

Will tax-free zones impact rural Minnesota?

Marshall submits application as part of regional initiative

One of Governor Tim Pawlenty's top priorities during the last legislative session was to bring more jobs and businesses to rural Minnesota. His primary strategy was to propose 10 tax free zones as a way to entice businesses to move to or expand in rural areas.

The legislation that was ultimately passed by the Legislature created Job Opportunity Building Zones — dubbed "JOBZ" throughout the state. Minnesota isn't the first state to have tried tax free zones as a way to create jobs. JOBZ is modeled after similar programs in Michigan and Pennsylvania.



The City of Marshall will be applying to participate in the program, along with a coalition of regional communities working through the Southwest Regional Development Commission, housed in Slayton. Funding for the application has been provided, in part, by the Marshall Industries Foundation.

The program has not been without controversy, however. According to Matt Kremer, the commissioner of the Department of Trade and Economic Development, many consider JOBZ zones as corporate welfare. Some see similar programs in other states have been a great way to bring development to depressed areas, while others say there are better ways to create jobs that work better and give local communities more flexibility.

So what are Job Opportunity Building Zones, and how can they potentially impact Marshall's business climate?

Just like tax increment financing, tax abatement and other tax incentive oriented

toward business development and investment, tax-free zones provide incentives for businesses to start up, expand, or relocate to a specific designated area. However, there are two primary differences: Unlike other tax incentives, tax-free zones do not target specific industries or types of businesses. Secondly, tax-free zones are much more aggressive as an incentive, since they allow a business or individual residing in a designated zones relief from a large majority of state and local taxes.

Businesses locating within identified JOBZ zones may be exempted from property taxes, corporate franchise taxes and income and sales taxes for up to 12 years.

Currently, the City of Marshall is putting the finishing touches on a lengthy application that includes information about the specific areas designated for development within the community; supporting economic and development data; and resolutions from local units of government supporting the designation.

Most importantly, a development plan is also required, outlining the planned economic development strategy for the community's zones.

With each zone allowed to contain up to 5000 acres, in non-contiguous subzones, the program is already encouraging regional partnerships between communities and across county lines, as in our regional application through the RDC. According to City Administrator Mike Johnson, Marshall's portion of the proposal will include the designation of 771.22 acres in and around Marshall for inclusion in the program.

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The First Look:

Business sets new legislative challenges for 2004

The hard part isn't over yet. While the 2003 legislative session did present the significant test of closing a \$4.2 billion budget gap without statewide tax increases, Minnesota businesses indicate they have concerns like controlling double digit health costs and funding transportation that will offer a similar challenge to state lawmakers in the 2004 legislative session.

At a strategy session in late August, members of the Minnesota Chamber's board of directors weighed in on the top concerns that the Chamber heard earlier in the summer at 26 policy development sessions across the state.

Number one on the list is the rising cost of health care and the frustration at the lack of health plan options. Chamber lobbyists and the health care policy committee are charged with offering legislation that will give employers greater flexibility in overall coverage and in co-payments and deductibles. A new wrinkle in health care is the cost of public health care (primarily Medicaid) and what kind of impact it has on the private system. The Chamber will consider whether to

advocate changes as part of its agenda.

Reinvention is also part of the Chamber's transportation policy. Strong support continues for a significant and sustained increase in transportation funding primarily through increases in the gas tax or motor vehicle registration fees. The Pawlenty Administration and Republican legislators, however, have not looked favorably at fuel taxes and tab fees, which requires an assessment of the political landscape.

Transportation will come into play as part of the larger budget picture with new user fees less likely if the state faces another projected revenue shortfall. The Chamber has heard from members that the business community should maintain its efforts to reform state spending programs. Reforms in higher education, competitive outsourcing, long-term care and public sector compensation will be the focus of legislative initiatives.



David Olson

In the area of education, higher education receives more attention from businesses than K-12. Business generally supports the Chamber effort to direct more state higher education funding toward student financial aid and away from direct funding of institutions.

Aside from policies with direct budget connections, the Chamber board and businesses statewide have identified the environmental permit process and civil justice as issues that the legislature should address. Chamber members contend that environment-related permits require a significantly longer application period in Minnesota than in other states and advocate legislation calling for a more efficient and less time-consuming process. Job reference protection legislation remains a high priority, especially for smaller businesses.

The Chamber and policy committees will develop specific legislative policies and an action plan over the next several months and attempt to answer both the concerns voiced by business and the political questions that could affect results. Local chambers remain key to our grassroots network and will have the opportunity to review and comment on all the Minnesota Chamber's draft policies this fall.

This article was prepared by David Olson, President of the Minnesota Chamber of Commerce

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September Business Briefs

Southwest Minnesota Workforce Summit set for September 19

If you are interested in the health and economic vitality of our community and region, you are invited to attend the 2003 Workforce Summit to be held from 8:30 AM to 4 PM at Prairie's Edge Casino. Dr. Michael Swanson, Vice President and Senior Economist at Wells Fargo will be the keynote speaker. Additional learning tracks will feature topics on workforce development and collaborations for economic development. Visit their web site at www.swmnpic.org/events.html for more information.

Cost to attend is just \$75. For more information, call Jim Smalley at the Southwest Minnesota Workforce Council, 537-6236.

Employer Seminar to be held on September 24

Learn how Minnesota's new conceal and carry law can effect your business, and what proactive policy can help you respond at a Employment and Labor Law seminar to be held on Wednesday, September 24 from 9 AM to 12 Noon at the Best Western Marshall Inn.

Also discussed will be how to property draft agreements that convey the rights of both the employer and the employee, and how to communicate employment actions accurately and consistently. Registration is just \$15. Call The Minnesota Workforce Center at 537-6236 to register or for more information. Sponsored by the Minnesota Workforce Center - Job Service, JSEC and Minnesota West Community and Technical College.

Reservations and Cancellations

The Chamber would like to remind our members of our reservation and cancellation policy. Due to costs incurred and commitments made to food and beverage vendors, the Chamber requests that reservations for Chamber events be cancelled at least 24 hours prior to the event. Once the deadline has been passed, those who have registered will be billed for the event, whether or not they were able to attend.

If you are unable to attend, we encourage you to send an alternate from your firm or organization. It is a great way to introduce them to Chamber activities!

Marshall will be featured in Prairie Business Magazine

Marshall will be the featured community in Prairie Business Magazine's December issue. A community profile will focus on Marshall and it's development activities.

Prairie Business Magazine is based in Fargo, ND, and features news and business information on communities on the northern plains. Subscriptions to the magazine are free; visit their web page at www.prairiebizmag.com for complete details.

Registered for our Friday FAX?

If not, send us your email or fax number (whichever is more convenient for you), and we will add you to our list. Friday FAXes provide weekly updates on Chamber and community information for your business to use.

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Ultimately, whether JOBZ legislation has a positive effect on the region will hinge on many factors, including whether the state is able to keep taxes and other business related costs as low as possible for businesses and individuals, while maintaining quality services and infrastructure. Rural areas will also need to continue to focus on "new economy" infrastructure like telecommunications access to continue to give every community the best opportunity for future success.

New Web Resource for business owners

Minnesota Rural Partners has launched an interactive, data-base driven web site for individuals starting or growing a business. Bizpathways.org is a web-based, interactive tool that connects rural entrepreneurs with customized on-line tools, events and resources needed to grow businesses. The new web site allows for more efficient and business-stage-efficient links to service providers, advisors, and business partners.

Registration on BizPathways is free. Registered users can:

- Find resources and view customized content matched to your business profile
- Store business and marketing plans developed from BizPathways templates
- Access a personal business development checklist
- Link to existing lenders, classes, management tools and more
- Find tips on everything from evaluating an idea to passing a business on to the next generation.
- Subscribe to their electronic newsletter

Marshall Area Chamber of Commerce

The Chamber serves 370 members and has been helping the Marshall area prosper since 1930.

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The Chamber Perspectives is published twelve times each year by the Marshall Area Chamber of Commerce as a service to our members. Comments and contributions are welcome. Please call us with corrections or additions to our mailing list.

Test your Customer Service

No matter what business your business is in, the quality of your customer service will likely play a major role in your future success. Take the following customer service test to see how you and your employees measure up.

■ Is every customer warmly greeted by a smiling person? Do all employees believe that it is their job to greet customers, not a task left up to the front-desk staff?

■ Are customers escorted to the place they need to be? Does your staff believe that it is up to them to ensure customers get to the right locations or departments? Do they take advantage of a possible opportunity to inform the customer about a product or service?

■ Does every employee speak in plain, simple language to customers? Do they avoid technical jargon and acronyms common in your industry but foreign to customers?

■ Do employees view customer objections, concerns and negative comments as feedback? Do they see that criticism is a way to learn what customers really want?

■ Do your employees meet all customer commitments? If something interferes with meeting a commitment, do they notify the customer in advance?

■ Do all employees believe that keeping your business looking neat and clean at all

times is their responsibility?

■ Do your employees relate to angry customers by listening, empathizing and apologizing?

■ Does your business operate under the philosophy that all of the details of great customer service is everyone's responsibility?

■ Do you have a customer service department as well as a customer service philosophy?

■ Do your managers actively reinforce positive customer service behaviors by your staff? Do they look for ways to point out what a great job someone did in dealing with a difficult customer? Do they reward teamwork that leads to great customer service?

If you answered "yes" to many of these questions, take the time to congratulate yourself and your staff.

If you answered "no" to many of these questions, consider taking a closer look at your organization. Don't tolerate poor customer service. Make the changes needed to give your customers the service they expect and deserve.

These customer service suggestions are adapted from the American Chamber of Commerce Executives.



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