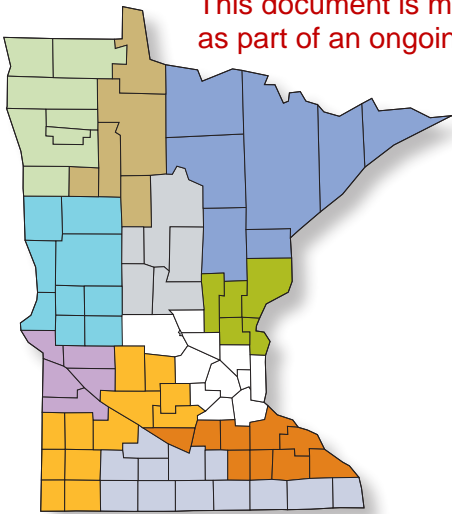


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# **JOBZ**

## MINNESOTA

Job Opportunity Building Zones

**Providing incentives  
for growth and  
development  
of Minnesota's  
economy.**



## Getting the Job Done

Despite the economic slowdown, JOBZ continued to play a role in attracting new businesses and jobs to Minnesota last year.

Hutchinson, a community of 14,000 people about 50 miles west of the Twin Cities, can attest to the importance of the program. Thanks in part to JOBZ tax incentives, NuCrane Manufacturing – a joint venture of Hutchinson Manufacturing Inc. and Westinghouse Electric Co. – began construction on a new plant in Hutchinson that will make specialty cranes for nuclear power facilities. The project is expected to create 50 jobs that pay nearly \$12 an hour in wages.

Meanwhile, the east central community of Wyoming attracted Xccent Inc. with the help of JOBZ last year. Xccent, which makes playground equipment, decking, outdoor furniture and other products, plans to hire 100 workers in 2010 and perhaps another 100 in 2011.



*Xccent, Inc. plans for locating in Wyoming, Minn.*

Still another success story can be found in Wadena in west-central Minnesota. Innovative Surfaces, a Phoenix-based company that makes table tops for outdoor furniture, moved to the city of 4,200 people with assistance from JOBZ. The business brought 22 jobs to the community paying nearly \$12 an hour in wages.

These examples illustrate how JOBZ is fueling economic growth in cities around the state, even during a recession.

In the seven years since Gov. Tim Pawlenty introduced JOBZ, the program is credited with creating nearly 7,000 jobs in Minnesota paying an average of \$16.68 an hour plus benefits. The initiative has far exceeded company expectations of about 4,700 jobs being created at \$11.92 an hour plus benefits.

Looking at JOBZ from a broader perspective, the program has directly or indirectly created nearly 18,600 jobs in Minnesota at an average annual wage of \$34,230. Those figures are based on this calculation: For every job created by JOBZ, another 1.7 jobs are created elsewhere by suppliers and by people spending more money in the local economy.

JOBZ works because it provides local and state tax exemptions to qualified companies that start up or expand in targeted areas of Greater Minnesota.

Many of these communities were already poised for business growth and had adequate infrastructure in place. They just needed a helping hand from JOBZ to attract businesses and jobs.

As Gov. Pawlenty said in his recent State of the State speech, JOBZ is needed and it works. All across the state, the program is bringing a renewed sense of hope and enthusiasm and contributing to the long-term well-being of Minnesota families and communities.

## The JOBZ Formula

Seven years after Gov. Tim Pawlenty unveiled JOBZ, the program is proving to be more important than ever in Minnesota. During these challenging economic times, JOBZ gives Minnesota an important edge by attracting new companies and helping existing firms to expand.

There is nothing complicated about JOBZ. Indeed, the beauty of the program is its simplicity. By offering tax incentives to companies that meet certain criteria, the state makes it easier for firms to bring more jobs to Minnesota and to create new ones.

Program exemptions that influence companies to locate or expand in Minnesota include:

- Corporate franchise taxes;
- Income taxes for operators or investors, including capital gains taxes;
- Sales taxes on construction materials and goods used in the zones;
- Property taxes on commercial and industrial improvements; and
- Employment tax credits for high-paying jobs.

The legacy of JOBZ can be seen all across Greater Minnesota, from Suzlon Rotor Corp. in Pipestone to Minnesota Twist Drill in Chisholm. JOBZ gets results. The program is bringing new business investment to the state and restoring confidence in rural Minnesota.

## 'Sealing the Deal' in Wells

Singleteary Food Solutions of Garland, Texas, had plenty of suitors when it began looking around the country for a site for a food-processing plant last year.

But in the end, it chose the south-central Minnesota community of Wells, population 2,500, because the town had two important features – a building that fit its needs and a JOBZ site.

The plant, which was scheduled to open in March, will employ about a dozen people initially and up to 200 people in three to five years.

"JOBZ was one of the key factors in the decision by the company to come here instead of going to another state," said Austin Bless, community development director in Wells. "That really helped seal the deal."

Along with other state and local incentives, Singleteary Food Solutions will receive an estimated \$6 million in tax benefits through 2015 under the JOBZ program. Workers at the Wells plant are expected to earn between \$10 and \$12 an hour in wages.

The plant, which will produce beef, pork and poultry products, will be based in a building on North Broadway that previously housed ConAgra and Wells Co-Pack, a food-processing operation that went out of business about two years ago. The building has been vacant ever since.

The opening of the plant was the biggest news in years in a town that has struggled, like a lot of farm communities



in Minnesota, to attract new businesses and jobs. Local restaurants, the grocery store and gas station expect to see an uptick in economic activity.

"We're really excited. It's going to be a boon for other businesses," Bless said.

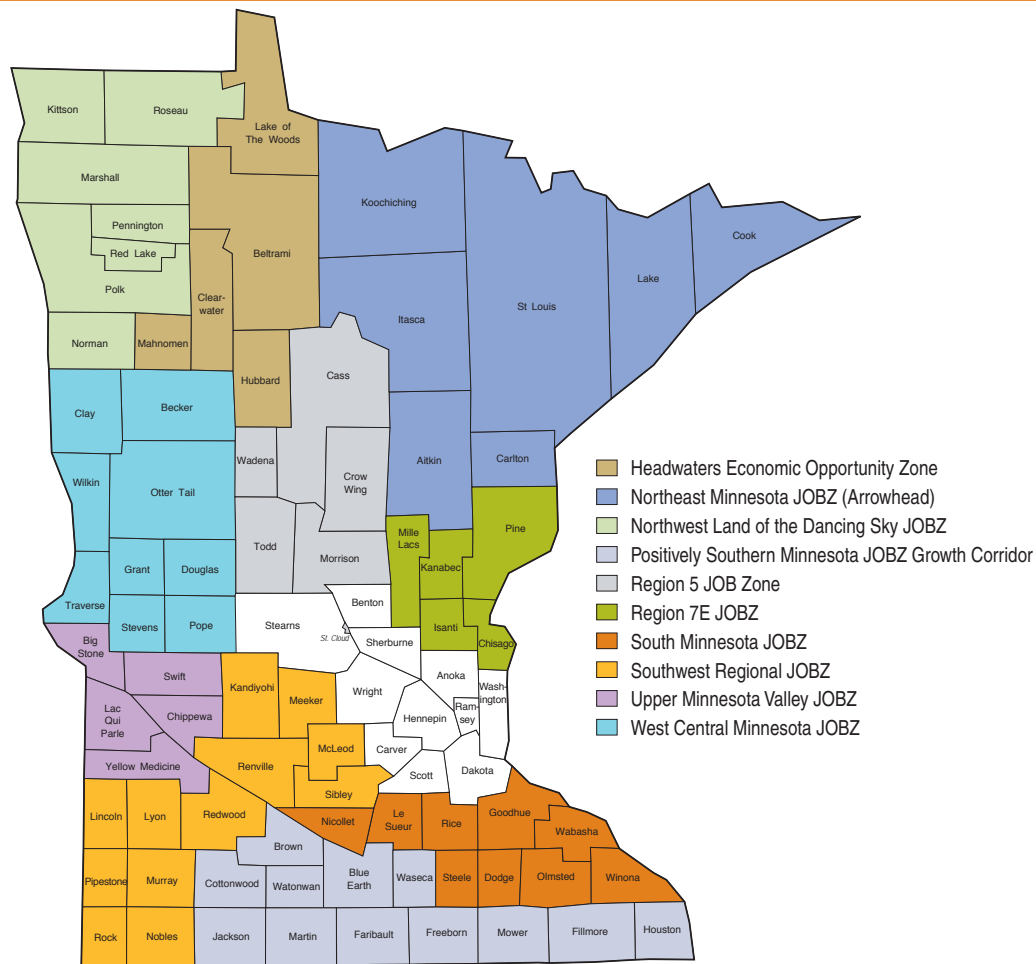
Singleteary Food Solutions is owned by Steve Singleteary, a Miami-based entrepreneur and lawyer. Singleteary, who grew up in Indiana, played basketball at Texas Southern and Kentucky Wesleyan and later became a successful businessman.

He was the majority owner and president of a Petersburg, Va., food-processing company that supplied beef products to Burger King, and he owned 16 Burger King franchises himself at one point.

Singleteary is committed to making his latest venture succeed. To keep a close eye on the startup phase of the business, he's even giving up his digs in Miami and moving to Mankato, about 30 miles north of Wells.



# JOBZ Program Performance



JOBZ Region	FTE (New) Job Goals	Average Wage Goals	FTE (New) Job Actuals	Average Wage (actual)	2008 Estimated State Tax Expenditures (millions) <sup>1</sup>	2008 Estimated Property Tax Exemptions (millions)
Land of the Dancing Sky	106	\$10.49	171	\$14.86	\$636,000	\$114,000
Northeast	247	\$11.61	252	\$17.67	\$2,009,000	\$211,000
West Central	859	\$12.01	1,010	\$15.89	\$5,273,000	\$1,217,000
Region 5	495	\$12.09	822	\$15.86	\$1,680,000	\$955,000
Region 7E	408	\$14.15	375	\$18.24	\$1,027,000	\$480,000
Southwest	1,063	\$11.62	1,937	\$17.35	\$4,226,000	\$2,326,000
South MN JOBZ Alliance	552	\$12.24	849	\$17.58	\$3,408,000	\$1,818,000
Positively Southern MN	796	\$11.94	1,378	\$17.07	\$5,266,000	\$1,226,000
Combined Regions*	151	\$11.82	198	\$15.64	\$388,000	\$539,000
Statewide	4,677	\$11.92	6,992	\$16.68	\$23,913,000	\$8,886,000

\* Combined regions: Headwaters and Upper Minnesota Valley

Note: The tax benefit information is based on data reported to the Minnesota Department of Revenue by 327 businesses on Schedule JOBZ and Form M500.

Tax benefits for the JOBZ qualified businesses not submitting Form M500 are estimated and are based upon information reported by the qualified business to the Department of Employment and Economic Development.

Note: There were 4,403 full-time equivalent retained jobs reported with an average hourly wage of \$19.90.

FTE (New) = means a job or a combination of jobs that will produce annualized cumulative expected hours of work, not including overtime, equal to 2,080 hours.

May be seasonal as long as the required number of FTE jobs are created and maintained for each calendar year and was created subsequent to the agreement date.

<sup>1</sup> Includes local sales tax and estimated tax benefits for JOBZ businesses.

<sup>2</sup> Includes state and local tax property tax exemptions.

Note: Property tax exemptions are not actual revenue decreases, rather levy amounts are shifted onto all other property.

Note: Job and wage data are collected through the Minnesota Business Assistance Form.

Note: Estimated state tax expenditures and property tax exemptions are preliminary estimates as of February 2010.