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
<table>
<thead>
<tr>
<th>Minnesota Clean Cup Award – Third Place Winner</th>
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<tr>
<td>• $2,500</td>
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<tr>
<td>• 3 months access to “HillSearch” professional research membership from the James J. Hill Reference Library to continue to plan and grow</td>
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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)

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

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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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