

SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION

S.F. No. 3223

(SENATE AUTHORS: PRATT and Port)

DATE	D-PG	OFFICIAL STATUS
04/04/2023	3416	Introduction and first reading Referred to Jobs and Economic Development
03/07/2024	12065	Author added Port
03/18/2024	12282a	Comm report: To pass as amended and re-refer to Taxes
04/02/2024		Comm report: To pass as amended and re-refer to Jobs and Economic Development

1.1 A bill for an act

1.2 relating to workforce development; establishing a Shakopee area workforce

1.3 development scholarship pilot program; appropriating money.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **SHAKOPEE AREA WORKFORCE DEVELOPMENT SCHOLARSHIPS**

1.6 **PILOT.**

1.7 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have

1.8 the meanings given.

1.9 (b) "Employer-sponsored applicant" means a student applicant with a local employer

1.10 scholarship equal to or greater than 25 percent of the workforce development scholarship.

1.11 (c) "Local employer" means an employer with a physical location in a county within the

1.12 service area of the foundation as listed in paragraph (d).

1.13 (d) "Shakopee Chamber Foundation" or "foundation" means a nonprofit organization

1.14 which provides workforce and charitable services to Scott County as well as the Shakopee

1.15 Mdewakanton Sioux Community.

1.16 Subd. 2. Grants and administration. (a) The commissioner of employment and

1.17 economic development must award appropriated grant funds to the foundation to administer

1.18 the Shakopee area workforce development scholarship pilot program. The foundation may

1.19 use up to ten percent of grant funds for administrative costs.

1.20 (b) The foundation and participating Minnesota state colleges and universities must

1.21 establish an application process and other guidelines for implementing this program.

2.1 Subd. 3. **Scholarship recipient requirements.** (a) To be eligible for a scholarship from  
2.2 the foundation, a student must:

2.3 (1) be enrolling or enrolled at least half-time in a program at a Minnesota state college  
2.4 and university approved by the Dakota-Scott Workforce Development Board under  
2.5 subdivision 4;

2.6 (2) complete the Free Application for Federal Student Aid (FAFSA), if applicable to  
2.7 the program for which they are enrolling or enrolled.

2.8 (b) A recipient of a scholarship awarded under this section must:

2.9 (1) adhere to any applicable participating local employer program requirements; and

2.10 (2) sign a contract agreeing to fulfill the employment obligation under paragraph (c)

2.11 (c) A scholarship recipient must fulfill a three-year full-time employment commitment  
2.12 within the service area of the foundation as listed in subdivision 1, paragraph (d). The  
2.13 employment may be with the local employer sponsoring the student or any qualified local  
2.14 employer in a high-demand occupation as defined by the Dakota-Scott Workforce  
2.15 Development Board. If a recipient of a scholarship fails to fulfill the requirements of this  
2.16 paragraph, the foundation may convert the scholarship to a loan. Amounts repaid from a  
2.17 loan must be used to fund scholarship awards under this section.

2.18 Subd. 4. **Program eligibility.** (a) The Dakota-Scott Workforce Development Board  
2.19 must annually identify eligible undergraduate degree, diploma, or certificate or  
2.20 industry-recognized credential programs in advanced manufacturing, health care, law  
2.21 enforcement, hospitality, or other high-demand occupation. The Dakota-Scott Workforce  
2.22 Development Board must consider data based on a workforce shortage for full-time  
2.23 employment requiring postsecondary education that is unique to the region, as reported in  
2.24 the most recent Department of Employment and Economic Development job vacancy survey  
2.25 data for the economic development region. A workforce shortage area is one in which the  
2.26 job vacancy rate for full-time employment in a specific occupation in the region is higher  
2.27 than the state average vacancy rate for that same occupation.

2.28 (b) By December 1, 2024 and annually through December 1, 2029, the Dakota-Scott  
2.29 Workforce Development Board must provide a list of eligible programs administered by  
2.30 each Minnesota state college and university that are eligible for scholarships in the subsequent  
2.31 year.

2.32 Subd. 5. **Employer partnerships.** The foundation and Minnesota State College and  
2.33 Universities must establish partnerships with qualified local employers to ensure that 25

3.1 percent of the Shakopee area workforce development scholarship is matched with employer  
3.2 or foundation funds.

3.3 Subd. 6. **Scholarship awards.** (a) The foundation must coordinate available funds and  
3.4 award scholarships to Minnesota state colleges and universities with programs approved  
3.5 by the Dakota-Scott Workforce Development Board. Scholarships must be coordinated by  
3.6 the individual colleges approved by the Dakota-Scott Workforce Development Board and  
3.7 applied only after all other available tuition waivers and grant and scholarship funding  
3.8 through a last dollar in model. Scholarships are intended to supplement all other tuition  
3.9 waivers and grant and scholarship opportunities and to cover the full cost of attendance to  
3.10 the eligible students.

3.11 (b) If the appropriated grant is insufficient to award scholarships to all eligible applicants,  
3.12 priority must first be given to applicants that are program continuing applicants. Priority  
3.13 must then be given to employer-sponsored applicants.

3.14 Subd. 7. **Renewal; cap.** A student who has been awarded a scholarship may apply in  
3.15 subsequent academic years until the student completes a qualifying program. A student who  
3.16 successfully completes an eligible program and the subsequent work period requirement is  
3.17 eligible for a scholarship for a second program, but total lifetime awards must not to exceed  
3.18 scholarships for two programs.

3.19 Subd. 8. **Local employer scholarships tax credit.** (a) A local employer is allowed a  
3.20 credit against the tax due under Minnesota Statutes, chapter 290, equal to the amount of the  
3.21 local employer's scholarship awarded to an employer-sponsored applicant that is matched  
3.22 under subdivision 5.

3.23 (b) The credit allowed to a local employer under this subdivision per scholarship awarded  
3.24 to an employer-sponsored applicant for a taxable year is limited to the total amount of the  
3.25 local employer's scholarship awarded to an employer-sponsored applicant.

3.26 (c) If the amount of credit which a claimant is eligible to receive under this subdivision  
3.27 exceeds the claimant's tax liability under Minnesota Statutes, chapter 290, the commissioner  
3.28 of revenue shall refund the excess to the claimant.

3.29 (d) Credits granted to a partnership, a limited liability company taxed as a partnership,  
3.30 an S corporation, or multiple owners of property are passed through to the partners, members,  
3.31 shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or  
3.32 owner based on their share of the entity's assets or as specially allocated in their  
3.33 organizational documents or any other executed document, as of the last day of the taxable  
3.34 year.

4.1 (e) The commissioner of revenue may use any audit and examination powers under  
4.2 Minnesota Statutes, chapter 270C or 289A, to the extent necessary to verify that the taxpayer  
4.3 is eligible for the credit and to assess for the amount of any improperly claimed credit.

4.4 (f) This subdivision expires after December 31, 2028, except that the expiration of this  
4.5 subdivision does not affect the commissioner of revenue's authority to audit or power of  
4.6 examination and assessment for credits claimed under this subdivision.

4.7 (g) An amount sufficient to pay the refunds required by this section is appropriated to  
4.8 the commissioner of revenue from the general fund.

4.9 Subd. 9. **Report required.** The foundation must submit an annual report by December  
4.10 31 of each year regarding the scholarship program to the chairs and ranking minority  
4.11 members of the legislative committees with jurisdiction over employment and economic  
4.12 development policy. The first report is due no later than December 31, 2025. The annual  
4.13 report must describe the following:

4.14 (1) the number of students receiving a scholarship at each participating college during  
4.15 the previous calendar year;

4.16 (2) the number of scholarships awarded for each program and definition of type of  
4.17 program during the previous calendar year;

4.18 (3) the number of scholarship recipients who completed a program of study or  
4.19 certification;

4.20 (4) the number of scholarship recipients who secured employment by their graduation  
4.21 date and those who secured employment within three months of their graduation date;

4.22 (5) a list of the colleges that received funding, the amount of funding each institution  
4.23 received, and whether all withheld funds were distributed;

4.24 (6) a list of occupations scholarship recipients are entering;

4.25 (7) the number of students who were denied a scholarship;

4.26 (8) a list of participating local employers and amounts of any applicable employer  
4.27 contributions; and

4.28 (9) a list of recommendations to the legislature regarding potential program improvements.

4.29 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
4.30 that subdivision 8 is effective for taxable years beginning after December 31, 2023, and  
4.31 before January 1, 2029.

5.1 Sec. 2. **APPROPRIATION.**

5.2 \$700,000 in fiscal year 2024 is appropriated from the workforce development fund to  
5.3 the commissioner of employment and economic development for a grant to the Shakopee  
5.4 Chamber Foundation for the Shakopee area workforce development scholarship pilot program  
5.5 in section 1. This is a onetime appropriation and is available until expended.