CENTER *for* RURAL POLICY *and* DEVELOPMENT

February 2005

Job Opportunity Building Zones:
A Year One Progress Report

Introduction

In January 2004, the State of Minnesota initiated its new Job Building Opportunity Zone Program, known as JOBZ. The program, an adaptation of similar programs in both Michigan and Pennsylvania, provides a broad range of state and local tax relief to qualified businesses that agree to create jobs and/or make capital investments in selected areas of rural Minnesota. The Minnesota program offers these tax incentives for up to 12 years for qualified businesses.

The purpose of this policy brief is to review the program's structure and activities in its first full year of operation. In doing so, we examine the characteristics of the JOBZ "deals" that have occurred in Year 1, as well as the characteristics of the businesses and communities that are involved. Lastly, in January 2005 we interviewed all of the subzone administrators who successfully brokered at least one JOBZ deal. The purpose of these interviews was multifold: first, it was important for us to confirm the information we had received from the Department of Employment and Economic Development regarding the number of jobs, capital investment, and wages of the 120 JOBZ deals in their Year 1 database; second, we asked these subzone administrators to provide some additional detail regarding the businesses that have signed subsidy agreements; and lastly, we asked them to give us their thoughts on the program, as well as any advice they may have for the Minnesota State Legislature.

During our interviews with the subzone administrators we asked them if there were any additional business subsidy agreements signed that we were unaware of. Through this probing, we learned of 10 additional deals, bringing the total that we analyzed for this report to 130.

A view from 30,000 feet

As we found in our mid-year assessment (see August 18, 2004, report), there is little doubt that rural Minnesota communities and their economic development practitioners like the JOBZ program. Within the first few months of the program's initiation, subzone communities went to work establishing their subzone criteria and

The Center for Rural Policy and Development, based in St. Peter, Minn., is a private, not-for-profit policy research organization dedicated to benefiting Minnesota by providing its policy makers with an unbiased evaluation of issues from a rural perspective.

developing their marketing plans. The results were rather impressive, with more than 100 JOBZ deals transacted within the first 12 months. In fact, with the exception of the first few months to organize their strategies, business subsidy agreements for the JOBZ program were being transacted at a fairly quick pace — on average one new JOBZ deal every 2 1/2 days. Further, when interviewing the subzone administrators for this report, many informed us that they had additional deals in process, although few reported that they had additional subsidy agreements approved or signed.

While the pace of activity is clearly quite robust, it is also important to recognize that not all of the JOBZ deals are equally distributed across all the subzones. In fact, in Year 1, only one in approximately four subzones (23%) signed a business subsidy agreement through the JOBZ program. Further, it is quite evident that the size of the community was a factor, as those communities that executed a business subsidy agreement had a median population size of 3,481 (mean = 8,790), while the median population size among those communities that did not execute a subsidy agreement was 768 (mean = 1,807). Clearly, those rural communities that have a more complete and sophisticated commercial and industrial infrastructure saw greater opportunity to capitalize on this program.

Distance to metro	Deals	Average number of jobs per deal	Average capital investment per deal	Median hourly wage
Less than 75 miles	23	31.3	$1.16 million	$12.96
75 - 150 miles	61	15.9	$540,000	$11.25
150 miles or more	46	16.7	$600,000	$9.96

Table 1: *Deals, average number of jobs, capital investment and median hourly wage.*

We also examined how the proximity to the Twin Cities metropolitan area may have influenced the number and structure of JOBZ deals. As one can see from Table 1, only 18 percent of the business subsidy agreements were transacted with communities that were within a 75-mile radius of the Twin Cities. However, while only a small percentage of the deals were proximate to the metro, it appears that the size of the deals become larger as one gets closer to the Twin Cities metro.

Overall, when one looks at the "big picture," it is hard not to recognize and be impressed with the amount of activity and development that has occurred in the program's first year. Rural communities are clearly engaged, and many communities, such as Albert Lea (with seven JOBZ deals), appear to be energized by their early success. However, as one can often see when their view is from 30,000 feet up, the distribution of that early success is not necessarily spread equally across all of rural Minnesota. This is certainly no fault of the program, but rather an observation that may change as the program matures.

The structure of the deal

In this section we provide some detailed information regarding the types of deals, types of businesses and types of communities or regions that were engaged in the JOBZ program in Year 1. But before doing so, it is important that we insert a few simple caveats:

1. While the number of jobs the program has created is certainly impressive, for many of the larger deals it would be more accurate to think of these jobs as "pledged jobs." Some of the deals require the construction of new plants or significant physical plant expansions, and clearly the jobs, while pledged and written into the subsidy agreement, are not being immediately filled.
2. The same caveat can be made in terms of capital investment figures. In some cases the investment has been made, while in other cases the investment has been pledged but not yet made. This is especially true for the larger deals.
3. Lastly, some of the subsidy agreements state that the creation of new jobs will occur over a period of time. In some cases this

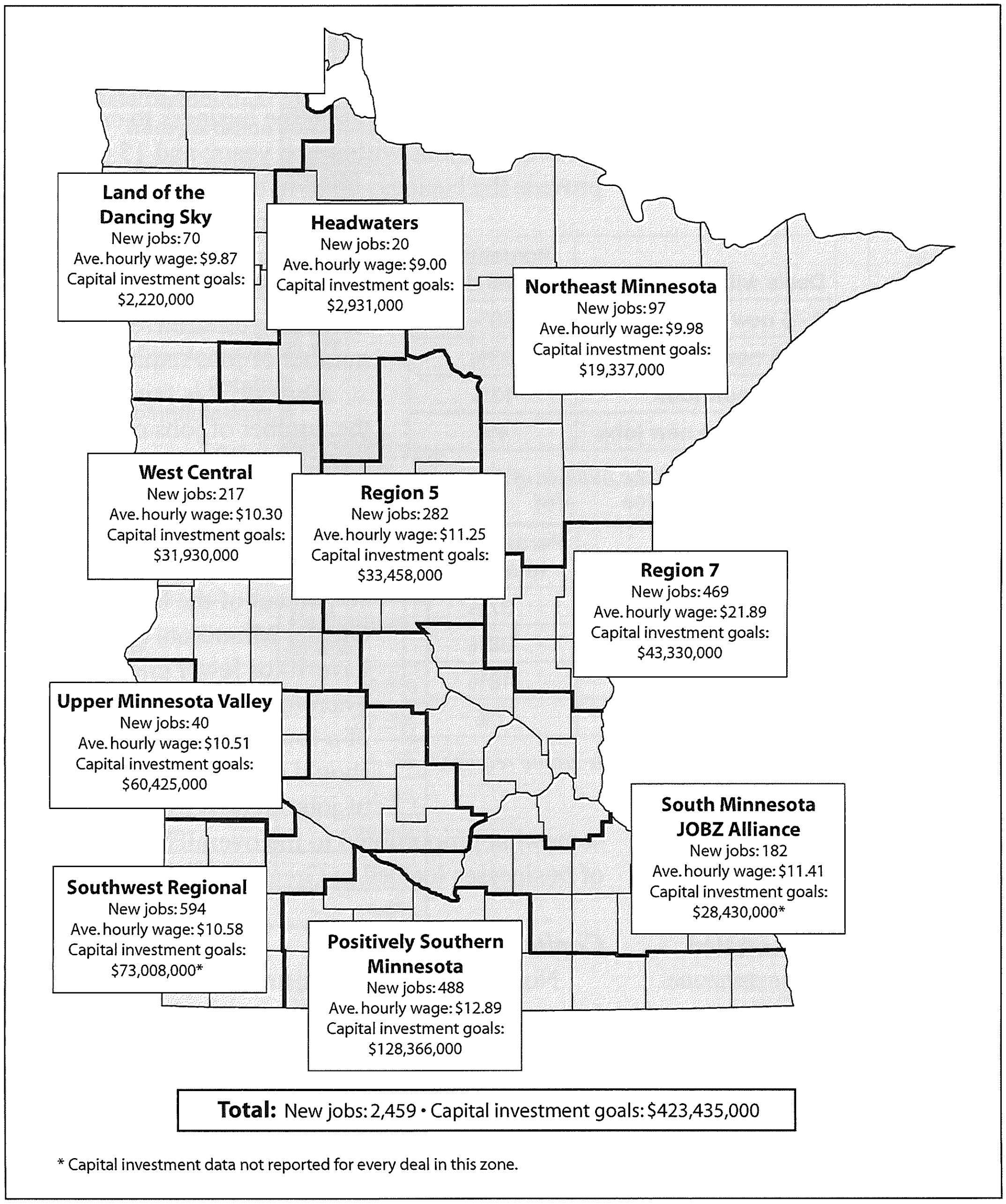

Figure 1: JOBZ zones, new jobs, average hourly wage, and capital investment.

term appears to be more than a few years. Consequently, a deal that will create 50 new jobs doesn't necessarily mean that there are 50 additional employees immediately on the payroll paying income taxes.

With those caveats in place we can examine the structure of the deal.

Subsidy agreements by zone

Figure 1 shows the 10 rural JOBZ zones along with the number of new jobs created through the business subsidy agreements, the total amount of capital investment, and the average hourly wage calculated across all the deals for each zone.

As noted earlier, in Year 1, data on completed business subsidy agreements indicate that close to 2,500 new jobs were created through the program, along with more than $400 million in capital investment. Note that for two of the zones in southern Minnesota the capital investment figures are incomplete, suggesting that the actual numbers will be larger once the data is complete. Also note that, as suggested in Table 1, the average hourly wage and amount of investment is clearly lower as one gets further from the competitive labor market in the Twin Cities. This is particularly visible in Northern Minnesota.

Job creation

An examination of the JOBZ deals in Year 1 documents an interesting pattern of job creation, wherein a very small number of deals created a very large number of new jobs and a very large number of deals created a very small number of new jobs. As Table 2 shows, half of all the business subsidy agreements signed in Year 1 commit the business to creating five or fewer new jobs. At the other end of the spectrum, five of the business subsidy agreements will create a collective total of 965 news jobs (approximately 40% of the Year 1 total).

Deals with:	Percentage of total deals
0 - 5 new jobs	50%
6 - 25 new jobs	33%
26 - 99 new jobs	13%
100 or more new jobs	4%

Table 2: *Deals by the number of new jobs.*

Time allowed to create jobs	Percentage of total deals
Within first years	37%
Within two years	38%
Within five years	18%
More than five years	7%

Table 3: *Time allowed to create required number of jobs.*

It was earlier mentioned that not all of the JOBZ deals are structured to have all of the jobs created in the first year. Accordingly, we asked the subzone administrators how many years the businesses have to create the number of jobs indicated in the business subsidy agreement. Their response to this question is documented in Table 3. As one can see, slightly over one-third (37%) of the JOBZ deals require the business to create all the required jobs in the first year of the agreement. Thirty eight percent of the JOBZ deals require the business to create the required jobs within two years; and 15 percent provide the business up to five years to create all the required number of jobs in the agreement. The remaining 7 percent allow the business more than five years to create the number of jobs required.

Overall, it is fair to say that the number of jobs created in the majority of JOBZ deals is modest. Before one raises too many concerns, however, it is important to note that more than 70 percent of the businesses in Greater Minnesota currently have 10 or fewer employees. Therefore, with the exception of a few large JOBZ deals, one should expect that the number of jobs created would be somewhat proportional to the overall characteristics of businesses located in Greater Minnesota.

Capital investment

Not surprisingly, the distribution of capital invested through the JOBZ program in Year 1 looks remarkably similar to the distribution of jobs created: a large number of businesses are making modest capital investments of $1 million or less; and a small number of businesses are making very large capital investments of $25 million or more. This distribution is documented in Figure 3, which shows that 60 percent of all the businesses are making a capital investment of $1 million or less.

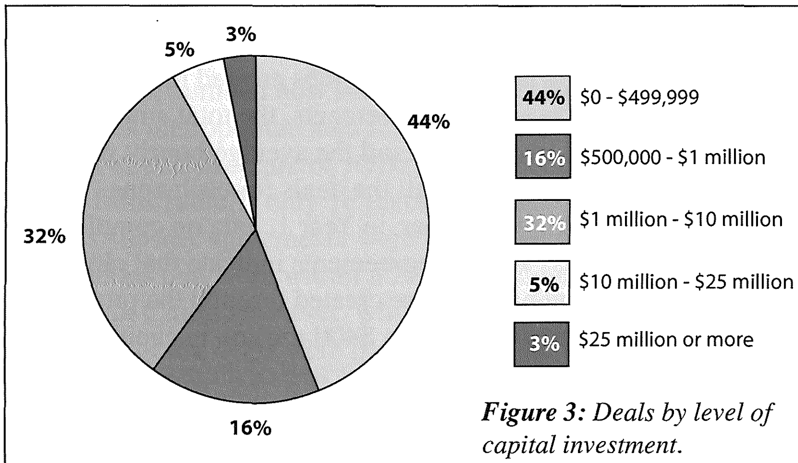

Figure 3: *Deals by level of capital investment.*

Again, it should be noted that in many ways the capital investment figures follow the same distribution as the number of jobs created. In that distribution just five large deals created almost 1,000 new jobs. In this distribution, four large business deals

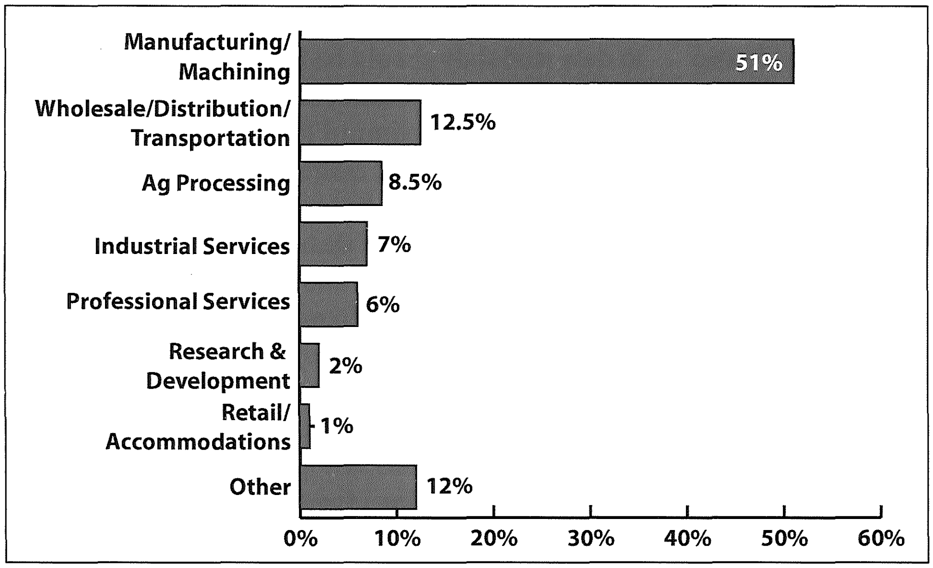

Figure 4: *Types of businesses.*

Type of deal	Percentage of total
New startup	24.6%
Local expansion	37.3%
Non-local expansion	4.0%
Out-of-state expansion	2.4%
Local relocation	23.8%
Non-local relocation	3.2%
Out-of-state relocation	4.8%

Table 4: *Types of deals.*

are investing a collective $213 million, virtually half of the total amount of investment in Year 1. On the other end, dozens of small rural businesses are making more modest investments, with a median capital investment of approximately $600,000 per deal.

Rural businesses and deal types

As we did in our mid-year report, we again examine the types of businesses being approved for inclusion into the JOBZ program. And again we find that, while some deals get highlighted for the scrutiny they come under by legislators and other public officials, it is clear that the overwhelming number of businesses included in the program are congruent with the legislative intent. Figure 4 displays the types of businesses that entered into business subsidy agreements in Year 1.

As Figure 4 shows, slightly more than half of the businesses that entered the program came from the manufacturing/machining industry. Equally important, while many legislators and public officials expressed concern regarding the inclusion of businesses whose primary customers are already in the local market (i.e. retail shops, hotels, etc.), these businesses barely represented 1 percent of the Year 1 deals.

We also examined the type of business deals that characterized these JOBZ deals. To do this we grouped the agreements into seven categories:

- ***New start-ups*** represents the inclusion of a new business. All jobs in this category are new jobs.
- ***Local expansion*** represents an enlargement of a business that is currently in operation and is located within 25 miles of the JOBZ subzone to which it is expanding.
- ***Non-local expansion*** represents an enlargement of a business that is currently in operation in a location more than 25 miles from the JOBZ subzone to which it is expanding.
- ***Out-of-state expansion*** represents an enlargement of a business that is currently in operation in a location outside of the state of Minnesota.
- ***Local relocation*** represents a business that is preparing to relocate to a JOBZ subzone that is less than 25 miles from its present location.
- ***Non-local relocation*** represents a business that is preparing to relocate to a JOBZ subzone that is more than 25 miles from its present location.
- ***Out-of-state relocation*** represents a business that is currently located outside of the state of Minnesota and is preparing to relocate inside a JOBZ subzone.

Table 4 shows that in Year 1, local expansions represent the largest category of deal types, followed by new start-ups and local relocations. These three categories represent approximately 85 percent of the Year 1 deals.

It is also important to elaborate somewhat on the category of local relocations. This category was the most difficult to operationally define, as all of the businesses that were categorized as such are required by statute to also expand, via either employment growth or capital investment. In fact, many relocated from their old location into a much larger facility and added employment as well. Accordingly, it would have been equally fair to label this category "Local Relocation and Expansion." What makes this category different is that unlike a simple business expansion, these businesses have or plan to cease operations at their old facility to conduct business in the JOBZ subzone. It was because of this factor that we categorized them separately as relocations. This is not to imply that employment growth and capital investment were not part of the subsidy agreement.

Voices from the field

Lastly, during our interviews with those subzone administrators who had executed at least one business subsidy agreement, we mentioned to them that the Minnesota State Legislature may discuss changing some of the parameters of the JOBZ program. If that occurs, we asked them, what advice would they give legislators to consider during their deliberations? In examining their responses, their comments fell into four discrete categories:

1. Leave things alone: This clearly was the most common remark. Many of the administrators simply felt that the program is still too new to start making changes. It was not unusual to hear that legislators should wait two or three years before making any changes.

2. Keep local control: The second most common remark made was their concern that the state would eventually control which businesses can be included in the program and which are excluded. Many strongly believe that the local economic development agencies have made good decisions to date, and they should be trusted to make smart decisions for their communities in the future.

3. Provide maximum flexibility: The third most common remark addresses the reality that not all rural communities have the same needs at the same time, and a deal that might make sense for one community might not make sense for a neighboring community. This was often placed in the context of excluding certain types of businesses by statute (e.g., retail establishments). Again, this remark seems to be congruent with the overall theme of keeping local control.

4. The prevailing wage clause is problematic: The final common theme expressed by subzone administrators was directed at the prevailing wage clause in the statute, suggesting that in some communities the official prevailing wage is significantly higher than actual local wage rates. Consequently, some of the subzone administrators argue that the prevailing wage clause is creating problems for them.

Summary and conclusion

There is little question that the JOBZ program is being viewed by local rural economic developers as a new and important tool in their economic development tool belt. With more than 100 deals, over $400 million in capital investment, and close to 2,500 new jobs in its first year, it's clear that the program has had a very active Year 1. Further, in our conversations with subzone administrators, a large majority of them reported that they were currently progressing with other opportunities, suggesting that Year 2 may in fact be equally active.

In many ways the data affirms much that we already know about economic development. First, as many economic developers learn early in their careers, the probability of successfully assisting local firms to expand is much greater than trying to recruit new businesses. And in fact, the data shows that the majority of deals in Year 1 were local in nature. Second, the simple reality is that the majority of existing businesses in rural Minnesota are small, with 10 or fewer employees. Consequently, it is not at all surprising that while there are several large expansion and start-up projects in Year 1, the majority of JOBZ deals are small, reflecting the composition of the business sector in Greater Minnesota.

With that being said, one of the primary findings suggests that the apparent benefits of the JOBZ program are not distributed evenly across all of rural Minnesota. Clearly those rural communities that are larger are yielding greater benefits than smaller communities. This only makes sense, as larger communities already have more businesses and commercial infrastructure to build upon. We also found that while the majority of the deals are located in communities more than 75 miles from the Twin Cities metro, those deals that fall within that 75-mile radius seem to be larger and provide higher wages. Again, this makes sense as those workers who are more proximate to the metro have employment opportunities that other rural Minnesotans don't have. Consequently, rural businesses that are proximate to the metro must pay higher wages to attract quality employees.

Also noteworthy was the reality that because a business commits to creating 50 jobs, it does not necessarily mean that 50 new jobs will be immediately created. In fact, the subzone administrators report that approximately 25 percent of the subsidy agreements allow businesses more than 24 months to create the required number of jobs. In many cases, however, this might be quite congruent with the timetable for facility construction. Accordingly, annual monitoring of these deals will be needed to assure compliance with the subsidy agreement.

An additional note that we often heard from subzone administrators was that the job creation figures noted in business subsidy agreements were often lower than the actual number of jobs created or will be created. They suggest that businesses are generally reluctant to commit to any higher job creation figures than are required to make the deal work. For example, we heard from one subzone administrator in West Central Minnesota who noted that while the business subsidy agreement required the employer to create five new jobs, they had, in fact, already created 12. Such comments were not uncommon and are both encouraging and distressing, as it suggests that information in the subsidy agreements may not be the most accurate indicators of job creation. Again, the annual monitoring of these JOBZ deals will be essential to truly understand the performance of this program over time.

In conclusion, it is quite clear that this new economic development program has become an exciting and valuable tool for many rural economic developers. But many questions remain and will not be adequately answered for years to come. Two such questions easily come to mind: "Will businesses follow the commitments they made in the subsidy agreements over time?" and "What are the true costs of the program to both local and statewide taxpayers?" While these are two very valid public policy questions, the simple reality is that policy makers will have to show some patience, as these questions can only be objectively answered with time.

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New Survey
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compared to 92 percent of companies with sales over $5 million. Such factors are similar to those seen in the Center's survey of residential customers, where the likelihood of a person using a computer, the Internet or broadband increased with income and decreased with age.

The type of industry the business was in also appeared to make a difference: 100 percent of businesses in industries such as finance, health care and real estate used computers, while only 72 percent of retail businesses and 45 percent of food industry businesses did so.

However, the study examined a wide variety of rural businesses, from the downtown café to large manufacturing plants, and the patterns are fairly clear, noted Jack Geller, president of the Center for Rural Policy and Development. "While there are still a number of very small enterprises that have yet to even incorporate computers into their business, it's clear that the majority of rural businesses are embracing this technology and the adoption rates are climbing."

Among those businesses with Internet access, 61 percent connected using high-speed broadband. (Among rural households with Internet access, the broadband rate was 27 percent in 2003.) When asked how they use the Internet, respondents gave a variety of answers. The most popular activities were maintaining contact with suppliers and customers; tracking industry trends; maintaining contact with colleagues; and interacting with the government. The survey also found that 82 percent of businesses with Internet access had an e-mail address customers could use to contact them and 52 percent had a company web site.

"We were somewhat surprised at both the breadth and depth in which many rural businesses are embracing the Internet. With approximately half of all businesses having a company web site and one-third selling products and services over the Internet, it is clear that rural businesses are utilizing this digital technology to expand their market reach," Geller added.

One of the most telling questions in the survey was the one asking about the impact of broadband on various aspects of doing business. While 30 percent said their ability to acquire the bandwidth they needed would have no impact on potential business opportunities, 28 percent said it would have a moderate or high impact. Twelve percent said it would have a high impact on a decision to relocate, 19 percent said it would have a high impact on their ability to do business, and nearly 25 percent said it would have a high impact on productivity.

The complete report on the rural business survey can be found on the Center's web site at www.ruralmn.org.

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Seeking Solutions for Greater Minnesota's Future

news letter

WINTER 2005

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Approaching the 2005 Session with Caution

Jack M. Geller, Ph.D., President

After last year's disappointing end to the 2004 session, most legislators, both rural and urban, returned home to their districts to much criticism about their lack of passing a capital bonding bill. And while the task of producing both a bonding bill and a budget bill significantly increases the 2005 legislative workload, many are hopeful that things will be different this session and that cooperation and compromise might rule the day. This is especially true now given the rather slim majorities for the Republicans in the House and the Democrats in the Senate.

To be honest, however, I'm not sure how optimistic I actually am. For example, after the release of the November forecast of a slightly worse than predicted $700 million deficit projection, there was ample opportunity for our legislative leaders to set a new constructive, bipartisan tone for the upcoming session. Remarks such as, "... this deficit will be challenging, but together we will work to do what's best for Minnesota" would have been nice. Unfortunately, party leaders on both sides of the aisle instead quickly began staking out their positions, with Republicans framing the projected deficit as a "spending problem," and Democrats derailing such an orientation as "unbalanced and short-sighted."

So it is within this contextual backdrop that I want to highlight a few issues that might rise to the top of rural Minnesota's legislative agenda.

First, rural Minnesota communities are still smarting from what they believe was the unfair targeting of Local Government Aid (LGA) as a way to help fix a $4.5 billion budget deficit in the FY 2004-05 biennial budget. Simply put, rural mayors and civic leaders still believe that they took a disproportionate share of the budget burden, while more affluent suburban communities that receive little or no LGA felt much less pain. Some suggested that if intergovernmental aid was going to be cut, then all intergovernmental aid, including transit aid (which goes disproportionately to metro area communities) should have been in the mix.

The consequences of the cuts in LGA for many rural communities required them to either significantly reduce their city budgets and services, restore some of the lost LGA funding through increases in local property taxes, or some combination of the two. Well, guess what? Just a few weeks ago rural residents, like their urban counterparts, went to their mailboxes to find their estimated 2005 property tax statements. And as one rural resident of a small southern Minnesota community told me, you could have heated the local coffee shop with all the steam generated from the discussion at the tables about those statements. In some rural communities property taxes have jumped 20 percent or more. And while the Governor correctly reminds Minnesotans that increases in local property taxes are local decisions, many rural residents do not appear to completely agree. Many seem to clearly place the blame on state government and not their local mayors, county commissioners or township boards.

So I'd be quite surprised if a concerted effort to address this LGA issue is not a significant component of rural Minnesota's legislative agenda. Whether it is to ensure that there are no further cuts or possibly some restoration of aid is hard to say. And of course, with a $700 million budget deficit to fix, such an effort to restore some levels of LGA might seem like swimming upstream. But who knows? The salmon do it!

Second, transportation funding seems to be on everyone's agenda and as contentious as ever. Recently, a large coalition of interests, including the influential Itasca Project, the Minnesota Chamber of Commerce, the Minnesota Business Partnership and the Association of Minnesota Counties, jumped out early in their effort to find consensus to infuse more money into the state's transportation budget. Often seen as one of the top issues affecting all of us, we are constantly reminded that the state has not raised the gas tax since 1988.

Many rural Minnesotans are quite supportive of an increase in transportation funding, but as the population has shifted from rural to metro, there's a real concern as to how the distribution of any new transportation revenue will shift as well. It's really a dilemma, as rural Minnesota is home to thousands of miles of roads that require upkeep and maintenance in sparsely populated areas, while the metro area finds its roads clogged and congested and in need of greater capacity. Further, rural Minnesota needs quality farm-to-market roads, which means 10-ton roads capable of handling the added weight that these large trucks bring. However, many of these farm roads still have limited weight restrictions and are not likely to be upgraded for many years to come.

To make matters worse, this is Minnesota - not Miami. Given our harsh winters, our roads need to be built to higher (and more costly) standards. And most importantly, while Mn/DOT can build and maintain roads seven or eight months of the year, these same roads continually deteriorate 12 months of the year. There are times when I think that we may have fallen so far behind that I wonder if we could ever catch up, regardless of the funding level. So while many organizations line up to support proposals to increase the gas tax, know that rural advocacy groups will work hard to ensure that the distribution of any new sources of revenue will be fair and equitable to rural interests.

Last is the issue of the Governor's new rural economic development strategy, the Job Opportunity Building Zone Program, known as JOBZ. Initiated on January 1, 2004, this new program of tax incentives at both the state and local level claims more than 100 business start-ups, expansions or relocations throughout rural Minnesota in its first year of operation. Needless to say, it's a program that is quite popular throughout rural Minnesota and one that will receive a fair amount of attention this session. Its quick start has both impressed and concerned legislators, who are wondering how much will this cost. Unfortunately, firm estimates are not likely to be available during this session, as many businesses will not have filed their 2004 taxes by the time this discussion occurs.

As a small number of the JOBZ deals to date have already been scrutinized by some legislators, look for an effort to narrow the types of businesses that are eligible to participate in the program. Also, don't be surprised if the Legislature attempts to incrementally increase some level of state control in determining whether businesses qualify in their applications for this new program.

Overall, the 2005 session appears to be shaping up to be another difficult one for those who were hoping for an increase in funding after a painful round of past budget cuts. Add the increased workload of producing both a budget and bonding bill, and it is clear that our political leaders have their work cut out for them. So I'm hoping that over the holidays Santa left a little bi-partisanship in their collective stockings. They'll need it.

Rural Perspectives

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Q *What is AMC[illegible]sition on transportation funding (especially CSAH funding) and a gas tax increase? Do rural and metro interests differ on how any new revenue should be divided?*

A The state's gas [illegible] has not been raised since 1988. Since then, the only significant inc[illegible] in transportation funding has focused on the state's trunk highway system. The governor and the Legislature should be commended for using reserve dollars and advanced federal monies to kick-start the investment in Minnesota's transportation infrastructure. Unfortunately, local units of government have not been part of any increases in funding to deal with the deterioration of local transportation infrastructure. The economic impact of this lack of investment is coming home to roost as business groups from across the state are agreeing with county officials that a new vision regarding an investment in transportation is vitally needed.

The AMC transportation proposal is a comprehensive plan to meet the increased demand for transportation and transit services across the entire state, whether these needs are at the state or local level.

A primary component of the AMC plan is to provide a dedicated funding stream for local transit services which would grant local transit districts the authority to use local sales taxes to support transit and transportation projects.

The AMC transportation funding proposal focuses on a bold vision for investment in the state's transportation infrastructure, and includes:

1. A 5-cent gas tax increase in year one.
2. A 5-cent gas tax in year two.
3. Indexing in year three.
4. A half-cent regional transit district sales tax (this would be allowed in any county, with the revenue dedicated to transportation and transit).
5. A combination of a local county option wheelage fee and registration fee increase.
6. Renewed commitment to the state bridge-bonding program.
7. Authority for local governments to use road impact fees.
8. New state General Obligation and Revenue bonding.
9. Greater efficiency in current operations through system realignments.
10. New federal monies.

[illegible]e AMC proposal also developed a compromise among [illegible]l and metro [illegible]y officials on the distribution of new gas tax dollars. Un[illegible] the proposed new formula, approximately 32 percent of the new gas tax money will go to the seven metro counties and 68 percent will be shared by the remainder of the state. By comparison, the seven metro counties compose approximately 54 percent of [illegible]ate's population and that same approximate share of the g[illegible]es are raised i[illegible]e metro area.

Q *How have cuts to intergovernmental aid the last two years affected counties? What can counties look forward to with the current projected deficit, and what would AMC like to see happen?*

A As part of budget solutions in the last two years, the cuts to county aid have been significant. Equally if not more challenging have been cost shifts (where the state has mandated counties to pay for services traditionally paid for by the state) and new mandates (where the state requires counties to provide new services). The total effect on county budgets has been significantly higher property taxes and reductions in non-state mandated services. Transportation funding and funding for services such as libraries, Extension, historical societies and many other services have received significant funding reductions. Counties are concerned that this next round of state budget cuts will inflict more pain on county discretionary programs. "No new taxes" is a failure if it just shifts tax increases from state taxes to local property taxes.

Q *What are other significant issues that AMC will be watching this session?*

A The key issues for the Association in 2005, besides the state budget issues and transportation, will include methamphetamine, sex offender legislation, impaired waters and ISTS legislation and unfunded mandates.

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Seeking Solutions for Greater Minnesota's Future

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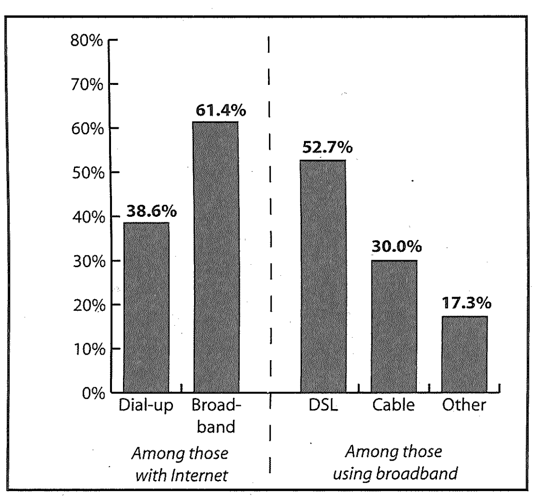
New survey of businesses shows widespread use of Internet

The latest Internet survey from the Center for Rural Policy and Development reports that over three-quarters of businesses in Greater Minnesota are using computers in their day-to-day business and 40 percent subscribe to some type of broadband service. The survey also found, though, that as with rural residents, certain factors affect whether a business adopts computers and Internet technology.

This new policy brief, released this month, is part of the Center's ongoing study of the use of Internet technology in rural Minnesota. The survey, conducted in December 2003 and January 2004, found that of the 275 respondents, 77 percent used computers in their business, and of those, 85 percent subscribed to the Internet. Of those with Internet, 61 percent accessed it through some form of broadband technology, compared to 39 percent who used dial-up. When asked why they didn't purchase broadband, the most common answer among non-broadband customers was that they didn't use the Internet enough to justify the cost.

The size of the company, however, appears to have a bearing on whether that company uses computers, the Internet or broadband. Among the businesses surveyed, all the businesses with more than 50 employees used computers on a day-to-day basis, compared to 75 percent of companies with fewer than 10 employees. Similarly, 72 percent of companies with sales of less than $1 million used computers,



Rural businesses connected to the Internet chose a broadband technology almost two to one over dial-up. Among those with broadband, just over half chose DSL.

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No Child Left Behind: Federal report identifies challenges for rural districts

One of the most significant re-workings of federal education policy in years, the No Child Left Behind Act of 2002 seeks to improve the education of the nation's children through programs of assessment and progress for both America's students and teachers. Although it has not been around long enough to give a fair assessment of its success, No Child Left Behind (NCLB) has generated a great deal of discussion about the challenges of determining how and how well children are learning.

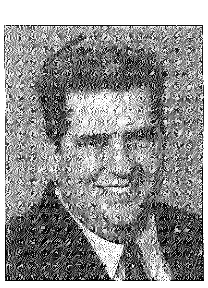
But while a percentage of school districts overall reported challenges in implementing NCLB, it appears an even greater percentage of rural school districts are facing these same challenges, according to a recent report released by the General Accounting Office, the federal government's independent assessor of programs. The report, released in September 2004, finds that rural districts, because of their unique issues of geographic isolation, low student populations and small staffs, are having difficulty carrying out some of the mandates required by No Child Left Behind.

The intent of the NCLB Act is to improve the education system by assessing students' level of achievement, measuring their progress and ensuring that teachers are qualified to teach their subjects. The goal is to help students achieve a desired level of proficiency in reading and math by the 2013-14 school year.

In general, the report states that, in carrying out the requirements of NCLB, rural school districts, and especially small rural districts, face a higher level of difficulty caused by isolation, small enrollment, declining enrollment and small staff. Many of these challenges were felt by non-rural districts, too, but rural districts seemed to experience them to a greater degree.

Rural districts, as the GAO defined them for this report, account for 25 percent of all districts in the country. For their study, the GAO defined a rural school district as one that is more than 55 miles outside of a Metropolitan Statistical Area (MSAs are comprised of counties with a population of over 100,000 or containing a city with a population of over 50,000). The GAO further defined small rural districts as those at least 55 miles from an MSA and having fewer than 300 students in the entire district. The GAO found when they surveyed a cross-section of rural and non-rural districts across the country that while a percentage of district officials reported encountering difficulties in implementing some of the required aspects of NCLB, rural districts reported these difficulties with greater frequency. For example: Rural districts had a larger population of low-income children, who tend to need more resources from the school since they have fewer at home and in the community. Also, when it came to competing in salary with other districts for highly qualified teachers, 36 percent of non-rural districts reported this to be a problem, while 52 percent of rural districts reported likewise.

CONTINUED ON 2



Rural Perspectives

James Mulder, Executive Director
Association of Minnesota Counties

Q *Tell us about yourself and the Association of Minnesota Counties.*

A The Association of Minnesota Counties is a voluntary association of all of Minnesota's eighty-seven counties and serves as the voice for county government in our state. Although lobbying is a key function for the organization (nearly 80 percent of all bills introduced in the state legislature affect county government), AMC also provides a comprehensive training and education program and is an information resource for county officials. For many county officials, the AMC web site (mncounties.org) is the place to go to stay abreast of both legislative and state administrative news.

I grew up on a farm in Renville, Minnesota. I graduated from the University of Minnesota, Morris with a bachelor's degree and received a Master's Degree in Public Administration from the Hubert H. Humphrey School of Public Affairs at the University. I have worked for the association since 1989. Prior to working for AMC, I was the County Coordinator in McLeod County and prior to that worked for the Minnesota House of Representatives.

Q *How did the deadlock at the Legislature last session affect counties and county governments, especially in Greater Minnesota?*

A The 2004 legislative stalemate was a good news/b[illegible]ws story for county government. On the one hand nothing passed and on the other, nothing passed. Depending on the issue, county officials were pleased or not. Counties felt it was important that a bonding bill be passed and [illegible]teps be taken to balance the state's budget for both the s[illegible] term and the [illegible] term. We had hoped for state investment and a plan to de[illegible]th the state's meth crisis. Yet, counties were pleased that there were no additional aid cuts, new mandates or cost shifts to counties.

Q *At the release of the state's November economic forecast, health and human services spending were singled out as primary contributors to the state's deficit. Counties bear a significant portion of the cost and administration of these services. How does inflation in these services affect county budgets, and what would AMC prefer to see happen in dealing with this issue?*

A It is not surprising that the state budget forecast projects significant increases in health and human service spending as primary contributors to the projected deficit. One needs only to look at our own individual health insurance bill to recognize that the costs of health care, whether public or private, is escalating at a frightening pace. Minnesota has an aging population, which is a key driver in the cost inflation in health care and affects budgets at both the state and county level. A key challenge for county government is that counties are the payers of last resort. In the event that children and families are not covered by insurance, counties are responsible for the final safety net to ensure the health and safety of those families. AMC is working closely with the administration to identify work plans and strategic investments that could be used to keep skyrocketing health costs under control.

CONTINUED ON 3

Welcome, New Members

Benefactor

Alliant Energy, Albert Lea
Bremer Financial, Saint Paul
Minnesota Power, Duluth
Minnesota State University, Mankato, Mankato
Northland Foundation, Duluth
Qwest Communications, Minneapolis
Southern Minnesota Initiative Foundation, Owatonna
Southwest Minnesota Foundation, Hutchinson

Individual

Robert Bunger, Milaca
Kathie Davis, North Mankato
Garfield Eckberg, Nicollet
Neil Eckles, Blue Earth
Rep. Bob Gunther, Fairmont
Robert Hammond Jr., Blue Earth
Colleen Landkamer, Mankato
Tim Lidstrom, Lidstrom Commercial Realtors, Mankato
John MacFarlane, Fergus Falls
Lois Mack, Waterville
Kenneth Petzold, Owatonna
Daniel C. Reardon, Eagan
Anthony Schaffhauser, Bemidji

We are happy to welcome the many individuals, businesses and organizations who have chosen to join our CRPD family of supporters. Our effort to build a statewide constituency has been very well received, and we thank all of you who have joined.

Members receiving this newsletter will notice a gold foil label that identifies CRPD members. This label will be included on all printed material and mailings received by members as well as on registration badges used at Center forums and other gatherings. The label is one way of recognizing and saying "thank you" to our members. It's a demonstration of our appreciation for your outstanding support.

In this issue we have included a list of members who have recently joined the Center. For more information on the Center's membership/development program please contact me at (507) 934-7700 or visit our website at www.ruralmn.org.

Larry Anderson
Coordinator of Outreach and Member Services

Organizational

BevComm, Blue Earth
BENCO Electric Cooperative, Mankato
Blue Cross Blue Shield Foundation, Minneapolis
Blue Earth Area Schools, Blue Earth
Brown County REA, Sleepy Eye
City of St. Peter, St. Peter
Greater Mankato Economic Development Corp., Mankato
Hibbing Area Chamber of Commerce, Hibbing
HickoryTech, Mankato
MnSCU, Office of the Chancellor, St. Paul
Prairieland EDC, Slayton
Quinlivan & Associates, Blue Earth
Region 9 Development Commission, Mankato
Southern Minnesota Advocates, Mankato
St. Luke's Lutheran Care Center, Blue Earth
The Hormel Institute, U of M, Austin
United Hospital District, Blue Earth

No Child Left Behind
CONTINUED FROM 1

The main challenges appeared to be helping students improve their reading and math proficiency and helping teachers meet the "highly qualified teacher" status, an important component of NCLB. Many rural districts reported that small staffs with a tendency for multiple duties limited their ability to find or design, then implement strategies to improve student achievement. And long distances made it difficult for students to find outside tutoring and other catch-up services.

Likewise with teachers. NCLB requires that all teachers be "highly qualified" in all the subjects they teach, which originally meant having a degree in each one. But long traveling distances, small staffs and a lack of substitutes make it difficult for teachers to attend courses to upgrade their credentials. And declining enrollment has aggravated the situation by leading to reduction in teachers and other staff, according to the report.

Minnesota's rural districts have encountered these same problems with NCLB, but the state Department of Education moved quickly to make the state's version of the law more accommodating, said Vernae Hasbargen, director of legislative action at the Minnesota Rural Education Association.

For example, the state identified and sanctioned various third-party groups, including independent teachers, the Catholic school system and non-government educational services, which can assist students who need extra help, Hasbargen said.

In the difficult situation of teacher qualification, the state Education Department developed and the Legislature approved a policy called HOUSSE - High Objective and Uniform State System of Education - that builds some flexibility into how teachers are assessed. Instead of having to complete a degree in each subject, a Minnesota tea[illegible]r must bring his or her "portfolio" up to 100 points thro[illegible]h course work, s[illegible]evelopment, testing and perhaps most importantly, tea[illegible] experience.

The department found when they did their first assessment of teachers that 96 percent of them already met the highly qualified standard, said Rollie Morud, assistant commi[illegible]ner of the Minnesota Department of Education. "The HOU[illegible] process really a[illegible]s to that last 4 percent."

Being "highly qualified" in every core subject a teacher teaches can be especially problematic in rural districts with small schools, where one teacher teaches several subjects. A science teacher may have a degree in chemistry but also has to teach physics and biology. Going back for a degree in each of those subjects can be almost impossible in terms of time and distance, especially since NCLB sets a deadline for teachers to meet this requirement by 2006-07. The deadline had been 2005-06, but when U.S. Education Secretary Rod Paige visited the Virginia school district last year and Virginia superintendent Patricia Phillips explained the situation of rural school districts, he returned to Washington and had the deadline extended, said Hasbargen.

The state must comply with the federal law, but it does get to tailor the program to its own unique needs. To that end, MREA is working with the state Board of Teaching to see if a "general science license" can be developed that would meet federal requirements, Hasbargen said. The state is also working on an accommodation of the rule that requires districts to have 95-percent participation in testing, said Morud. "In small districts where there may be only 30 kids in a grade level, having two or three gone the day of the test puts the school below 95 percent," said Morud. Minnesota wants to be allowed to look at participation rates over a three-year period, he said.

In the end, the GAO recommended that the U.S. Department of Education simply provide more assistance to states in helping rural districts, and especially the small rural districts, implement student proficiency plans and teacher qualification requirements. What the GAO recommended specifically was for the Department of Education, through its new National Research and Development Center on Rural Education, work on using scientifically based methods to identify ways of improving student performance, and that it identify and study services that can help small rural districts meet student proficiency goals. The Department of Education, after reviewing the GAO report, commented that it has already started moving in this direction.

The GAO, cautioned, however, that the department's study did not focus specifically on "challenges and strategies applicable to small, isolated rural districts." The U.S. Department of Education, the GAO recommended, must focus on rural districts' unique challenges if it is going to help them implement the No Child Left Behind requirements.

What MREA is more concerned about in Minnesota, however, is a "profound teacher shortage looming on the horizon," especially in math and science, Hasbargen said. Minnesota has the fourth largest salary gap in the country between urban and rural districts, and the requirements of NCLB could easily aggravate that. The state's quick actions in making NCLB more flexible has helped the situation, though, said Hasbargen, and she's grateful for that.

Yes, I would like to become a member of CRPD.

Name: ____________________

Organization: ____________________

Address: ____________________

City: ____________________ State: ______ ______Zip: __________

Phone: ____________________

E-mail: ____________________

Please choose a level:

Individual ❒ $50 ❒ $100

Organization ❒ $100 ❒ $250 ❒ $500

Benefactor ❒ $1,000 or more

❒ *I have enclosed a check.*

❒ *Please bill me.*

❒ *May we e-mail your invoice?*

❒ *Occasionally the Center will publish lists of in publications and on our web site. Please check here if you do not wish to be included in these lists.*

Center for Rural Policy & Development
600 S. Fifth St., Suite 211
St. Peter, MN 56082
(507) 934-7700 • (877) RURALMN
(507) 934-7704 (fax)
www.ruralmn.org

CENTER *for* RURAL POLICY *and* DEVELOPMENT

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www.ruralmn.org

Department of Employment and Economic Development

JOBZ Program: Perspectives on the First Year

February 14, 2005

JOBZ Topics

- What is it?
- What happened in 2004?
  - Benefits
  - Costs
  - Business survey results
- CRPD partnership
- Next steps

Department of Employment and Economic Development

JOBZ Mechanics

- Locally-controlled tax incentive program
  - Income tax and job creation tax credit
  - Local and state general sales and use tax
  - Motor vehicle sales tax
  - Wind energy production tax
  - State and local property tax
- DEED's oversight role
  - Marketing
  - MnPRO web presence
  - Tools like tax benefit calculator and deal evaluator
  - Information, guidance and advice
  - Accountability

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JOBZ: *It's not just jobs*

- Increased business expansion & job creation
- Families returning to Greater Minnesota
- Regional cooperation and collaboration
- Capital investment and reuse of vacant buildings
- Success for Greater Minnesota communities

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Accountability is JOBZ One

- JOBZ project specifics
- Economic impact analyses
- Tax benefits
- Business surveys
- Zone administrator perspectives

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Upcoming JOBZ Report

- First year's activity will be available later this month in a hard copy report
- 2004 data based on business subsidy reports received as of January 10th
- Slides cover most report data
- Future reports will include tax details

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Location of JOBZ Projects

- Program touched every region
  - Southern regions account for most activity
- Difficult to make conclusions on program after just one year
- JOBZ training will help all regions

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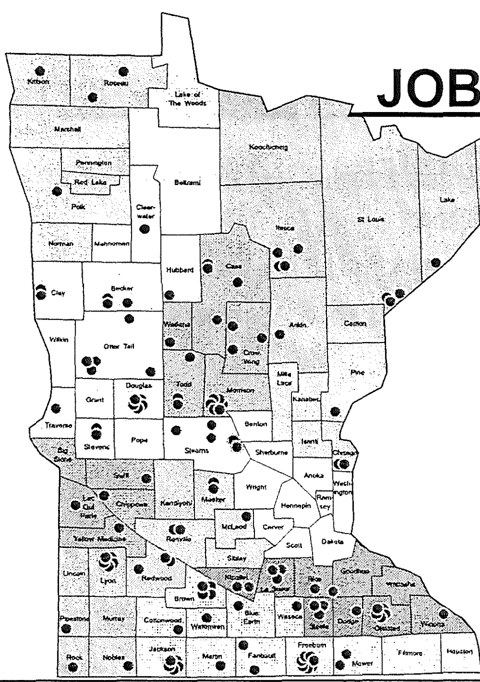
JOBZ 2004 Projects



120 JOBZ Projects in 2004

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Total Card

- South Dakota-based credit card servicing company
- Decided to expand in South Dakota until Luverne's JOBZ proposal
- 150 full-time jobs, possibly up to 200
- Invested $1.5 million to purchase and update idle facility

Quick Attach Attachments

- Start-up company selling attachments for skid steer loaders and compact tractors
- JOBZ helped build facilities in Alexandria
- JOBZ stopped China offshore planning and allowed company to create manufacturing jobs in Erskine and support contract manufacturing in Eden Valley

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Central Boiler

- Largest manufacturer of outdoor wood furnaces in North America
- Largest business employer in Greenbush – 125 jobs; will add 40 with JOBZ
- JOBZ helps reduce expenses, increase competitiveness and sustain further growth
- New jobs attract families to area

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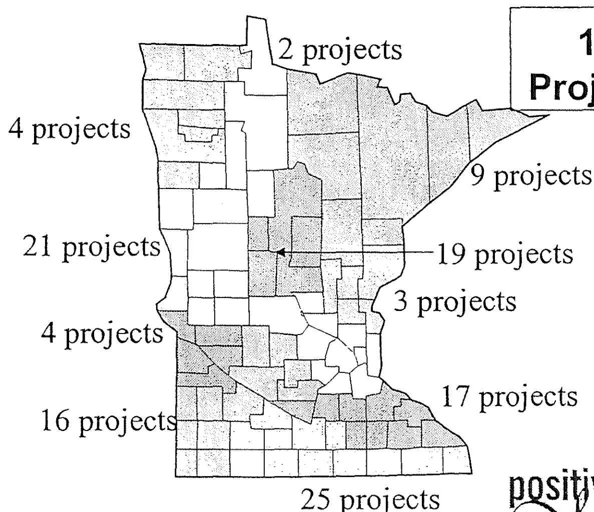
Projects by JOBZone

120 JOBZ Projects in 2004



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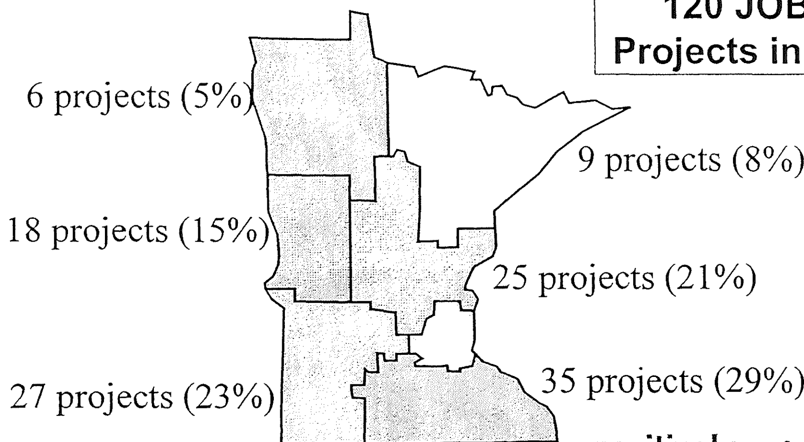
Projects by Region

120 JOBZ Projects in 2004



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Industry of JOBZ Projects

- Diverse industries represented in projects
- Manufacturing accounted for 68 projects or 57 percent
  - Located in every region with some concentrations
  - Resource-based and durable goods industries
- Professional services (12, 10%) and wholesale trade (9, 8%)

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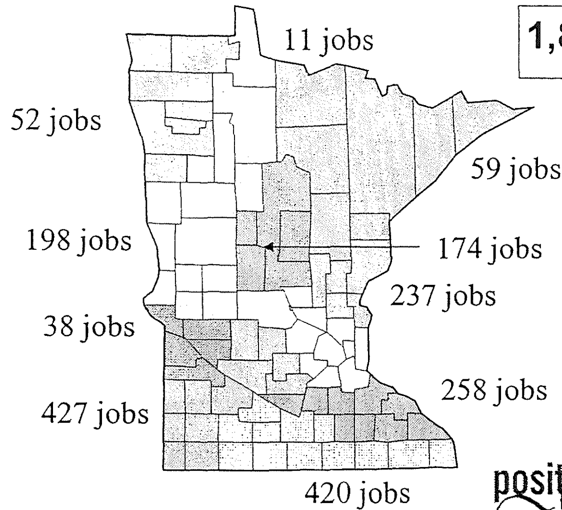
Job Creation by JOBZone

1,874 New Jobs



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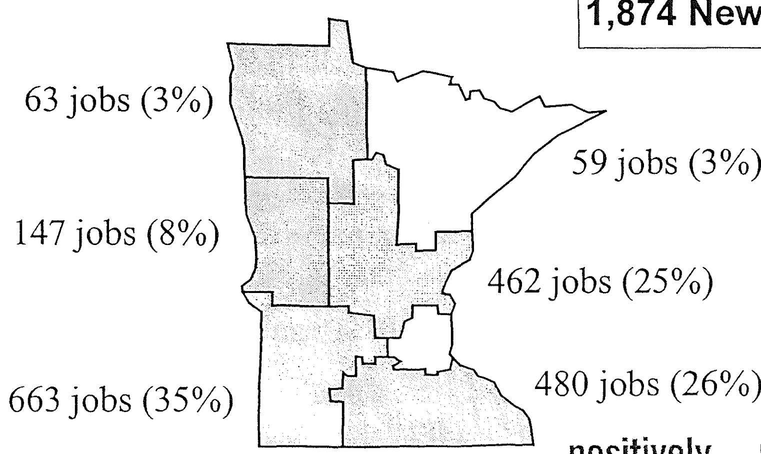
Job Creation by Region

1,874 New Jobs



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Wages for New Jobs

- $12.49 statewide average for JOBZ projects
- JOBZone wages range from:

$9.91 in Northwest Land of the Dancing Sky
to
$20.12 in Region 7E (East Central)

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Estimated Spin-Off Impacts

- 1,874 jobs promised via business subsidy agreements
  - Support 1,400 additional jobs for a total of 3,300 jobs
- $130 million in new personal income
- Upside projections call for 2,800 new jobs (total of 5,200) and $200 million in new income
- Retain 2,746 jobs that support another 2,500 jobs
- JOBZ project capital investment value of at least $283 million

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Program Costs

- DOR collecting JOBZ tax benefit data
- All 2004 data will be finalized fall of 2005
- Future reports will compare actual program costs & benefits
- Only state with full disclosure of program costs

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Estimating Tax Benefits

- DOR reports no reason to believe that costs will vary significantly from 2003 fiscal analysis
- DEED and DOR will estimate some program costs using several tools including business subsidy forms
  - Performance may exceed subsidy agreement
  - Timing of project not always known
  - Incomplete financial information
- Initial assessment indicates local property taxes often the largest single component

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Benefit/Cost Examples

Small JOBZ Business

- 6 new employees, $22,000 average wage
- $220,000 building valuation
- $20,000 state taxable income
- 60 percent of income attributable to JOBZone

Costs: $107,000 over 11 years

Ratios: $17,800/project job
$11,900/project and spin-off job
$41 in new personal income per $1 of 11-year tax benefit

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Benefit/Cost Examples

Medium JOBZ Business

- 20 new employees, $26,000 average wage
- $320,000 building valuation
- $350,000 state taxable income
- 10 percent of income attributable to JOBZone

Costs: $183,000 over 11 years

Ratios: $9,200/project job
$2,300/project and spin-off job
$200 in new personal income per $1 of 11-year tax benefit

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Benefit/Cost Examples

Large JOBZ Business

- 30 new employees, $22,000 average wage
- $2.5 million building valuation
- $300,000 state taxable income
- 10 percent of income attributable to JOBZone

Costs:	$1 million over 11 years
Ratios:	$34,600/project job $19,600/project and spin-off job $20 in new personal income per $1 of 11-year tax benefit

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Business Survey Results

- 102 of the 120 completed business survey
- Businesses report JOBZ is significant
  - 92 percent reported that tax free benefits was a *very* important reason for location decision
  - 94 percent identified skilled labor availability, labor costs and quality of life as important
  - Other important factors were transportation infrastructure, telecommunications and other assistance

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JOBZone Investments

- Without JOBZ:
  - 92 percent of survey respondents reported that they *would not have* made same investment in same location
  - 28 percent indicated they would have invested outside Minnesota with half saying either South Dakota, Wisconsin or Iowa

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Partnership with Center for Rural Policy and Development

- CRPD an early partner
- Subzone survey (Spring 2004)
- JOBZ Forum in Hibbing (August 2004)
- Other support includes today's analysis and future training partnership

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Next Steps

- JOBZ is an amazing story of business investment and community success stories
- JOBZ is a work in progress
- Actual tax and benefit comparisons important considerations
- Unexpected activity fuels legislative proposal

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Thank You

Bob Isaacson

Director, Analysis and Evaluation

651-297-3615

Bob.Isaacson@state.mn.us

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JOBZ Projects by Legislative District
(as of 2/11/04)

	City	Legislative District	Company
1	Crookston	01B	First Mechanical, LLC
2	Bagley	02B	Real Stone Manufacturing, Inc.
3	Park Rapids	02B	AKA Financial, Inc.
4	Bagley	02B	TEAM Industries Bagley-Audbon, Inc.
5	Grand Rapids	03B	Schwartz Redi-Mix, Inc.
6	Cohasset	03B	Northland Machine, Inc.
7	Cohasset	03B	Rapids Process Equipment, Inc.
8	Aitkin	03B	Mille Lacs Wild Rice Corp.
9	Walker	04B	Next Innovations, LTD
10	Walker	04B	Stille Havn Hus
11	Pine River	04B	Hunt Utilities Group, LLC
12	Walker	04B	ITS, Inc.
13	Chisholm	05B	Minnesota Twist Drill, Inc.
14	Hibbing	05B	Great Waters Aerospace, Inc.
15	Hibbing	05B	Sunrise Gourmet Foods & Gifts, Ltd.
16	Proctor	06B	Thralow, Inc.
17	Duluth	07B	Goodin Company
18	Duluth	07B	TrueRide, Inc.
19	Pine City	08B	Advance Design & Systems, LLC
20	Detroit Lakes	09B	Quality Tool & Machine, Inc.
21	Wheaton	09B	Stoney Brook Wall Covering, Inc.
22	Detroit Lakes	09B	TEAM Industries Park Rapids-DL, Inc.
23	Fergus Falls	10A	ShoreMaster, Inc.
24	Fergus Falls	10A	Games Unlimited, Inc.
25	Fergus Falls	10A	Café Favorites
26	Fergus Falls	10A	INNOVA Industries, Inc.
27	Fergus Falls	10A	Rischard Marketing, Inc. dba Tag Up
28	Wadena	10B	Willis Rubber Company, Inc.
29	Perham	10B	Barrel O'Fun Snack Foods Company
30	Staples	10B	Olander Tooling, Inc.
31	Parkers Prairie	10B	AbbeyMoor Medical, Inc.
32	Wadena	10B	DRYWALL SUPPLY CENTRAL INC
33	Alexandria	11A	TWF Industries, Inc.
34	Alexandria	11A	Quick Attach Attachments, Inc.
35	Morris	11A	KJL Companies, Inc. dba Prairie Trailers
36	Morris	11A	Wilkens Industries, Inc.
37	Alexandria	11A	Pan-O-Gold Baking Company

JOBZ Projects by Legislative District
(as of 2/11/04)

	City	Legislative District	Company
38	Alexandria	11A	SunOpta Aseptic, Inc.
39	Garfield	11A	Golberg Companies, Inc.
40	Long Prairie	11B	Impact Technology
41	Long Prairie	11B	R-Way Trailers, Inc.
42	Brainerd	12A	Wausau Paper of Minnesota, LLC
43	Brainerd	12A	Daggett Brook Township
44	Brainerd	12A	Barrett Ag Services, Inc.
45	Ironton	12A	Douglas Machine, Inc.
46	Little Falls	12B	Meyer Assoociates Teleservices
47	Little Falls	12B	Super Torquer Systems, Inc.
48	Little Falls	12B	Atomic Learning, Inc.
49	Upsala	12B	Leading Edge Cabinets, Inc.
50	Swanville	12B	Rotomolding, Inc.
51	Upsala	12B	St. Lucia Travel dba Tradewind Tours
52	Little Falls	12B	Adventurero, LLC
53	Melrose	13A	Melrose Metalworks, Inc.
54	Holdingford	14A	Two Rivers Enterprises, Inc.
55	Avon	14B	Columbia Gear Corporation
56	St. Cloud	15B	East Side Glass Company
57	St. Cloud	15B	The Donlin Company
58	North Branch	17B	Andersen Corporation
59	Wyoming	17B	Polaris Industries, Inc.
60	Winsted	18A	SPORTSMANS PLUS
61	Glencoe	18A	Jungclaus Implement, Inc.
62	Litchfield	18B	Meeker Cooperative Light & Power
63	Litchfield	18B	Vision Pharma Technologies, LLC
64	Roseau	1A	QC Techniques
65	Greenbush	1A	Central Boiler, Inc.
66	Lancaster	1A	Hanson Manufacturing, Inc.
67	Lancaster	1A	PoDCo, LLC
68	Madison	20A	Madison Implement, Inc.
69	Murdock	20A	Dooley's Petroleum, Inc.
70	Olivia	20B	Beaver Creek Transport, Inc.
71	Olivia	20B	Baumgartner Environics, Inc
72	Milan	20B	Wright Laser, Inc. dba Twin River Tech
73	Granite Falls	20B	Granite Falls Energy, LLC
74	Redwood Falls	20B	Vega Ventures, Inc.
75	Redwood Falls	21A	Airborne Data Systems, Inc.

JOBZ Projects by Legislative District
(as of 2/11/04)

	City	Legislative District	Company
76	Marshall	21A	Runnings Supply, Inc.
77	Marshall	21A	Runnings Distributing, Inc.
78	Cottonwood	21A	Extreme Panel Technologies, Inc.
79	Lucan	21A	Country Enterprises, Inc.
80	Cottonwood	21A	Prairie Wild Enterprises, Inc.
81	Marshall	21A	Iowa Turkey Products, Inc.
82	New Ulm	21B	New Ulm Precision Tool, Inc.
83	New Ulm	21B	Beacon Promotions, Inc.
84	New Ulm	21B	Windings, Inc.
85	New Ulm	21B	Medallion Cabinetry, Inc.
86	Luverne	22A	Total Card, Inc.
87	Brewster	22A	Minnesota Soybean Processors
88	Pipestone	22A	Jandar, LLC
89	Pipestone	22A	Bioverse, Inc.
90	Mountain Lake	22B	SBZ, Inc. dba Conestoga Furniture, Inc.
91	Jackson	22B	AGCO/Ag-Chem Equipment Company, Inc.
92	Jackson	22B	AGCO/Ag-Chem Equipment Company, Inc.
93	Jackson	22B	Ziegler, Inc.
94	Jackson	22B	Last-Deck, Inc.
95	Jackson	22B	C & B Manufacturing, Inc. dba Hitch Doc
96	St. Peter	23A	Exceed Packaging, Inc.
97	St. Peter	23A	IHN III, LLC
98	St. James	24A	Performance Plating, Ltd.
99	Elmore	24A	JD Truck, Inc.
100	Fairmont	24A	Omega Nutrition, Inc.
101	Winnebago	24A	Zierke Built Manufacturing, Inc.
102	Lake Crystal	24B	Northstar Ethanol, L.L.C.
103	Le Center	25A	Electronic Assembly Specialists, Inc
104	Le Center	25A	Earth Tech Tables
105	Le Sueur	25A	Control Products, Inc.
106	Owatonna	26A	Phoenix Air Systems L.L.C.
107	Owatonna	26A	Foam Craft Packaging, Inc.
108	Owatonna	26A	Minnesota Concrete Products, Inc.
109	Waseca	26A	Itron, Inc.
110	Waseca	26A	Elegant Creations Granite, Marble etc.
111	Faribault	26B	Sage Electrochromics, Inc.
112	Albert Lea	27A	MF Technologies, Inc.
113	Albert Lea	27A	Trails Truck Service Center, Inc.

JOBZ Projects by Legislative District
(as of 2/11/04)

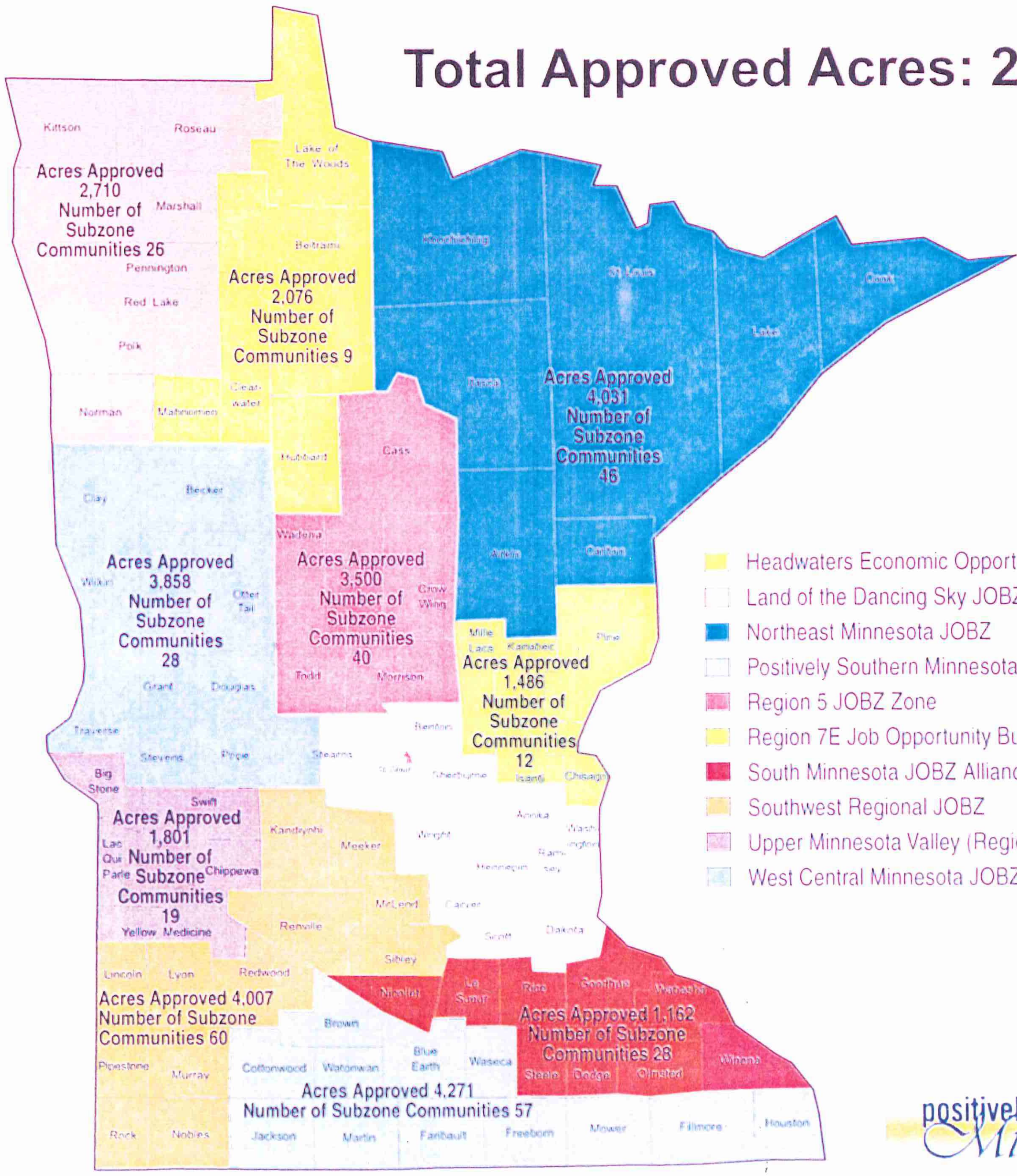
	City	Legislative District	Company
114	Albert Lea	27A	ProfitPro, LLC
115	Albert Lea	27A	Larson Manufacturing
116	Albert Lea	27A	SoyMor Cooperative
117	Albert Lea	27A	SoyMor, LLC
118	Albert Lea	27A	Albert Lea Select Foods, Inc.
119	Albert Lea	27A	Agilis Company
120	Brownsdale	27B	Triple JJJ Sanitation, Inc.
121	Austin	27B	Hansen Hauling and Excavating
122	Kenyon	28B	Kenyon Ag Services L.L.C.
123	Rochester	29A	Mayo Collaberative Services, Inc.
124	Byron	29A	Schmidt Printing, Inc.
125	Rochester	29A	Pace Electronics
126	Byron	29A	Leaf Guard, Inc.
127	Byron	29A	Global Dairy Solutions, Inc.
128	Kasson	29A	Zumbro River Brand, Inc.
129	Frazee	2A	Frazee Electric, Inc.
130	Winona	31A	Wenonah Canoe
131	Coleraine	3A	Eagle Ridge Hospitality, LLC
132	Two Harbors	6A	Willamette Valley Company
133	Moorhead	9A	Midwest Construction Services, Inc.
134	Moorhead	9A	Niemi Enterprises & SM Enterprises

Source: Minnesota Department of Employment and Economic Development, 2/14/05.

Approved Minnesota JOBZones

JOBZ MINNESOTA
Job Opportunity Building Zones

Total Approved Acres: 28,902



- Headwaters Economic Opportunity Zone
- Land of the Dancing Sky JOBZ
- Northeast Minnesota JOBZ
- Positively Southern Minnesota JOBZ Growth Corridor
- Region 5 JOBZ Zone
- Region 7E Job Opportunity Building Zone
- South Minnesota JOBZ Alliance
- Southwest Regional JOBZ
- Upper Minnesota Valley (Region 6W) JOBZ
- West Central Minnesota JOBZ

positively Minnesota
Department of Employment and Economic Development