

# DOING BUSINESS IN WEST CONCORD

## *Guide to Local, State, and Federal Incentives*

FOR MORE INFORMATION  
CONTACT  
THE WEST CONCORD EDA:  
507-413-2500

### Programs Unique to West Concord

#### **RBEG Revolving Loan Fund**

West Concord Economic Development Authority administers a revolving loan fund initially capitalized by USDA Rural Development for the purposes low interest gap financing. The primary goal of this fund is support of new and existing businesses in West Concord. The maximum loan is to be determined case by case, but the fund currently has approximately \$50,000 available to lend. Interest rates are negotiable, but will not fall 3% below the Wall Street prime rate. Term lengths for acquisition of land or building and new construction are 20 years, 5-7 years for machinery and equipment, and 15 years for building renovations. The business owner/applicant must provide at least 10% of the total financing.

#### **Revolving MicroLoan Fund**

West Concord Economic Development Authority designated \$30,000 for the creation of the West Concord Revolving Loan Fund, which provides microloans up to \$10,000. Uses of funds are acquisition of buildings or land, construction, and machinery and equipment through direct low interest loans or loan guarantees. Direct loans may cover up to 50% of total project cost. Term, rate, and equity minimum are negotiable but are determined based on terms of other lenders and economic life of asset being financed, along with project need.

#### **Energy Loan Fund**

West Concord Economic Development Authority has designated a fund for the express purpose of assisting in commercial/industrial energy efficiency improvements. All loans have a maximum repayment period of 60 months (5 years). Interest rates are negotiable but shall not fall 3% below the national prime rate. Applicants must provide at least 10% of the total financing needed. The maximum loan amount is negotiable, but energy loans are meant to finance approximately 40% of any given project.

#### **Tax Abatement**

Tax abatement is the process by which a portion of property taxes are rebated back to the property owner, who then uses it to help offset development or redevelopment costs. Tax abatement is simpler and less restrictive than some other property tax financing methods and is quite useful for smaller projects. Tax abatement can be coupled with County tax abatement as well.

#### **Tax Increment Financing (TIF)**

Tax Increment Financing, or TIF, is a method of financing real estate development costs to assist with the construction of buildings or other private improvements, as well as other types of development.

TIF uses the additional property taxes paid as a result of development and increased property value to pay for a portion of the development costs.

### Dodge County Programs

#### **Economic Development Revolving Loan Fund**

The Economic Development Authority (EDA) and Dodge County have made available a revolving loan fund to eligible applicants for the purpose of providing low interest gap financing. The primary objective to be considered in administering the fund is the creation and retention of jobs in Dodge County. In pursuing this objective, industrial, commercial, retail, service, and agri-business uses may qualify. County financing is typically focused on gap financing for bank and city revolving loan fund financing. The maximum loan amount is \$25,000 and can fund up to 50% of a project.

Any project located within Dodge County that meets the eligibility requirements may apply for a loan from the Dodge County Economic Development Authority. Some restrictions do apply.

## State Programs

### Finance

#### Job Creation Fund (JCF)

To be designated as a Job Creation Fund business, a business must, at minimum:

- Be engaged in an eligible business activity
- Obtain local government support for their project via council resolution
- Invest at least \$500,000 in real property improvements within one year of becoming a designated Job Creation Fund business
- Create at least 10 new full-time permanent jobs within two years of becoming a Job Creation Fund business while maintaining existing employment numbers
- Pay at least \$12.45 in wages and benefits in 2014, adjusted annually based on 110 percent of federal poverty guidelines. The level will be \$12.61 starting Jan. 1, 2015.
- Have other location options outside of Minnesota
- Cause no undue harm to Minnesota business competitors
- Certify that the project would not occur without Job Creation Fund assistance

Projects that begin prior to becoming designated by DEED are not eligible for the Job Creation Fund.

Available Benefits:

Companies that meet eligibility requirements must sign a business subsidy agreement with DEED to meet job retention, creation, wage, and capital investment requirements. The following benefits may be available once a business meets the conditions of its agreement and provides proof of performance:

- \$1000 per year per job created for jobs paying at least \$26,000 in cash wages
- \$2000 per year per job created for jobs paying at least \$35,000 in cash wages
- \$3000 per year per job created for jobs paying at least \$45,000 in cash wages
- Up to a 5 percent rebate for real property improvements for businesses located in the Twin Cities Metro
- Up to a 7.5 percent rebate for real property improvements for business located in Greater Minnesota

Prevailing Wage requirements must be met if \$200,000 or more is awarded to a business.

#### Greater MN Business Expansion Sales Tax Refund Program

The Greater Minnesota Business Expansion Sales Tax Refund Program supports the expansion of businesses by providing sales tax refunds for qualifying purchases.

Qualifications include expanding employment by either 10% or 2 employees on site within 3 years, having operated in Greater MN city at least 1 year, pay employees at least \$13.76/hour, and not primarily engage in retail, gambling, entertainment, professional sports, political consulting, leisure, hospitality, professional services, or as a public utility.

Sales tax refunds are given for purchase and use of goods and services at facility, purchase and use of construction materials and supplies for real property improvements, seven years of refunds, only purchases after certification qualify, and may be eligible for \$2 million/yr and up to \$10 million over 7 years. Prevailing wages must be paid if over \$200,000 of sales taxes are refunded over the 7 years.

#### Minnesota Investment Fund (MIF)

The Minnesota Investment Fund provides grants to help add new workers and retain high-quality jobs on a statewide basis.

The focus is on industrial, manufacturing, and technology-related industries to increase the local and state tax base and improve the economic vitality for all Minnesota citizens.

At least 50 percent of total project costs must be privately financed through owner equity and other lending sources (most applications selected for funding have at least 70 percent private financing).

### **Research and Development Tax Credit**

The tax credit for R&D expenditures is 10 percent, up to the first \$2 million in eligible expenses. The credit is 2.5 percent for eligible expenses above \$2 million.

Beginning with tax year 2010, individuals involved in partnerships, S-corporations and limited liability companies are allowed to claim the credit against their individual income taxes.

Minnesota's R&D credits are refundable, which means if the tax credits exceed the tax liability, the state will issue a refund payment. Businesses do not need income tax liability or revenue to claim the credit, as long as they have qualified research and development expenditures (as defined in Section 41(d) of the Federal Internal Revenue Code).

### **Angel Tax Credit**

Minnesota's Angel Tax Credit provides incentives to investors or investment funds that put money into startup and emerging companies focused on high technology or new proprietary technology. The Angel Tax Credit:

- Provides a 25-percent individual income tax credit for qualified investors
- Is refundable. Non-Minnesota residents including residents of foreign countries are eligible for the credit.
- Allows a maximum credit of \$125,000 per year per individual
- Allows a maximum credit of \$250,000 for those married and filing jointly

### **Workforce**

#### **MN Job Skills Partnership Grant**

An accredited Minnesota higher education institution makes application to DEED on behalf of a business requiring customized training of existing workforce. Cost of training grants can be up to \$400,000. Requires a match from the business, and applications are accepted throughout the year.

#### **Workforce Development Inc.**

Dodge County EDA works in partnership with Workforce Development, Inc. (WDI) to connect our employers to talent. WDI is an independent, non-profit agency with a long history of serving the needs of job seekers and employers in Southeast Minnesota. WDI is dedicated to developing and advancing the workforce to meet the current and future needs of the communities we serve. WDI employer programs include staff training, on-the-job training contracts, focus groups, wage subsidy contracts, employer-based mentoring, and labor market information.

### **Public/Infrastructure**

#### **Small Cities Development Program (SCDP)**

The Small Cities Development Program helps cities and counties with funding for housing, infrastructure and commercial rehabilitation projects that benefit people of low and moderate incomes.

Projects must meet one of three objectives:

- Benefit people of low and moderate incomes
- Eliminate slum and blight conditions
- Eliminate an urgent threat to public health or safety

In addition, need impact and cost effectiveness must be documented and the general public must be involved in the application process.

State program rules subdivide grant funds into three general categories:

1) Housing Grants - Funds are granted to local units of government, which, in turn, lend funds for the purpose of rehabilitating local housing stock. Loans may be used for owner-occupied, rental, single-family or multiple-family housing rehabilitation. Loan agreements may allow for deferred payments or immediate monthly payments. Interest rates may vary, and loan repayments are retained by grantees for the purpose of making additional rehabilitation loans. SCDP funds may also be used to assist new housing construction projects. Funds may also be used for land acquisition, site improvements and infrastructure and housing construction. In all cases, housing funds must benefit low- and moderate-income persons.

2) Public Facility Grants - Funds are granted for wastewater treatment projects, including collection systems and treatment plants; fresh water projects, including wells, water towers, and distribution systems; storm sewer projects; flood control projects; and, street projects.

3) Comprehensive Grants - Comprehensive projects frequently include housing and public facility activities described above. In addition, comprehensive projects may include an economic development activity, which consists of loans from the grant recipient to businesses for building renovation/construction, purchase of equipment, or working capital. The most common economic development activity is rehabilitation of local commercial districts.

### **Shovel-Ready Site Certification**

The Shovel-Ready Site Certification Program puts Minnesota communities in the best possible position to attract new business and industry. Shovel-ready sites certify that the most time-consuming technical and regulatory aspects of development are already complete.

The certification gives your community a competitive edge by making the sites more attractive to companies and site-selection consultants looking for locations for business startups, expansions or relocations.

### **Greater Minnesota Public Infrastructure Program / Innovative Business Development Program / Bioscience Business Development Program**

Each of these programs was designed to help stimulate new economic development and operate in a similar manner to create new jobs and retain existing jobs through investments in public infrastructure.

Each program can provide grants to cities of up to 50 percent of the capital costs of the public infrastructure necessary to expand or retain jobs in the area, increase the tax base, or expand or create new economic development.

## **Federal Programs**

### **USDA Rural Development**

The U.S. Department of Agriculture, Rural Development Office, has an extensive list of programs to assist new and existing businesses with construction, equipment purchases, renewable energy production, and energy efficiency upgrades.

Rural Development has over 15 programs, ranging from competitive grants to guaranteed loans, designed specifically for small businesses and agri-business in rural America.

## **Small Business Administration (SBA)**

Banks and other lending institutions offer a number of SBA guaranteed loan programs to assist small businesses. While the SBA itself does not make loans, it does guarantee loans made to small businesses by private and other institutions. Below is an overview of SBA's guaranteed loan programs:

### 7(a) Loan Program:

This is SBA's primary and most flexible loan program, with financing for a variety of general business purposes. It is designed for start-up and existing small businesses, and is delivered through commercial lending institutions.

### CDC/504 Loan Program:

This program provides long-term, fixed-rate financing to acquire fixed assets (such as real estate or equipment) for expansion or modernization. It is designed for small businesses requiring "brick and mortar" financing, and is delivered by CDCs (Certified Development Companies)—private, non-profit corporations set up to contribute to the economic development of their communities.

### Microloan Program:

This program provides small (up to \$35,000) short-term loans for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment. It is designed for small businesses and not-for-profit child-care centers needing small-scale financing and technical assistance for start-up or expansion, and is delivered through specially designated intermediary lenders (nonprofit organizations with experience in lending and technical assistance).

## **Small Business Development Centers (SBDC)**

The Office of Small Business Development Centers (SBDC) provides management assistance to current and prospective small business owners. SBDCs offer free, one-stop assistance to individuals and small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations. The program is a cooperative effort of the private sector, the educational community and federal, state and local governments and is an integral component of Entrepreneurial Development's network of training and counseling services.

## **Helpful Websites & Resources**

### **West Concord EDA**

Local activity, updates, and contact information for West Concord.

<http://www.westconcordmn.com/>

### **Dodge County**

Local activity, updates, and contact information for Dodge County.

[www.dodge.co.mn.us](http://www.dodge.co.mn.us)

### **Farmers State Bank**

Our local bank offers a variety of financial services to assist in growing your business.

<http://fsbmn.com/>

### **CEDA**

<http://www.cedausa.com/>

Community & Economic Development Associates provide staffing support to West Concord and Dodge County economic development, and offers community, small business development, administrative, grant writing, and planning services throughout the surrounding region.

### **Minnesota DEED**

[www.positivelyminnesota.com](http://www.positivelyminnesota.com)

MN Department of Employment and Economic Development. More detailed information on state programs, applications, and reporting forms/deadlines, also state contacts, demographics, and other data.

### **LocationOne**

[www.locationone.com](http://www.locationone.com)

Free property listing service and site selection site. Provided by MN DEED.

### **Small Business Administration (SBA)**

[www.sba.gov](http://www.sba.gov)

Information on federal loans and loan guarantees. Application forms and instructions for lenders.

### **Southern MN Initiative Foundation (SMIF)**

[www.smifoundation.org](http://www.smifoundation.org)

Offer loans, seed money, equity, technical assistance, as well as programs for community grant initiatives and early childhood development.



"In accordance with Federal law and the U.S. Department of Agriculture's policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability." (Not all prohibited bases apply to all programs.) To file a complaint of discrimination, write to: USDA, Director, Office of Civil Rights, 1400 Independence Ave. S.W., Washington D.C. 20250-9410 or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).