

THE WALZ-FLANAGAN BUDGET



TO MOVE MINNESOTA FORWARD

EXPANDING ECONOMIC OPPORTUNITY

Minnesota has a remarkable opportunity to cut taxes for the middle class, working families, and small businesses while also investing in public safety, health care, and education. Now is the time to reduce costs and grow our economy while protecting the health and safety of Minnesotans and ensuring every child receives a high-quality education, no matter their race or zip code.

CUT TAXES FOR SMALL BUSINESSES



Replenish the UI Trust Fund – \$2.73 Billion

Minnesota's Unemployment Insurance (UI) program acted quickly to ensure that Minnesotans who lost their job due to the pandemic were able to pay their rent, buy food for themselves and their families, and weather the most difficult periods of the pandemic. UI benefits were a lifeline to Minnesota workers and their families during the pandemic, providing more than \$14 billion in cash assistance to nearly 900,000 workers. Now, the

Governor and Lieutenant Governor propose replenishing the UI Trust Fund in case it's needed again, while making sure that the employers who also struggled don't bear the cost of this assistance.

The Governor and Lieutenant Governor's budget makes a one-time investment of \$2.73 billion to replenish the UI Trust Fund, which will prevent pandemic-related tax increases for businesses that were negatively impacted by COVID-19. This investment ensures that businesses across the state are held harmless and that future UI tax rates for employers will not be impacted by the pandemic.

A \$2.73 billion investment in the UI Trust Fund translates to roughly a \$900 investment per worker.

ENSURE BROADBAND FOR EVERY MINNESOTAN



Finish Broadband Statewide – \$170 Million

The Walz-Flanagan budget invests \$170 million to finish the job of bringing border-to-border broadband access to all Minnesotans. Over the past two years, the need for high-speed, high-quality broadband has grown dramatically. Through the past several years of the state's border-to-border broadband program, about

93% of Minnesota households have reliable broadband. The Governor and Lieutenant Governor's investment, which would remain a competitive matching fund grant program, would finally pave the way for achieving the state's goal of providing every Minnesotan with reliable broadband.

GROW SMALL BUSINESSES AND ATTRACT TALENT



Enhance Launch Minnesota – \$5 Million

Governor Walz proposes investing \$5 million in the Launch Minnesota program to expand supports for our startup ecosystem and launch an accelerator to help startups scale in Minnesota. Launch Minnesota works to attract top entrepreneurial talent to Minnesota through a series of initiatives focused on growing our innovation economy to keep our state competitive nationally and globally. The proposal would allow the program to partner with appropriate ecosystem leaders to build an accelerator for startup growth in Minnesota. Focused on industries in which we see the most momentum – healthcare, clean energy, and agriculture/food, fintech and software/IT, this state-wide accelerator will be a landing spot for companies looking to scale-up, giving them the connections, resources, and technical assistance to grow.



Invest in the Angel Tax Credit – \$17 Million (\$7 million FY23; \$10 million FY 24-25)

The Governor recommends allocating \$7 million for the Angel Tax Credit in FY23 and \$10 million in FY24-25. The program is Minnesota’s primary economic development tool to assist early-stage businesses engaged in technological innovation by providing a tax credit to investors or investment funds that make an equity investment. The Angel Tax Credit program has resulted in over \$498 million in private investment in Minnesota startups, leveraged by the state’s issuance of \$120 million in tax credits to angel investors.

Investing in this program prioritizes economic growth and builds on Minnesota’s existing ecosystem of high tech, high innovation companies, including the state’s clean energy technology and biotech/bioscience businesses. The Angel Tax Credit will help communities across the state create wealth by incentivizing investment in companies with founders that are women, veterans, minorities, and those headquartered in Greater Minnesota.



State Small Business Credit Initiative Investment Changes – No new funding requested

Minnesota is growing opportunities for startups and entrepreneurs by developing resources that encourage more private investment to fuel their growth. Right now, there is not enough early-stage capital available to support the vast number of start-up businesses that exist in Minnesota. That’s why Governor Walz is recommending a policy change allowing the Department of Employment and Economic Development to take equity positions in small and emerging businesses to effectively manage and distribute the \$97 million in funding from the U.S. Treasury for the State Small Business Credit Initiative (SSBCI) the state is receiving. This change will allow DEED to participate in supporting our tech sector as it grows and expands our economy.



Legalize Adult-Use Cannabis – \$6.23 Million FY23; \$7.94 Million FY24; \$3 Million FY25

Prohibiting the use of cannabis in Minnesota hasn’t worked. The Governor and Lieutenant Governor know that Minnesota needs modernized solutions to harness the benefits of legalizing cannabis, including expanding our economy, creating jobs across the state, allowing law enforcement to focus on violent crime, and regulating the industry in order to keep our kids safe. The Governor and Lieutenant Governor recommend funding for the safe and responsible legalization of cannabis for adult-use in Minnesota. A new Cannabis Management Office would be responsible for the implementation of the regulatory framework for adult-use cannabis, along with the medical cannabis program, and a program to regulate hemp and hemp-derived products. The recommendation also includes funding for grants to assist individuals entering the legal cannabis market, additional resources for substance use disorder treatment and prevention, funding to launch statewide education campaigns on the adverse health effects associated with the use of cannabis for young people and those who are pregnant or may become pregnant, a provision for the expungement of non-violent offenses involving cannabis, and implementation of taxes on adult-use cannabis.



Expand marketing campaign to attract talent and business opportunities – \$4.53 Million

Minnesota has a long history as the problem-solving capital of America – our ideas have propelled the world forward, whether that’s supercomputing, inventing in-ear hearing aids, or the pacemaker. As Minnesotans, we know there is no better place to live, work or raise your family – but it’s time we amplify this message to the world. Governor Walz is recommending \$4.530 million to broadly share the story of Minnesota’s strong and resilient economy to the world, aiming to attract talent, investments, startups and new business opportunities for our future. This funding will also build out the agency’s Business Vitality Council to assist state agencies in the planning process to address large issues facing Minnesota.



Nonprofit Resiliency & Recovery Fund – \$50 Million

Minnesota’s nonprofit organizations are the first line of community support – particularly as communities recover and rebuild from COVID-19. They play a critical role in connecting people to supportive programs, funding, and services and are essential to move the state forward. However, funding shortfalls and a diminished workforce paired with an increased need for services is making it difficult for these organizations to operate at the level our communities need to recover and rebuild. Cuts in nonprofit staffing, services, and programming have had the greatest impact on Black, Indigenous, and People of Color, who have also been disproportionately impacted by COVID-19 and are often clients of nonprofit organizations. The Governor recommends \$50 million to provide financial support for nonprofits critical to accelerating an equitable COVID-19 pandemic recovery – allowing nonprofits to scale their operations to meet current demands.

GROW OUR WORKFORCE



Tech Jobs Pipeline for Youth – \$15 Million

Minnesota's talent pipeline for technology severely lags the nation and as a key indicator, last year Minnesota ranked 50th out of 50 states in the number of students who took the AP computer science examination. Yet, this sector is critical to Minnesota's economic growth. That's why Governor Walz is investing \$15 million in the Tech Youth Training program to prepare the future of our workforce – Black, Indigenous and People of Color (BIPOC) students and youth – to meet the demands of Minnesota's growing tech industry and leave the program with connections to employers ready to hire into the highest-paying career tracks in the state.



Technology Re-skilling Training – \$13 Million

The COVID-19 pandemic has disproportionately impacted women and communities of color. In working toward racial, gender, and economic justice, and to meet the growing labor needs in Minnesota's tech industry, Governor Walz proposes an investment of \$13 million in the Adult Tech Training Program for Black, Indigenous, People of Color (BIPOC), and women. These are some of the highest-paying jobs in the state and will help close the gap on racial and gender disparities in our communities while also meeting tech labor demands.



Clean Tech Workforce Training Program – \$8 Million

The Walz-Flanagan Budget to Move Minnesota Forward creates a statewide Clean Tech Workforce Training Program to train, retrain, and upskill workers in the transportation, weatherization, and energy efficiency industries. It also supports the workforce needed to perform the specialized retrofits that make homes and buildings across Minnesota more energy efficient by providing training funding for statewide technical colleges and Tribal-led training centers. The projects those workers will complete will help Minnesotans save money on energy costs and create safer, healthier homes and businesses.



Modernize Workforce Tools – \$15 Million

Now, more than ever, Minnesota must modernize its digital services to meet the needs of Minnesotans where they are, with the services they need to find training programs to grow their skills, find job opportunities, and find a career path to achieve success. The Governor's budget invests \$15 million in one-time funding to modernize the Department of Employment and Economic Development's workforce system to best serve Minnesota jobseekers with upgraded digital tools that bring the resources Minnesotans can get in-person, virtually.



Paid Family and Medical Leave – \$11.75 Million FY23; \$1.93 Million FY24; \$3.73 Million FY25

The Walz-Flanagan Budget to Move Minnesota Forward creates a Paid Family and Medical Leave Insurance program. Right now, too many Minnesotans, especially those in lower-wage jobs, must make the unfair choice between a paycheck and taking time off work to care for a new baby or a family member with a serious illness. This can lead to significant economic instability for families during some of their most challenging times. The creation of this program is necessary to support businesses, ensure more equitable economic opportunities for Minnesotans, retain more women in the labor force, and positively impact the lives of children. Minnesota can be a more attractive state to talent at a time of historic workforce challenges.

CREATE OPPORTUNITY FOR NEW WORKERS



Office of New Americans – \$470,000

Immigrants and refugees from all parts of the globe are vital to Minnesota's future growth in every corner of the state. However, it is essential that new Americans are included in the state's employment and economic growth and are supported through the integration process. That's why Governor Walz recommends \$470,000 to establish an Office of New Americans focused on supporting immigrant and refugee integration, reducing barriers to employment, and improving connections between employers and job seekers.



Establish Office of Ombudsperson for the Safety, Health, and Wellbeing of Agricultural and Food Processing Workers – \$255,000

The COVID-19 pandemic exposed and exacerbated the challenges faced by agricultural and food processing workers, particularly around workplace safety and employment protections, access to safe housing, and fair labor standards. That's why Governor Walz is prioritizing an investment of \$255,000 per year to fund an office of Ombudsperson for the safety, health, and well-being of agricultural and food processing workers.

This new office would be tasked with addressing some of the long-standing problems these workers traditionally face in a centralized way, working across state agencies and with stakeholders. Additionally, this office would be instrumental in addressing some of the recommendations put forth by the Governor's Committee on the Safety, Health, and Wellbeing of Agricultural and Food Processing Workers.



Fund the Extension of the Agricultural Worker Wellness Committee – \$252,000

The Governor's Committee on the Safety, Health and Wellbeing of Agricultural and Food Processing Workers was formed in response to COVID-19 exposing many challenges of agriculture workers. This intentionally diverse group of stakeholders represents agricultural employer organizations, unions, advocacy organizations, and State Departments. To continue the committee's critical work, Governor Walz recommends \$252,000 per

year to extend the committee's efforts – which will support safety, health, and wellbeing for workers themselves as well as their children, families, and communities.

ADDRESS CLIMATE CHANGE TO CREATE NEW ECONOMIC OPPORTUNITY



Electric Vehicle and Charging Infrastructure Grant Program – \$20 Million

Climate affects everyone and the transportation sector is the largest source of greenhouse gases in Minnesota. To reduce carbon emissions, this program will help businesses transition their fleet vehicles to electric and will support the electric charging infrastructure necessary for such a transition. Governor Walz is recommending \$20 million to encourage businesses to upgrade their fleets and purchase light-duty electric vehicles and charging infrastructure.



Energy Transition Grant Program – \$2.5 Million

A number of power plants across Minnesota are scheduled for closure, which can have a negative impact on the communities surrounding them. Right now, 8 - 10 Minnesota counties and cities are, or will soon be, facing power plant closures as the state transitions out of fossil fuel-fired power plants. Governor Walz is recommending \$2.5 million to support impacted communities by providing resources for these communities to diversify their economies and find new opportunities for quality jobs and economic growth.