CONTACT INFORMATION

This section will aid manufacturers in identifying helpful contact information during consideration of your state for relocation.

Name: Jeff Rossate

Phone Number: 651-259-7493

Email Address: Jeff.Rossate@state.mn.us

US State Name: Minnesota

State Abbreviation: MN

State Economic Development Web Address: mn.gov/deed

State Economic Development Email Address: Economic.Development@state.mn.us

State Economic Development Phone Number: 651-259-7114

Additional Relevant Links for Relocating Companies: http://mn.gov/deed/business/locating-minnesota/

INCOME AND OUTPUT

This section highlights your state's productivity and income to provide an understanding of the amount of business conducted and the rate of growth for businesses and individuals.

Gross Domestic Product (2015): $333.3 Billion. Current dollars. Bureau of Economic Analysis.

Gross Domestic Product % Growth (2010-2015): 11.6%. Chained 2009 dollars. Bureau of Economic Analysis.

GDP per Capita (2015): $54,431. Chained 2009 dollars. Bureau of Economic Analysis.

Per Capita Personal Income (2015): $50,541. Bureau of Economic Analysis.

Per Capita personal Income % Change (2010-2014): 6.7%. Chained 2009 dollars. Bureau of Economic Analysis.

WORKFORCE

This section gives manufacturers an idea of the industry's environment in your state, including the makeup of the available workforce, the labor requirements, and recent trends.

Total Population (2015): 5,489,594. U.S. Census Bureau.

Population Change % (2010-2015): 3.4%. U.S. Census Bureau.

Total Civilian Labor Force (2015): 3,010,367. Bureau of Labor Statistics.

Total Number of Persons Employed (2015): 2,898,864. Bureau of Labor Statistics.

Total Number of Persons Unemployed (2015): 111,503. Bureau of Labor Statistics.

Unemployment Rate (2015): 3.7%. Bureau of Labor Statistics.

Employment by Industry:

Manufacturing Employment (2015): 317,180
Trade, Transportation and utilities Employment (2015): 519,168
Information Employment (2015): 51,551
Financial activities (2015): 178,039
Professional and Business Services Employment (2015): 357,385
Education Services (2015): 48,267
Health Services (2015): 439,569
Leisure and Hospitality: 258,530

Source: DEED, Labor Market Information Office.

State Right-to-Work Law Y/N: No
Percent of Union Membership (2014): 14%. Bureau of Labor Statistics.
Private-sector Union Membership (2014): 8%. Bureau of Labor Statistics.

Large Factory Openings during Previous Year: 40 (2015). DEED, Business Expansions Report.
Large Factory Closures During Previous Year: 12 (2015). DEED, Minnesota Dislocated Worker Program.

EDUCATION

This section provides further insight into the potential workforce education levels, advanced areas of education, and partnerships between higher education and industry for insight into quality of labor force and growth sustainability.

Percent of Population with High-School Diploma or Higher (2015): 92.8% (3rd highest). U.S. Census Bureau.

Percent of Population with Bachelor's Degree or Higher (2015): 34.7% (11th highest). U.S. Census Bureau.

Enrollment in Higher Education Institutions: In fall 2015, there were 427,803 students enrolled in Minnesota public and private post-secondary institutions. Minnesota Office of Higher Education.

Science and Engineering doctorates awarded (2013, latest data): 903 (15th highest). National Science Foundation.

Minnesota State Colleges and Universities: The 32 public colleges and universities in the system offer an array of services to help employers, businesses and organizations with their education and training needs. With 53 campuses located in 46 Minnesota communities, the Minnesota State Colleges and Universities system – which includes all public colleges and universities except the University of Minnesota – is the state's largest higher education provider. Training can be arranged at work sites, on a campus or online. About 146,000 employees are trained annually by Minnesota State Colleges and Universities.

University of Minnesota: It is the oldest and largest campus within the University of Minnesota system and has the sixth-largest main campus student body in the United States, with 51,147 students in 2013-14. The university is organized into 19 colleges and schools, and there are campuses in Crookston, Duluth, Morris, and Rochester.

COST OF DOING BUSINESS

This section highlights the costs associated with doing business in your state including taxes, wages, insurance, and energy expenses.

Corporate Income Tax Rate: 9.8 percent.
Apportionment Formula (sales/property/payroll): 100 percent sales
R&D Credit: 10 percent of first $2 million of qualified expenses and 2.5 percent thereafter
Throwback Rule: No
Sales to U.S. Government Throwback: No
Carry Forward: Yes (zero back, 15 taxable years forward)
State Sales and Use Tax Rate: 6.875 percent
Sales Tax on Manufacturing Machinery: No
Sales Tax on Utilities: No
Unemployment insurance tax: Minnesota's taxable wage base for 2015 is $30,000. The minimum tax rate is 0.2 percent and the new employer rate either is 1.86 percent (non-high experience rating) or 9.1 percent (high experience rating). New employers can get an experience rating in 18 to 24 months.

Source: Intelliconnect, 2015.

Workers' Compensation Average Premium Rates per $100 of Payroll: $1.99.
State of Oregon, Department of Consumer & Business Services.

Average Industrial Electric Rate (2015): 7.13 Cents/kWh (30th lowest)
Average Commercial Electric Rate (2015): 9.52 Cents/kWh (21st lowest)
Average Industrial Natural Gas Rate (2015): 6.57 Dollars per 1,000 Cubic Feet (19th lowest)
Average Commercial Natural Gas Rate (2015): 8.66 Dollars per 1,000 Cubic Feet (20th lowest)

Source: U.S. Department of Commerce, Energy Information Administration.

ENTREPRENEURSHIP AND INNOVATION

This section underscores the successes of your state in terms of business innovation through awards, venture capital, and intellectual property attainment.

Invention patents per 1 million people (2015): 800 (4th highest)
Total invention patents (2015): 4,394 (9th highest)
Medical device patents per 1 million people (2015): 169 (First nationwide)
Total medical device patents (2015): 928 (2nd highest)

Source: U.S. Department of Commerce, U.S. Patent and Trademark Office

Venture capital investments (2015): $372 (17th highest)
Venture capital investments per capita (2015): 68: (16th highest)

Source: The MoneyTree™ Report from PricewaterhouseCoopers and the National Venture Capital Association based on data provided by Thomson Reuters.

Broadband Access with Speed Download Greater Than 3 Mbps Upload Greater than 0.768 Mbps (2014): 100%

Source: National Broadband Map.

FOREIGN DIRECT INVESTMENT

This section provides insight into the amount of current investment overseas and the potential state market for manufacturers to reshore.

Foreign companies with operations in Minnesota (2016): 724 (Uniworld Business Publications).

Workers in the state employed by foreign-owned companies (2013): 106,700. Bureau of Economic Analysis.

Foreign Direct Investment: In 2016 (mid-year), MN had $299 million (3 projects). In 2015, the investment was $190 million. FDImarkets.com.

TRANSPORTATION AND INFRASTRUCTURE

This section sheds light on the basic infrastructure of your state and what a company can expect in terms of the logistics of shipping their product.

Air:

Minnesota is home to 97 airports listed in the Federal Aviation Administration's (FAA) National Plan of Integrated Airport Systems (NPIAS). Of these, seven are primary airports with another seven serving as relievers, all located near Minneapolis-St. Paul International Airport. The seven primary airports are:

Bemidji Regional Airport (BJI)
Brainerd Lakes Regional Airport (BRD)
Duluth International Airport (DLH)
Falls International Airport (INL)
Minneapolis-St. Paul International Airport (MSP)
Range Regional Airport (HIB)
Rochester International Airport (RST)

These seven are considered primary airports due to the volume of passenger boardings (at least 10,000 per year). The Minneapolis-St. Paul (MSP) international airport is the main passenger airport in the state. It serves 155 nonstop markets, including 126 domestic and 29 international markets.

Air movements account for the lowest tonnage volumes in the state among the transportation modes. However, the commodities shipped via air are typically low weight but high value goods. Most air cargo in Minnesota moves through the Minneapolis-St. Paul International Airport, although other airports in the state do ship and receive smaller volumes of air cargo.

Ports and Waterways:

Minnesota has access to both the Great Lakes and Mississippi River systems. The state has eight ports: four along the Mississippi River System and four on Lake Superior. Commodities shipped via waterways are usually lower value, bulk materials. This is evident in the types of commodities shipped via Minnesota's waterways.

The largest commodity by tonnage is Iron Ore, Iron, and Steel Waste and Scrap at 68 percent of overall tonnage, and a majority of this is comprised of taconite shipping on the Great Lakes. Food and Foods Products are also among the top three commodities shipped via this mode, consistent with both highway and railway movements.

According to 2012 data from the U.S. Army Corps of Engineers, the Port of Duluth-Superior ranked 19th among U.S. ports by total shipping tonnage. Two Harbors ranked 38th; Silver Bay ranked 70th; and St. Paul ranked 73rd. As a state, Minnesota is 18th in port tonnage.

Freight Railroads:

The railway network in Minnesota is comprised of 21 rail operators serving both passenger and freight traffic. Four of the seven Class I railroads maintain operations within the state: BNSF, Union Pacific (UP), Canadian

National (CN), and Canadian Pacific (CP). There are also 17 regional, short line, terminal, and switching railroads in the state. Minnesota's rail system has some of the highest volumes in the nation, and these flows are projected to continue to grow through 2040.

With over 4,400 railroad miles Minnesota ranks 8th, according to 2012 data from the Association of American Railroads.

Passenger Rail:

Amtrak currently provides passenger rail service in Minnesota on its Empire Builder route from Chicago, Ill. to Portland, Ore. and Seattle, Wash.

The Empire Builder operates one daily train in each direction in Minnesota, and makes station stops in Winona, Red Wing, St. Paul/Minneapolis, St. Cloud, Staples, and Detroit Lakes. The Empire Builder also makes station stops in the border cities of La Crosse, Wis., Fargo, N.D., and Grand Forks, N.D. It operates over freight rail tracks owned by Canadian Pacific Railway, Minnesota Commercial Railway, and BNSF Railway while traveling through Minnesota.

Twin Cities Transit Transportation:

The Twin Cities regional transit system consists of local, limited stop and express bus routes; bus rapid transit, light rail, and commuter rail lines; dial-a-ride programs; and public vanpools. All metro-area rail transit lines and most bus routes are operated by Metro Transit, a division of the Metropolitan Council.

Metro-area transit ridership increased by 3.5 percent in 2014 to 97.6 million boardings, finally exceeding its 2008 pre-recession high of 94.7 million and at a pace that puts it on track to meet the Metropolitan Council's goal of doubling 2003 ridership levels by 2030. This jump in ridership is largely attributable to the successful June 2014 launch of Metro Transit's newest light rail route, the Green Line along University Avenue. Ridership growth is expected to accelerate in the future as development occurs along key transitways and transit service continues improving.

Highways:

The highway system is the only freight modal network under the Minnesota Department of transportation jurisdiction, it is the backbone for goods movement in Minnesota, and it provides first- and last-mile connectivity to all industries. Minnesota's trunk highway system totals nearly 12,000 miles of roadway, and many of these highways carry over 5,000 truck trips per day on average. For long trips, trucks typically use designated highway networks to transport goods from point to point. In addition to these state and federally designated roadways, local roadways also serve as important connectors between freight generating and receiving facilities (farms, processing plants, manufacturing centers, and distribution centers) and the primary roadway network.

INCENTIVES

Different states offer different incentives to entice companies to move to their state. This section will allow you to highlight these incentives.

Tax Credits

Angel Tax Credit

Start-up businesses headquartered in Minnesota and engaged in technological innovation and meeting other eligibility requirements can participate in the program. Investors in these businesses can receive a 25% refundable tax credit for equity investments in the business.

Greater Minnesota Business Expansion Tax Credits

Greater Minnesota Business Expansion program provides sales tax exemptions for up to seven years to businesses located in Greater Minnesota that meet eligibility requirements including specified job creation and wage levels.

Data Centers

Companies that build data or network operation centers of at least 25,000 square feet and invest $30 million qualify for sales tax exemptions for 20 years on computers and servers, cooling and energy equipment, energy use and software, and they pay no personal property tax ever. Companies have 48 months to complete the project. Qualifying refurbishment projects are also eligible for sales tax exemptions.

Research and Development Tax Credit

The tax credit for R&D expenditures is 10 percent, up to the first $2 million in eligible expenses. The credit is 2.5 percent for eligible expenses above $2 million.

Individuals involved in partnerships, S-corporations and limited liability companies are allowed to claim the credit against their individual income taxes. This opens up the tax credit to more small and medium-sized businesses.

Border Cities Enterprise Zones

The Border-Cities Enterprise Zone Program provides property tax credits, debt financing credit on new construction, sales tax credit on construction equipment and materials, and new or existing employee credits to qualifying businesses in the border cities of Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville.

Tax Increment Financing

Cities, counties, and development authorities may use tax increment financing to help finance costs of real estate development to encourage developers to construct buildings or other private improvements and to pay for public improvements, such as streets, sidewalks, sewer and water, and similar public infrastructure improvements that are related to the development.

Tax Abatement

Cities, counties and school districts may use tax abatement to help finance certain economically beneficial projects. Property taxes are forgiven for a period of time to allow the project to cash flow. Or the taxes are captured for a period of time and an up-front payment is made by the political subdivision to help the project cover start-up costs.

Loans and Grants

Minnesota Investment Fund

Offering a maximum of $1 million per project, the fund focuses on industrial, manufacturing, and technology-related industries. We award grants to local units of government, which use the money to provide below-market rate loans to help companies expand. Funding may be used to purchase land, machinery and equipment.

Minnesota Job Creation Fund

The fund provides up to $1 million to approved businesses after specified job creation and capital investment goals are achieved. Minimum requirements: 10 jobs created and $500,000 capital investment. Actual job creation and capital investment rebates are based on project parameters. Large projects may receive up to $2 million.

Small Business Development Loan Program

The program provides loans for business expansions that result in the creation of new jobs. Loans are up to $5 million for large projects.

Indian Business Loan Program

The program supports the development of Indian-owned and operated businesses and promotes economic opportunities for Indian people in Minnesota. Loans may be up to 75 percent of project costs and feature favorable interest rates and repayment terms.

Angel Loan Fund

This program provides a new funding option for businesses certified to participate in Minnesota's Angel Tax Credit Program by providing a direct loan for 10 percent of the total amount of equity investment received in the business' approved funding round. Loans are interest-free and payments are deferred for seven years.

Emerging Entrepreneur Loan Program

This loan program provides funds to non-profit lenders to be used to provide loans to businesses owned by minorities, women, veterans, persons with disabilities or low-income individuals. The program can provide up to $150,000 for a business to meet a variety of needs including start-up, expansion, construction and working capital.

Growth Acceleration Program

The program provides consulting services to help small manufacturers that employ up to 100 workers become more efficient, more competitive, and more likely to thrive and grow. GAP provides grants of up to $50,000, which are matched dollar-for-dollar by companies.

Workers Training

Minnesota Job Skills Partnership Program

The program partners strategically with businesses and schools to train or retrain workers, expand opportunities, and keep high-quality jobs in the state. Grants of up to $400,000 are awarded to educational institutions that partner with businesses to develop new-job training or retraining for existing employees. Training grants are offered in five different program areas.

SciTechsperience Internship Program

SciTechsperience is a paid internship program that connects college students in science, technology, engineering and math disciplines with hands-on opportunities at Minnesota companies that need their skills. The focus is on strengthening Minnesota's STEM industries and developing an experienced and well trained workforce.

Greater Minnesota Internship Tax Credit

Employers may claim a refundable credit of up to $2,000 for each internship provided to eligible students in Greater Minnesota. The credit is available for tax years that begin in 2014 or later. Contact the Minnesota Office of Higher Education, which administers the program.

MN Job Training Incentive Program

This program provides grants to new or expanding businesses for the purpose of training new workers as quickly and efficiently as possible. The program is available to businesses located in Greater Minnesota. Grant funds may be used for direct training costs for training provided in-house; by institutions of higher education; by federal, state, or local agencies; or private training or educational providers.

Other Incentives

Data Centers

Companies that build data or network operation centers of at least 25,000 square feet and invest $30 million qualify for sales tax exemptions for 20 years on computers and servers, cooling and energy equipment, energy use and software, and they pay no personal property tax ever. Companies have 48 months to complete the project.

Bioscience Incentive Program

The program provides production payments to encourage commercial-scale production of advanced biofuels, renewable chemicals, and thermal energy production from biomass.

Foreign Trade

Foreign Trade Zones are commerce sites (industrial sites, buildings) set up in or near U.S. Customs ports of entry where merchandise is considered legally outside U.S. Customs territory. The zones are operated as public utilities by states, port authorities, other political groups, or corporations charted by the state.

Companies can use foreign trade zones to reduce duty payments, streamline supply chain costs and improve your competitive position in domestic and foreign markets.

There are eight General Purpose Zone sites in Minnesota, including six in the Minneapolis-St. Paul metropolitan area (FTZ#119), one site in Duluth (FTZ#51), and one site in International Falls (FTZ#259). Individual companies may apply to the U.S. Department of Commerce to designate an area of their facility as a Subzone. This situation is ideal for companies too far from a General Purpose Zone.

EB-5 Investor Program

The U.S. Department of Homeland Security's Citizenship and Immigration Services division (USCIS) administers the Immigrant Investor Program, also known as EB-5.

The program is intended to stimulate the U.S. economy through job creation and capital investment by offering foreign investors a permanent resident visa for investing $1 million (or at least $500,000 in a Targeted Employment Area) and creating or preserving at least 10 jobs for U.S. workers.

REGIONAL INFORMATION

Northeast

The Northeast Region has the right combination of human ingenuity and abundant natural resources to support several key industries. Mining. Timber Aviation. Engineering. Information technology. Manufacturing. All of it wrapped in the breathtaking splendor of Minnesota's north woods and pristine lakes. Business thrive and grow in the region, thanks to solid partnerships and strong economic drivers.

Northwest

The Northwest Region has a backbone of world-leading companies. Abundant agricultural resources (from wheat to sugar beets) fuel the region's thriving food-processing industry. With competitive wages and ready access to the Williston Basin, the region is a perfect setting for any business looking to tap the opportunities presented by North Dakota's booming oil industry.

Southeast

The Southeast Region is a health care and agricultural powerhouse. Home to the renowned Mayo Clinic and some of the nation's top colleges, the region is a leader in innovation. Vibrant communities are anchored by a wide variety of industries: High-tech in Winona, med-tech in Rochester, glass manufacturing in Owatonna, food processing in Faribault. With a highly-educated workforce and quick access to the Twin Cities, the region makes an ideal location.

Southwest

The Southwest Region is a national leader in agricultural production, renewable energy, and is leading the way in cutting-edge isobutanol chemical manufacturing. With the availability of a high-quality, low-cost workforce, access to several colleges and universities, strong transportation infrastructure and quick access to the Twin Cities markets, the 27-county region has many distinct advantages for businesses.

Twin Cities

It's no surprise that the Twin Cities metropolitan area is one of the fastest-growing regions in the Midwest. With an inviting business climate, a high-quality workforce, robust transportation infrastructure, low unemployment and a high quality of life, Minneapolis-St. Paul is an exceptional place to invest and do business.

West Central

The West Central Region combines the technological sophistication and business acumen of a globally-competitive manufacturing hub with the simplicity and exceptional livability found in smaller rural communities. The region's location between the Twin Cities and North Dakota's oil fields provides ample business opportunities. Top-shelf educational institutions, abundant recreational amenities and charming towns make for unsurpassed quality of life.

AMERICAN MADE LABEL REQUIREMENTS

American Made Label Requirements:

None

Made in Minnesota Requirement:

The Minnesota Department of Employment and Economic Development created the Made in Minnesota Directory of Manufacturers to support manufacturing in the state. The only requirement for manufacturers to be listed in the free-of-charge directory is to have manufacturing operations in the state.

Visit the Made in Minnesota Directory webpage for more information or contact Magda Olson at:
Magda.Olson@state.mn.us
651-259-7183

Date of Submission: October 24, 2016

Thank you for your time. Please email your responses to alevy@reshoringinstitute.org and your responses will be recorded and available online for review at www.reshoringinstitute.org.