

MINNESOTA • REVENUE

INCOME TAX WITHHOLDING Jobs Training Program

April 2, 2013

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 292 (Ward, J.E.) First Engrossment

	Fund Impact			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
		(000's)		
General Fund	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)

Effective July 1, 2013.

EXPLANATION OF THE BILL

The bill establishes a jobs training program that reimburses employers for the training costs of a new job. The Commissioner of Employment and Economic Development (DEED) is authorized to enter into agreements with employers providing new jobs in Minnesota. Agreements may provide for on-the-job training not to exceed 50% of the annual wages and salaries of the new jobs for the first full year.

Training program costs are all necessary and incidental costs of providing training and education specifically directed to new jobs, determined by DEED, including in-house training, higher education services, services by federal, state, or local agencies, and private training or educational services. Administrative services and assessment and testing costs are included. Program costs are increased by \$1,000 per employee for individuals with a disability.

The new job must be provided by a new or expanding business that is located outside the metropolitan area, as defined, and provide at least 32 hours of work weekly for nine months of the year and be a permanent position with no planned termination date. The employee must be paid wages of at least \$13 per hour by the end of the training period or 18 months of employment and through the period in which the program applies. The employee cannot be an employee that was formerly employed by the employer in Minnesota nor a replacement worker newly hired as a result of a labor dispute.

Employers may choose between having program costs reimbursed through a grant from DEED or through a tax credit. The maximum amount of the grant is limited to 90% of the tax credit that would otherwise apply. Costs reimbursed through the tax credit cannot exceed the income tax withholding for an employee.

EXPLANATION OF THE BILL (Cont.)

The funding provision is an appropriation of \$10 million annually beginning in fiscal year 2014. The size of the program is limited to the annual appropriation of \$10 million plus grants from DEED from any other available department monies and DEED's authority to enter into agreements under the program ends as of June 30, 2018.

A report to the Legislature is required by February 1, 2016.

REVENUE ANALYSIS DETAIL

- The amount of the appropriation is \$10 million annually. If all the available funds are used, the cost to the General Fund will be \$10 million each year the program is in effect.

Source: Minnesota Department of Revenue
Tax Research Division
[www.revenue.state.mn.us/research_stats/Pages/
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)