 new full-time, permanent jobs within two years of designation.

Requirements To receive designation as a Grow Austin Fund business, a business must satisfy all of the following conditions:

- (1) The business is or will be engaged in, within Minnesota, one of the following as its primary business activity: manufacturing; warehousing; distribution; information technology; finance; insurance; or professional or technical services.
- (2) The business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location.

Benefits A business approved for the program may request benefits after entering into a business subsidy agreement, making an investment of at least \$250,000 within one year, and having at least 3 new permanent full-time jobs in place for one year. Benefits include:

- 1% rebate on capital investment in real property improvements in Greater Minnesota up to \$100,000.
- Between \$250-\$3,000 per new permanent full-time job per year, based on cash wages paid.
- All wage and compensation levels are adjusted annually based on 140% of poverty for family of four as set by the US Department of Health and Human Services.

What costs are eligible for a Capital Investment Rebate?

A qualified 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 business or a contractor hired to perform work or services at the project location. Expenditures made by a third-party business (e.g. tenant improvements) are eligible only if expenditures are reimbursed directly by the qualified JCF business as they are paid. 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:

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

Job Skills Partnership

Eligibility The Partnership program supports training for both new and existing employees with grants of up to \$25,000 are awarded to the educational institution to develop and deliver training specific to the business needs. Cash or in-kind contribution must match grant funds on a one-to-one basis. State of Minnesota policies would eligibility and use of fund policies would apply to this cash match.

Use of Funds Funds may be used for training-related costs such as curriculum development, instruction, training materials and supplies, training equipment, and instructor travel.

Partner Financial Commitment

Overall and Annual Commitment

- City of Austin \$150,000, 000 annually.
- Mower County \$150,000 over 5 years, \$30,000 annually.
- Development Corporation of Austin (DCA) \$25,000 over 5 years, \$5,000 annually.
- Austin Utilities – pay as you go rebates based on increased electrical demand.

Fund Allocations

Annual allocations will carry over and remain allocated to the fund to build to a total fund commitment of \$150,000 for the City of Austin and Mower County and \$25,000 for DCA.

Partners are obligated only to provide incentives for what is available in the fund balance and are under no obligation to contribute funds ahead of the allocation schedule.

Project Application & Review

DCA will be the primary point of contact for the program. When possible, applicants will use State of Minnesota application process and provide copies to DCA. For potential incentive recipients that are not seeking State of Minnesota Job Creation Funds, a Grow Austin Fund application is available from DCA at 507-433-9495 or email austindca@austindca.org.

DCA, in coordination with Grow Austin partners, will make a preliminary determination about whether a business meets the minimum program requirements. Use the Grow Austin Fund Eligibility for guidance. If a business is potentially eligible, the following steps are completed:

1. The business provides the information needed to complete the application.
2. DCA and government officials evaluate the application and notify the business of approval or denial. If approved, DCA and government officials will determine a job creation award and/or capital investment rebate amount. All participating partners reserve the right to evaluate projects on a case by case basis.
3. Jobs created, capital investment expenditures and electrical demand increase will be counted after the business has completed one year.
4. Participating government entities will draft a business subsidy agreement specifying the award and/or rebate to be provided after required job creation and capital investment goals are met. All participating entities will sign the business subsidy agreement.
5. DCA will assist the business with submitting required report, payment request documentation, and other information requested. DCA/local government will also provide information on annual changes in wage requirements.

Project approval

All projects will be reviewed and approved on a case by case basis by each partner. New and existing businesses are eligible. In some circumstances, partners may consider providing incentives to businesses that do not meet all the eligibility requirements.