EMPLOYMENT AND ECONOMIC DEVELOPMENT

FY25 Minnesota Forward Fund Annual Program Report

As required by Minn. Stat. § 116J.8752, Subd. 9

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Minnesota Forward Fund Program Report

Minnesota Statutes, Section 116J.8752, Subd. 9 requires the Department of Employment and Economic Development 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's economic competitiveness by providing the State with 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 also 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. In 2025, pursuant to Laws of Minnesota 2025, 1st Special Session, chapter 6, article 3, section 3, the legislature amended the appropriation expiration date to June 30, 2030, and expanded the purpose of the fund by removing federal funding as a minimum eligibility requirement for the general fund account.

Of this appropriation, the fund has three accounts as follows:

1. General Fund account of $50,000,000 is available to enhance the State's economic competitiveness and facilitate private investment. 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 (CAA) 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 constructing, modernizing, or expanding

commercial facilities on the front- and back-end fabrication of leading-edge, current generation, and mature-node semiconductors, funding semiconductor materials and manufacturing equipment facilities, and for research and development. Eligible projects are allowed retroactive to February 1, 2023.

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 December 31, 2025, the Minnesota Forward Fund approved eight projects providing $206,980,500 in State funding leveraging $938,299,642 in private and federal funding, as shown below in Table 1. Approved projects are listed below in chronological order and summarized by fund type in Appendix A.

Table 1: Approved Minnesota Forward Fund Projects

Project	Total Project Cost	State's Match	Federal or Other Public Funds	Private Funds
Grand Total	$1,145,280,142	$206,980,500	$324,793,581	$613,506,061

Polar Semiconductor, LLC

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 ninety-eight (98) new jobs with an average cash of $48.23 per hour and retain an existing five hundred and seventeen (517) jobs. Polar has over six decades of semiconductor footprint in the State of Minnesota. Polar is a wafer manufacturer and has deep 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 and in diverse products and markets including consumer products and industrial applications.

University of St. Thomas

On February 20, 2025, University of St. Thomas was approved for an award of $5,000,000 from the Minnesota Forward Fund CHIPS fund account. The funds will be used to pay for the design and delivery of a workforce training program, equipment, and scholarships. The total project cost is $10,834,920. The project will leverage $5,580,400 that is provided as matching contribution from CHIPS Minnesota Forward Fund (MFF) recipient Polar semiconductor and additionally supported by Skywater.

The University of St. Thomas (UST), a private university in St. Paul with an enrollment of more than 9,000 students, will use the funding to establish the Minnesota Semiconductor Artificial Intelligence (AI) Hub. The hub—in collaboration with manufacturers Seagate and Skywater Technology, and MFF recipient Polar Semiconductor —will use AI to improve semiconductor manufacturing. The program will also establish graduate curriculum related to smart manufacturing with the goal of creating a pipeline of over 120 highly skilled professionals adept at leveraging AI and data science in semiconductor manufacturing.

BioMADE MN, LLC

On April 8, 2025, BioMADE MN, LLC (BioMADE) was approved for an award of $50,000,000 from the Minnesota Forward Fund Consolidated Appropriations Act, Public Law 117-328 fund. The total project cost is $132,000,000. The project will leverage $82,000,000 of federal matching dollars. The project is anticipated to create at least twenty- five (25) new jobs with an average cash wage of $32.95 per hour. This project fulfills the legislature's directive of construction and operation of a bioindustrial manufacturing pilot innovation facility.

BioMADE intends to operate a network of the best available piloting capabilities to help companies drive products to market. Companies use their facilities for process development and producing relevant quantities of test product. The pilot facility in Maple Grove will operate as a national Contract Development Manufacturing Organization (CDMO) providing research and development and small-scale manufacturing services to industry and the federal government, particularly the Department of Defense (DoD). The technical capabilities of the site will include fermenters sized from bench top to 25,000L and 50,000L. The pilot facility will have a robust process control system to properly run the equipment within the pre-determined operating window for temperature, pressure, composition, and flowrates. It will have an industry-leading data generation and data management system. This system would include a higher level of instrumentation than typically seen at existing CDMOs.

Hennepin Technical College

On June 9, 2025, Hennepin Technical College was approved for an award of $4,147,500 from the Minnesota Forward Fund CHIPS fund account. The funds will be used to pay for the design and delivery of a workforce training program, equipment, scholarships, professional development, and salaries and benefits. The total project cost is $8,295,000. The project will leverage $4,060,000 in matching

contributions by the institution and $87,500 in matching contributions from Seagate and MFF recipient Polar semiconductor.

Hennepin Technical College, part of the Minnesota State system, offers Associates of Science and Associates of Applied Sciences degrees to its approximately 6,000 enrolled students in Brooklyn Park and Eden Prairie. Hennepin Tech will use MFF funding to create a microelectronics manufacturing training pipeline for students. By expanding and enhancing the college's automation robotics program through new equipment and additional training space, the program will be able to serve more than 700 students and create highly skilled professionals in the semiconductor and microelectronics manufacturing industry over the course of 10 years.

North Wind Test, LLC

On October 10, 2025, North Wind Test, LLC (North Wind) was approved for an award of $49,950,000 from the Minnesota Forward Fund Consolidated Appropriations Act, Public Law 117-328 fund. The total project cost is $191,548,632. The project will leverage $42,736,641 of private investment, $98,545,558 of federal funding and $316,433 of other public funding. The project is anticipated to create at least forty (40) new jobs at average cash wage of $52.04 per hour and retain existing eighty-eight (88) jobs. This project fulfills the legislature’s directive to develop a Minnesota aerospace center for research, development and testing, or both.

North Wind is a Minnesota-based national aerospace engineering research, development and test services company with specialized experience ranging from low subsonic to hypersonic speeds. With roots in the aerospace industry and in Minnesota since 1952, the company has been a part of the community for more than 70 years. In partnership with the University of Minnesota, North Wind will construct and develop the Minnesota Aerospace Complex (MAC) in Rosemount, a dedicated facility focused on advancing the United States' hypersonic ground testing, modeling and simulation capabilities. Once completed, the MAC will serve as the country's premier aerospace complex for hypersonic system research, development and testing.

Niron Magnetics, Inc

On October 17, 2025, Niron Magnetics, Inc (Niron) was approved for an award of $10,000,000 from the Minnesota Forward Fund general account. The total project cost is $169,734,590. The project will leverage $145,800,000 in private investment, $6,200,000 of federal funding and $7,734,590 of other public funding. The project is anticipated to create 175 new jobs with average cash wage of $32.21 and retain approximately 121 existing jobs.

Niron was founded in 2014 and currently operates a commercial pilot manufacturing plant located in Minneapolis. This project will construct a new 190,000-square-foot facility in Sartell to commercially produce up to 1,500 tons of permanent magnets annually in 2027. Niron’s groundbreaking iron nitride technology was born at the University of Minnesota.

Niron Magnetics, Inc., produces powerful permanent magnets that are uniquely free of rare earth minerals, used in speakers, sensors, motors, cellphones, cars and more. Founded in Minnesota in 2015, the groundbreaking technology used to create the nanoparticle iron nitride permanent magnets was born at the University of Minnesota and is the first new magnetic material in over forty (40) years to use readily available, domestically sourced commodity materials—iron and nitrogen. Niron's Iron Nitride-based permanent magnets reduce the environmental impacts of traditional rare-earth magnet mining, processing and manufacturing, and ensure a stable and sustainable supply chain, 100% domestically sourced.

Dem-Con HZI Bioenergy, LLC

On October 23, 2025, Dem-Con HZI Bioenergy, LLC (DCHZI) was approved for an award of $10,000,000 from the Minnesota Forward Fund general account. The total project cost is $102,037,000. The project will leverage $82,040,000 in private investment and $9,997,002 in other public funds. The project is anticipated to create 12 new jobs with average cash wage of $40.83 and retain approximately 140 existing jobs.

DCHZI is a joint venture between Dem-Con Green Fuels, a Minnesota-based waste management company, and Kanadevia Inova USA, a global cleantech firm (collectively companies). The companies are engaged in a public-private partnership with Ramsey and Washington counties via Ramsey/Washington Recycling & Energy (R&E). The partnership will develop a new anaerobic digestion facility in Shakopee designed to process 75,000 tons of organic waste annually, which is a sixty percent increase over current statewide processing levels. The project will divert up to thirty percent of household waste from landfills and produce 200,000 MMBtu of renewable natural gas (RNG) annually and generate 10,000 tons of biochar, a valuable soil amendment that will reduce greenhouse gas emissions by up to 30,000 tons of carbon dioxide equivalent per year. The RNG will be injected into a CenterPoint Energy pipeline, supporting local energy needs, while biochar will serve agricultural, composting, and industrial markets.

University of Minnesota

On November 3, 2025, the University of Minnesota was approved for an award of $2,883,000 from the Minnesota Forward Fund CHIPS fund account. The funds will used for the purchase of equipment, research, and curriculum development. The total project cost is $5,766,000. The project will leverage $2,883,000 in matching contributions from Honeywell and MFF recipient Polar semiconductor.

The University of Minnesota is a public university, founded in 1851, with five campuses. The flagship campus extends between the cities of St. Paul and Minneapolis. Enrollment at the Twin Cities campus is over 54,000 students.

A new partnership between Polar Semiconductor, Honeywell, and the University will establish a new technology center focused on developing next-generation magnetic sensors integrated with Bipolar-CMOS-DMOS (BCD) semiconductor technology. The center will support advanced tunneling magnetoresistance (TMR) sensor innovation for use in automotive, biomedical, IoT, and smart manufacturing. It will also support creation of a 200-mm wafer lab and university coursework in magnetics and spintronics. The support also includes advance energy harvesting, bioelectronics, and radiation-hardened MRAM technologies. The center will position Minnesota as a global leader in spintronic and BCD-integrated devices.

Pending Projects

The Department of Employment and Economic Development acting through its 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 expend approximately $100,000,000 from the Minnesota Forward Fund and catalyze more than $1,500,000,000 in federal, private and other public investments. Minn. Stat. § 116J.8752, Subd. 4(a) provides the Department with authority to transfer between accounts to meet the economic development needs of the State. The Department anticipates that it will transfer an aggregate of $100,000,000 from the CHIPS account to the general account in SFY26 and SFY27.

Recommendations

The legislature, through 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. The Minnesota Forward Fund is a critical tool to help Minnesota better compete for business expansion and attraction projects in response to a changing landscape in economic development. To respond effectively to long-range economic development opportunities, it is recommended that the legislature remain committed to the existing appropriation expiration date of June 30, 2030, to allow sufficient time for long-lead projects to materialize.

Appendix A

Summary tables by fund type.

Approved Minnesota Forward Fund Projects – General

Project	Total Project Cost	State's Match	Federal or Other Public Funds	Private Funds
Niron	$169,734,590	$10,000000	$13,934,590	$145,800,000
DCHZI	$102,037,000	$10,000,000	$9,997,000	$82,040,000
Total	$271,771,590	$20,000,000	$23,931,590	$227,840,000

Approved Minnesota Forward Fund Projects - CAA

Project	Total Project Cost	State's Match	Federal or Other Public Funds	Private Funds
BioMADE MN	$132,000,000	$50,000,000	$82,000,000	$0
Northwind Test	$191,548,632	$49,950,000	$98,861,991	$42,736,641
Total	$323,548,632	$99,950,000	$180,861,991	$42,736,641

Approved Minnesota Forward Fund Projects - CHIPS

Project	Total Project Cost	State's Match	Federal or Other Public 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

Approved Minnesota Forward Fund Projects – CHIPS Sub Account for Education Institution

Project	Total Project Cost	State's Match	Federal or Other Public Funds	Private Funds
University of St. Thomas	$10,834,920	$5,000,000	$0	$5,834,920
Hennepin Technical College	$8,295,000	$4,147,500	$0	$4,147,500[1]
University of Minnesota	$5,766,000	$2,883,000	$0	$2,883,000
Total	$24,895,920	$12,030,500	$0	$12,865,420

Note[1]. Of the $4,147,500 in private funds, $4,060,000 will be contributed by the education institution and $87,500 by Seagate and MFF recipient Polar semiconductor. The education institution has a variety of funding sources including student tuition and fees, state and federal sources.