



March 11, 2004
For Immediate Release

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Twin Cities Businesses Poised for Significant Investments in 2004

St. Paul — An overwhelming majority of Twin Cities businesses are planning to make new investments this year in job growth, capital equipment and new or expanded facilities, according to a report released today by the Center for Rural Policy and Development, Minnesota Technology Inc. (MTI) and the Minnesota Department of Employment and Economic Development (DEED).

The intent of the survey, which was conducted between October and December 2003, was to understand the preferences of Twin Cities businesses when it came to locating outside the Twin Cities, especially in Greater Minnesota.

Over 160 manufacturing and technology service businesses responded to the survey, representing a wide range of companies in terms of sales and employment levels.

The study highlights three principle findings:

- A large majority of respondents said they were “very likely” or “somewhat likely” to make new investments in 2004 — 86% in capital equipment; 88% in increased employment; and 32% in new or expanded facilities.
- Those Twin Cities businesses with corporate assets already in Greater Minnesota, such as production plants or call centers, were far more likely to consider Greater Minnesota first for new or expanded facilities than businesses without an existing presence outside the metro region.
- Twin Cities businesses ranked availability of skilled labor, labor costs and overall tax rates important factors in determining the location for new investments. Over half the respondents ranked Greater Minnesota good or excellent in terms of skilled labor and labor costs, but only 18% said the same about tax rates.

(more)

“This survey has been an eye-opener for everyone involved,” said Center President Jack Geller. “The fact that over 80 percent of these Twin Cities businesses are poised to spend money this year on new investments, new jobs and new equipment really shows their confidence in the economic recovery. At the same time, the survey also revealed that Greater Minnesota’s economic development strategy may very well lie in concentrating more on growing and enhancing those businesses that are already operating successfully in Greater Minnesota, rather than trying to lure businesses from other locations,” Geller said.

“These findings provide further evidence that the economic recovery is gathering steam and that Minnesota’s JOBZ initiative is the tool we need to clear a major obstacle to business development in Greater Minnesota,” said DEED Commissioner Matt Kramer. “Tax rates are an incentive – not a deterrent – for companies locating or expanding in a JOBZ zone.”

“Clearly, a diverse and forward-looking business sector ensures a robust and resilient Minnesota economy for the future,” said MTI President Wayne Pletcher. “This report shows some of that optimism coming back. Our key assets continue to be quality of life, availability of skilled labor and labor costs, along with Minnesota’s new JOBZ initiative.”

A copy of the full report can be downloaded at no cost by visiting the Center’s website at <http://www.ruralmn.org>.

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The Center for Rural Policy and Development located in St. Peter, Minn. is a private, non-profit policy research organization dedicated to providing an unbiased, non-partisan evaluation of issues from a rural perspective.

The Minnesota Department of Employment and Economic Development is the state’s principal economic development agency, providing programs and services that support the economic success of individuals, businesses and communities.

Minnesota Technology Inc. is a leading provider of technology information and technical consulting services for manufacturers and other businesses using technology throughout the state.