

NORTH DAKOTA
**New Jobs
Training
Program**

Job Training for New and
Expanding Businesses

**JOB
SERVICE**
North Dakota 
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Your Workforce Connection

Introduction

The North Dakota New Jobs Training Program provides incentives to primary-sector businesses and industries that are creating new employment opportunities through business expansion or relocation to North Dakota. The program provides a mechanism for businesses to secure funding to help offset the cost of training new employees for business expansion and/or startup. The program is administered by Job Service North Dakota.

Funding Assistance

Under the New Jobs Training Program, the business obtains funds in the form of a loan, grant, or self-financing option. The loan may be obtained from a commercial lender, a local development corporation, the Bank of North Dakota, or other qualified lender. A grant may be obtained from the state, a city, or a local economic development corporation.

Funds under the New Jobs Training Program are made available through the capture of the state income tax withholding generated from the permanent, full-time new positions that are created. Reimbursements to repay the loan (plus interest) are made directly to the lender. Reimbursements for a grant are made directly to the granting community or local economic development corporation. Under the self-financing option, 60 percent of the allowable state income tax withholding can be reimbursed directly to the participating business. State income tax withholding can be captured for up to a ten year period or until the loan is repaid, or the self-financing or grant obligations have been met, whichever comes first.

Business Eligibility

“Primary-sector business” means an individual, corporation, limited liability company, partnership, or association which through the employment of knowledge or labor adds value to a product, process, or service that results in the creation of new wealth. The term includes tourism, but does not include production agriculture.

Other qualifying criteria include:

- A new employer locating in North Dakota must create a minimum of five new jobs.
- Expanding businesses must increase its base employment level by a minimum of one new job.
- A business must not be closing or reducing its operation in one area of the state and relocating substantially the same operation to another area of the state.
- Employees in eligible new positions must be paid a minimum of \$10 per hour plus benefits by the end of the first year of employment in the new job position created.

Calculation of State Income Tax Withholding Credit

The amount of state income tax withholding available to a project is based on the following criteria:

- The number of permanent, full-time new positions created.
- The wage rate paid to individuals filling the new positions.
- A withholding formula provided by the North Dakota State Tax Department is applied to the actual annual salary of the new jobs being created.
 - The formula considers the individual's average tax liability using a varying number of exemptions.
 - The formula is applied to the annual gross wages of the new jobs created, and is then multiplied by the number of new positions in each pay category.
 - This figure is then multiplied by ten (the maximum number of years of the program) to establish the maximum state income tax withholding available under a North Dakota New Jobs Training Program.

Determining the Loan, Grant, or Self-financing Amount

- The business provides the lender with the amount of state income tax withholding available.
- Based on the interest rate charged and draw-down schedule established by the business, the lender amortizes the total amount of state income tax withholding to determine the loan amount.
- Under the self-financing option, 60 percent of the allowable quarterly withholding will be reimbursed directly to the business up to the maximum available withholding identified in a program agreement.
- A grant is based upon the amount of state income tax withholding available.

Length of Reimbursement

If the business creates the number of new jobs identified in the North Dakota New Jobs Training Program agreement at the wage rates projected, most loans, grants, or self-financing options will be reimbursed in less than the ten year program period. Early reimbursement takes place when:

- *Average* tax liabilities are used to calculate the amount of state income tax withholding credit available, but the *actual* withholding reported is used to credit reimbursements.
- Most individuals have more state income tax withheld than their actual tax liability.
- The agreement does not build in salary increases during the ten year period, resulting in larger withholdings.

Loan, Grant, Self-Finance Proceeds

Funding received under one of these finance options is intended to be used for training the individuals hired in the new jobs created. The program will be monitored to insure that the number of new positions agreed to in the *final agreement* are actually created, and that these new positions are paid at least the wage specified in the agreement.

Administration Fees

A 5 percent administration fee is due Job Service North Dakota after the final agreement is in place, due and payable when the final agreement has been signed. This is a one-time fee, based on the projected amount of the agreement over the 10-year period.

Application Process

A *preliminary agreement* may be entered into between Job Service North Dakota and the business prior to the completion of a *final agreement*. To initiate a *preliminary agreement*, complete and submit SFN 51042, *New Jobs Training Worksheet*. This establishes an effective date for the North Dakota New Jobs Training Program. Individuals who are hired by the business in the new jobs created on or after the effective date of the *preliminary agreement* can be included in this program.

The *preliminary agreement* provides a 90-day period for the parties to complete negotiation of the *final agreement*. There is no obligation on the part of either party to enter into a *final agreement*.

To apply for a *final agreement*, complete SFN 19703, *New Jobs Training Application*. This application will provide information on the business, the finance option selected, lender (if applicable), number and title of new job positions to be created, starting date of training, and certification that the business is a primary-sector business. The *Application for Certification as a Primary-Sector Business in the State of North Dakota* can be found at:

<http://www.growingnd.com/ShowDocument.asp?ID=46>

Submit questions and completed applications to:

Workforce Programs

Job Service North Dakota

P.O. Box 5507

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Statewide TTY 800-366-6888

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Job Service North Dakota is an equal opportunity employer/program provider.
Auxiliary aids and services are available upon request to individuals with disabilities.