



BUSINESS DEVELOPMENT ASSISTANCE PROGRAMS

Available Local, State, Regional and Federal Financial Assistance Programs

A wide range of financial assistance programs exist to help new and growing business.

For more information, please contact:
Jim Thares, Monticello Economic Development Manager
Phone: 763-271-3254
E-mail: jim.thares@ci.monticello.mn.us

CITY-EDA

1. Tax Increment Financing (TIF):

The City of Monticello EDA offers Tax Increment Financing (TIF) assistance to businesses and to development projects for the purpose of creating new jobs, increasing the tax base and eliminating blighted and substandard structures. The assistance requires proof that the development would not otherwise occur without TIF. It can be used for land write downs and/or site improvements as mutually agreed by the EDA and the business/developer.

2. Greater Monticello Enterprise Fund (Revolving Loan Fund):

The City of Monticello EDA offers a revolving loan fund to assist industrial business with financing real property acquisition and development or machinery and equipment purchases. The maximum loan amount is not to exceed 50 percent of the "Fund" balance. Typical rates and terms are: Up to two (2) percent below prime rate (based on loan approval date); real estate financing can be amortized up to 30 years with a 10th year balloon (end of 10^h year) payment. Machinery and equipment can be amortized over a five to seven (5 to 7) year period. Loan amounts may range from \$100,000 to \$500,000. All loans require appropriate collateral and personal guarantees.

3. Tax Abatement:

Tax abatement is a finance tool that the City EDA can use to encourage private development. The eligibility criteria are defined by state statutes. It is generally targeted to new developments that increase the tax base and create jobs.

4. Monticello Small Cities Economic Development Set-Aside Revolving Loan Fund:

This EDA administered loan fund can be utilized for business start-ups, expansions and projects featuring job creation and/or retention. Typical rates and terms are: not less than two (2) percent below prime with a minimum interest rate of three (3) percent. Real estate terms can be structured as 10-year fully amortizing loan or a balloon structure, amortized over 30 years with a balloon payment at the end of the 10th year. Typical loan amounts range from \$50,000 to \$250,000. Not more than 30 percent of the project's costs can be borrowed from this program.

MN-DEED

5. Minnesota Investment Fund (MIF):

This is a MN-DEED financing program to help industrial manufacturing and technology-related business expand and create new jobs. Funds are awarded to local units of government who provide loans to assist expanding businesses. Interest rates are typically negotiated with terms matching the useful life of the asset being financed. Loans require appropriate collateral and personal guarantees. The maximum amount of funding is typically \$500,000, although in some cases, more than one governmental entity can apply for funds for the same project thereby increasing the available dollars for a project.

6. Job Creation Fund:

This MN-DEED performance based program is available to businesses engaged in manufacturing, warehousing, distribution and technology-related industries. Companies deemed eligible to participate may receive up to \$1 million for creating or retaining high-paying jobs and for constructing or renovating facilities or making other real property improvements. The performance contract is between the company and the State (MN-DEED). The local jurisdiction is required to endorse the project through a resolution prior to grant submittal to the State.

REGIONAL

7. Wright County Partnership Revolving Loan Fund:

Subordinated gap financing loans are offered to encourage industrial and commercial development. Loan amounts range from \$5,000 to \$50,000 with interest rates at prime plus 3 percent and a minimum rate of 6 percent. Loan terms shall not exceed that of the primary lender; typically 5 to 15 years. Use of loan proceeds may include real property acquisition or rehabilitation as well as. Purchase of machinery and equipment and working capital.

8. Initiative Foundation:

The Initiative Foundation offers several financing programs to businesses with the goal of creating new jobs, strengthening communities and diversifying local economies. Specific programs include: technology based and green businesses as well as value added manufacturing. Loan amounts range from \$100,000 to \$500,000 per project with the rates and terms also varying based on the program.

9. Central Minnesota Development Company (CMDC):

CMDC is a private non-profit certified development company established to provide financing to small and mid-sized business utilizing the SBA 504 Loan Program. Benefits include lower down-payments, longer terms, below market, fixed rates and rapid turnaround.

10. Minnesota Business Finance Corporation (MBFC):

MBFC, a private non-profit certified development company, offers fixed rate, low interest SBA 504 loans as well as complete packaging for new and expanding businesses. Great service and fast response is their hallmark.

FEDERAL

11. USDA Rural Development Loan:

The US Department of Agriculture offers several finance programs for both communities and businesses. A popular one is the Business and Industry Loan Guarantee Program involving other lenders. Go to www.rd.usda.gov/programs-services for more information.

TAX CREDITS/EXEMPTIONS – MN-DEED and MN DEP'T OF REVENUE

12. Minnesota Angel Tax Credit Program:

This program administered by MN-DEED provides incentives to investors or investment funds that put money into startup and emerging companies focused on high technology or new proprietary technology.

13. Capital Equipment Tax Exemption:

Businesses that buy or lease qualifying equipment (machinery and equipment used in manufacturing) for use in Minnesota are eligible for an upfront exemption from Minnesota State and local sales or use taxes.

14. Data Centers:

Companies that build data or network operation centers of at least 25,000 sq. ft. and invest \$30 million qualify for sales tax exemptions for 20 years on computers and servers, cooling and energy equipment, energy use and software; and they pay no personal property tax. A requirement is the project must be completed in 48 months start to finish.

15. Greater Minnesota Job Expansion Tax Credits:

The program provides sales tax exemptions for up to 12 years to eligible existing business located in Greater Minnesota (outside the Twin Cities 7-County metro area) that meet specified job creation and wage level eligibility requirements.

16. MN Historic Structure Rehabilitation Tax Credits:

This program offers a 20 percent state tax credit for qualified historic rehabilitations and parallels the existing federal rehabilitation tax credit.

17. Research and Development Tax Credits:

Businesses with qualifying research and development (R&D) expenses in Minnesota can obtain up to 10 percent of qualifying expenses up to \$2 million and 2.5 percent for expenses above that level. C Corporations, partnerships and S corporations are eligible to claim the credit through the MN Department of Revenue.

Questions?

Feel free to Contact:

Jim Thares, Monticello Economic Development Manager

Phone: 763-271-3254

E-mail: jim.thares@ci.monticello.mn.us