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S.F. No. 3223 – Shakopee area workforce development scholarship pilot program; tax credit (1st engrossment) (as proposed to be amended by the A-3 amendment)

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This bill establishes a workforce development scholarship pilot program and a temporary income tax credit for employers who contribute to scholarships for program applicants.

Section 1. Shakopee area workforce development scholarships pilot.

Subd. 1. Definitions. Defines “employer-sponsored applicant,” “local employer,” and “Shakopee Chamber Foundation.”

Subd. 2. Grants and administration. Requires the commissioner of DEED to award appropriated grant funds to the Shakopee area workforce development pilot program. Up to ten percent of grant funds may be used for administrative costs. Requires the foundation and participating MNSCU institutions to establish an application process and other program implementation guidelines.

Subd. 3. Scholarship recipient requirements. States the requirements for scholarship recipients, including enrollment at a MNSCU institution approved by the Dakota-Scott Workforce Development Board (Board), complete the FAFSA if applicable to the program in which they are enrolled, adherence to program requirements, commitment to three years of full-time employment within a service area, and fulfillment of the three-year commitment within the service area. If a recipient fails to fulfill these requirements, the foundation may convert the scholarship to a loan, amounts repaid from which may be used to fund scholarships.

Subd. 4. Program eligibility. Requires the Board to annually identify the types of programs in named professions and consider data based on a workforce shortage for full time employment that requires postsecondary education that is unique to the region, as reported in the most recent DEED job vacancy survey data for the region. Requires the Board to provide

a list of eligible programs administered by each MNSCU institution that are eligible for scholarships in the next year.

Subd. 5. Employer partnerships. Requires the foundation and MNSCU institutions to establish partnerships with qualified local employers to ensure that 25 percent of the Shakopee area workforce development scholarship is matched with employer or foundation funds.

Subd. 6. Scholarship awards. Requires the foundation to coordinate available funds and award scholarships to MNSCU institutions with programs approved by the Board. Provides requirements for coordination of scholarships and priority of awarding grants.

Subd. 7. Renewal; cap. Allows scholarship recipients to apply for a scholarship in subsequent academic years. Students may be awarded a second scholarship upon successful completion of a program but total lifetime awards for a recipient must not exceed scholarships for two programs.

Subd. 8. Local employer scholarship tax credit. Authorizes a refundable income tax credit equal to amount of the amount of the employer's scholarship awarded to an employer-sponsored applicant that is matched under subdivision 5. Requires that credits awarded to pass-through entities are passed through on a pro rata basis to partners, members, shareholders, or owners according to their share of the entity's assets or as specifically allocated in organizational documents. Allows the commissioner of revenue to exercise audit and examination powers under current law and provides that these powers do not expire after the credit expires.

Subd. 9. Report required. Requires the foundation to submit an annual report to the chairs and ranking members of the legislative committees with jurisdiction over employment and economic development policy and prescribes the content of the report.

All provisions except subdivision 8 are effective the day following final enactment. Subdivision 8 is effective for taxable years beginning after December 31, 2023, and before January 1, 2029

Section 2. Appropriation. Appropriates \$700,000 in FY 2024 from the workforce development fund to DEED for a grant to the foundation for the workforce development scholarship pilot program. The appropriation is onetime and is available until June 30, 2028.