

# HOUSE RESEARCH

## Bill Summary

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**Version:** As introduced

**Authors:** Dempsey and others

**Subject:** Employer wage assistance grants

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### Overview

This bill creates a new program for the purpose of retaining manufacturing jobs in Minnesota and appropriates \$2,000,000 for the program in each year of the biennium. Under the program, the Department of Employment and Economic Development (DEED) would award grants to employers to subsidize the wages and benefits of manufacturing employees upon concluding that, without the subsidy, manufacturing jobs outside the metropolitan area would not be retained in Minnesota.

#### Section

**1 Definitions.** Defines "commissioner" as the commissioner of employment and economic development. Defines "metropolitan area" as the area over which the Metropolitan Council has jurisdiction.

**2 Employer wage assistance grants.**

**Subd. 1. Program created.** Authorizes the commissioner to make grants to eligible employers to subsidize wages and benefits for eligible jobs outside the metropolitan area when the commissioner finds that, without the subsidy, manufacturing jobs will not be retained in Minnesota.

**Subd. 2. Eligible employers.** Makes an employer eligible if the employer can show that it will not be able to retain jobs without the grant, due to a short-term competitive

## Section

downturn because of labor costs not subject to federal minimum wage requirements.

**Subd. 3. Eligible jobs.** Makes a job eligible for a grant if it pays total compensation, including benefits not mandated by law, on an annualized basis of at least 110% of the federal poverty guidelines for a family of four.

**Subd. 4. Grant application process.** Requires the commissioner to operate a grant application process. Specifies that applications must identify each job for which a grant is sought and demonstrate that the employer and each job are eligible for a grant.

**Subd. 5. Grant criteria.** Identifies four criteria for awarding grants:

- the likelihood that jobs will be retained because of a subsidy;
- the effect of job retention on the community and surrounding area;
- the availability of jobs at similar wage and benefits levels in the locale; and
- the prudence of the grant, based on an evaluation of the economic viability of the business (looking at factors such as financials, business plans, cash flow, and current orders).

**Subd. 6. Grant awards.** Allows a maximum of \$4,000,000 in grants for one employer and a maximum of \$10,400 in grants for one job. Provides that a subsidy for one job cannot exceed \$4 an hour in wage subsidy and \$1 an hour in benefits subsidy. Limits the grant for a single job to 48 consecutive months or less. Permits the award of grants below these maximums if lower amounts are sufficient to achieve the desired job retention.

**Subd. 7. Audits, examinations, inspections.** Authorizes the commissioner to audit, examine, and inspect the books, records, and facilities of employers receiving grants to ensure proper use of grant funds. Requires grant recipients to consent to audits, examinations, and inspections as a condition of receiving a grant.

**Subd. 8. Repayment of grant.** Requires employers to certify under oath that grants are used for the jobs specified in their grant applications. Requires repayment of grants to the extent that any specified job was not filled during the grant period. Also requires repayments of an entire grant if a job was unfilled at any time within six months of the last day that a job grant was used for a subsidy, unless the job became unfilled due to circumstances beyond an employer's control. Directs the deposit of repayments into the general fund and reappropriates this money to the commissioner for employer wage assistance grants.

**3 Appropriation.** Appropriates \$2,000,000 in each fiscal year of the biennium from the general fund to the commissioner of employment and economic development for employer wage assistance grants.

