

Green Jobs

INVESTMENT INITIATIVE





Green JOBZ

(Job Opportunity Building Zones)



Green JOBZ: Purpose

- Attract investments in green and clean tech projects that grow jobs by furthering renewable energy goals
- Support state's renewable energy standard, conservation improvement, emissions reduction, and greenhouse gas goals

Green JOBZ: Eligibility

- Projects including:
 - Renewable energy creation
 - Increased transportation – fuel source alternatives
 - Green building components manufacturing
 - Manufacturing of products, services, or research that supports renewable industries (wind turbines, electric vehicles, etc.)
- Eligibility determined by DEED: “But for” test – Is JOBZ required to induce investment here => extraordinary use of an extraordinary development tool
- Can be located anywhere (including Metro), unlike current JOBZ

Green JOBZ: Benefits

- Tax exemptions for 12 years, if agreement in place by 2015
- Exemptions include:
 - Corporate franchise tax
 - Income tax for owners and investors
 - Sales tax on goods and services
 - Property tax on commercial and industrial improvements (but not land)
 - Income tax credit for high-paying jobs



Angel Investment Tax Credit

(aka Job Creation Investment Tax Credit)

Angel Investment Tax Credit: Purpose

- Stimulate formation of early-stage capital to invest in new, emerging businesses and technology (including green)
- Minnesota has lagged other states causing small companies to look elsewhere
- \$20 million tax credits will leverage \$80 million in capital

Angel Investment Tax Credit: Mechanism

- 25% income tax credit for individual investor in qualified projects, up to maximum of \$200,000 per year per individual
- Investments are through regionally-pooled groups of investors, who establish a qualified regional fund: maximum of \$1 million in credits per year per fund
- \$5 million in tax credits per year for 4 years; at 25% tax credits = \$80 million in capital
- Credits hit state budget not before 2013 (investment must be held at least 4 years); 10 year carry forward, but not refundable

Angel Investment Tax Credit: Eligible Businesses

- Green (50%): product manufacturing, renewable energy, green business services, environmental conservation
- Technology in general: biotech, manufacturing, agricultural processing, assembly, R&D, new and emerging technologies
- Not qualified: wholesale/retail business, financial, and professional services, real estate development, construction, tourism

Angel Investment Tax Credit: Eligible Businesses

- HQ in Minnesota and at least 51% of employees
- Less than 100 employees
- Less than \$2 million in gross sales
- Not received > \$2 million in private equity
- Not received > \$1 million in investments qualified for these tax credits already



Small Business Investment Tax Credit

Small Business Investment Tax Credit: Purpose

- Stimulate insurance companies to invest so that venture capital can be injected in new, emerging businesses, and technology (including green)
- \$60 million tax credits will leverage \$100 million in capital

Small Business Investment Tax Credits: Mechanism

- 60% insurance premium tax credit, for insurance company investments in approved certified capital companies
- Insurance companies receive credit against premium tax beginning in third year after investment is made; no cost to state until 2012 at earliest
- Credits allocated over four years
- Qualified capital company: HQ or principal office in MN, minimum \$500K equity capitalization, 5 years venture capital experience, maximum 15% insurance company ownership, must invest minimum % of funds over prescribed periods

Small Business Investment Tax Credit: Eligible Businesses

- Green (50%): product manufacturing, renewable energy, green business services, environmental conservation
- Technology in general: biotech, manufacturing, agricultural processing, assembly, R&D, new and emerging technologies
- Not qualified: real estate development, insurance, banking, lobbying, political consulting, professional services (attorneys, accountants, business consultants, physicians)

Small Business Investment Tax Credit: Eligible Businesses

- HQ in Minnesota and at least 51% of employees
- Less than 100 employees
- Less than \$2 million in gross sales
- Not received > \$2 million in private equity



Minnesota Cup

MN Cup Competition

- Annual, statewide competition created to seek out, support, celebrate and promote Minnesota's newest and most innovative business ideas
- Contest runs from March-September and connects resident entrepreneurs with state's leading executives, investors and the U of M
- Minnesota Clean Cup Award will be added to the 2009 competition

All Entrants to MN Cup Receive

- Access to “The Minnesota Cup Hill Resource Center” from the James J. Hill Reference Library to assist with their plan
- One year, complimentary subscription to Twin Cities Business
- A valuable experience that will help all entrants as they work on their ventures

Minnesota Clean Cup Award – First Place Winner

- \$25,000
- Business Organization (or services of similar value) from sponsoring law firm
- One year access to “HillSearch” professional research membership from the James J. Hill Reference Library to continue to plan and grow
- One feature article publicizing your product/service through the ARA Content network
- Featured as a spotlight company on GetGoMN
- The Minnesota Cup, presented by David and Carolyn Cleveland

Minnesota Clean Cup Award – Second Place Winner

- \$5,000
- Business organization (or services of similar value) from sponsoring law firm
- 6 months access to “HillSearch” professional research membership from the James J. Hill Reference Library to continue to plan and grow
- Featured as a spotlight company on GetGoMN

Minnesota Clean Cup Award – Third Place Winner

- \$2,500
- 3 months access to “HillSearch” professional research membership from the James J. Hill Reference Library to continue to plan and grow

All Finalists Receive

- Featured in a supplement to Twin Cities Business in the Fall of 2008
- Detailed feedback of their final written entry and oral presentation
- Opportunity to present their plan through an oral presentation to entire review board
- Scholarships to The Collaborative's 2009 Venture & Finance Conference

All Semi-Finalists Receive

- One month of access to “HillSearch” professional research membership from the James J. Hill Reference Library to assist with your entry
- Invitation to semi-finalist reception at the James J. Hill Reference Library, where they can meet with members of the review board and Minnesota Cup partners

Conclusion: Life Cycle of Business Development

Minnesota Cup/Clean Cup Competition
(ideas and inventors emerge)



Angel (Job Creation) Tax Credits
Small Business Tax Credits
(angel/venture capital assembled for investment)



GreenJOBZ
(tax benefits for selected technologies and businesses)



Biomethane and Solar Power Incentives



Encouraging Solar Investment

- Existing Solar Incentives
 - 216B.241 Subd. 5a
 - Definition in 216B.2411 Subd. 2f
 - Up to 100 kW
 - Reduce electric load for residence, small business
- Counts as conservation for electric utilities
- Spending up to 5% of total CIP spending
 - 216B.241 Subd. 1

Encouraging Solar Incentives

- Increase size of allowed projects
 - Allow for more than 100 kW
- Remove language limiting to “small business”
- Remove language on “load reduction”
- Allow for exceptions to 5% spending limits

Biomethane

- Biomethane: biogas—natural gas (CH_4)—produced from renewable, biomass sources
- From anaerobic digesters, gasification, natural and chemical processes, and other sources

Encouraging Biogas Investment

- Would mirror existing solar incentives
- Count as conservation for natural gas utilities
- For customers of all sizes
- For load reductions, and
- For pipeline quality gas supplied to utilities
 - Price subject to negotiation/market

Contact

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