



Minnesota Forward Fund Program Report

2024 Annual Report
As required by Minn. Stat. § 116J.8752, Subd. 9
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Minnesota Forward Fund Program Report

Minn. Stat. § 116J.8752, Subd. 9 requires the Department of Employment and Economic Development (DEED) to report to the legislature on the Minnesota Forward Fund. The report is to include the following:

- (1) A report on all projects that have been approved by February 15 of each year.

Program Background

The Minnesota Forward Fund was enacted in 2023. The program was established to enhance the State of Minnesota's economic competitiveness by providing authority and flexibility to facilitate private investment. This fund provides a financial mechanism that allows the state to negotiate incentives with businesses for the purpose of business retention, expansion, and attraction of projects in existing and new industries. The Minnesota Forward Fund serves as a closing fund that leverages federal funding with the intent of increasing resiliency in economic security and economic enhancement opportunities that provides high-quality employment opportunities.

The Minnesota Forward Fund received an appropriation of \$400,000,000 pursuant to Laws of Minnesota 2023, Chapter 53, Article 21, Section 6. The appropriation was then amended to \$390,000,000 pursuant to Laws of Minnesota 2024, Chapter 125, Article 8, Section 8. Of this appropriation, the fund has three accounts as follows:

1. General Fund account of \$50,000,000 is available to provide businesses with matching funds required by federal programs. Business subsidies per project are limited to \$15,000,000 of which no more than \$10,000,000 can be in the form of a grant. Eligible projects are allowed retroactive to February 1, 2023.
2. Consolidated Appropriations Act Fund account of \$100,000,000 is available to provide businesses with matching funds required by federal programs pursuant to the Consolidated Appropriations Act, Public Law 117-328. This appropriation is limited to the following projects:
 - a. Construction and operation of a bioindustrial manufacturing pilot innovation facility, biorefinery, or commercial campus utilizing agricultural feedstocks.
 - b. For a Minnesota aerospace center for research, development and testing, or both.
3. CHIPS Fund account of \$240,000,000 is available to provide businesses with matching funds required for federal funds pursuant to the Chips and Science Act, Public Law 117-167. Businesses may receive up to fifteen percent (15%) of the total project costs subject to a maximum of \$75,000,000 for the purposes of: (1) constructing, modernizing, or expanding commercial facilities on the front- and back-end fabrication of leading-edge, current

generation, and mature-node semiconductors, and (2) funding semiconductor materials and manufacturing equipment facilities, and for research and development. Eligible projects are allowed retroactive to February 1, 2023.

- a. Of the \$240,000,000 up to \$5,000,000 per project is available to provide grants to institutions on higher education for developing and deploying training programs to serve the needs of industry. Eligible project proposals must be supported by businesses that received an Award from the Minnesota Forward Fund CHIPS Act fund.

Approved Projects

As of February 15, 2025, the Minnesota Forward Fund had approved one project, as shown in Table 1.

On July 2, 2024, Polar Semiconductor, LLC (Polar) was approved for an award of \$75,000,000 from the Minnesota Forward Fund CHIPS fund. The total project cost is \$525,064,000. This project will leverage \$120,000,000 of federal funds and \$325,700,000 of private investment. The project is anticipated to create at least 98 new jobs with an average wage of \$48.23 per hour. Polar has over six decades of semiconductor footprint in the state of Minnesota. Polar is a wafer manufacturer and has significant technology development, engineering and manufacturing operations at its Bloomington facility. With this project, Polar is making a tremendous investment in their existing facility. Polar-made commercial grade devices are sold throughout the world. Their chips can be found in automobiles, refrigerators, air conditioners, dish washers as well as in markets including consumer products and industrial applications.

Table 1 – Approved Minnesota Forward Fund Projects

Project	Total Project Cost	State's Match	Federal Funds	Private Funds
Polar Semiconductor	\$ 525,064,000	\$ 75,000,000	\$120,000,000	\$325,700,000
Total	\$ 525,064,000	\$ 75,000,000	\$120,000,000	\$325,700,000

Pending Projects

The DEED Office of Business Development and Office of Business Finance is actively engaged in attracting, negotiating, and conducting due diligence on a variety of projects. These pending projects are projected to utilize approximately \$155,000,000 from the Minnesota Forward Fund and catalyze more than \$700,000,000 in federal and private investments.

Recommendations

The Governor recommends that the Minnesota Forward Fund appropriation be amended to be available until spent and to remove the requirement that the General Fund account must be used as matching funds required by federal programs. No changes are recommended to the Consolidated Appropriations Act Fund account or CHIPS Fund account. Minn. Stat. § 116J.8752, Subd. 4(a) provides DEED with authority to transfer between accounts to meet the economic development needs of the state.

The Minnesota Forward Fund program has positioned Minnesota to compete and win large investments that are occurring as the United States works to create domestic production and supply chains that are resilient for economic security and economic enhancement opportunities. With this recommended change, the Minnesota Forward Fund will be used to help Minnesota better compete for business expansion and attraction projects in response to a changing landscape in economic development.