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THE NEWSLETTER OF MINNESOTA BUSINESS

MINNESOTA
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 COMMERCE

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Minnesotans breathed a collective sigh of relief with the state's recent budget forecast: The state's checking account is projected to have an \$876 million surplus for the biennium which ends June 2013. Under current law, the surplus will be used to replenish the state's reserves.

"That's welcome news for the short term, but we cannot lose sight of our long-term challenges," Minnesota Chamber President David Olson said. A \$1.3 billion shortfall already is forecast for Fiscal Year 2014-2015.

Governor Dayton and legislative leaders have been promoting government reform in their respective 2012 agendas, and they underscored their resolve following the budget forecast. Reform is needed to help address the projected shortfall for the next budget period. The Minnesota Chamber will be a willing partner in state and local government reform and redesign efforts.

Creativity and innovation have enabled businesses to survive the recession and, in many instances, emerge stronger. Similar principles must guide government, too. "Minnesota needs to focus its energy on ensuring a strong business environment and maintaining and creating jobs for all Minnesotans," Olson said.

For additional information on the Chamber's legislative priorities, contact Laura Bordelon, senior vice president for advocacy, at (651) 292-4681 or lbordelong@mnchamber.com.

ARE YOU OVERREGULATED? PLEASE PROVIDE SPECIFICS

We hear our members loud and clear:

"Why can't government let me run my business instead of assuming that I'm doing something wrong and then regulating me to death? I wish they would just once say, 'I am here to help,' and not 'I am here to regulate, inspect, audit or second-guess you.'"

Regulatory reform will be at the forefront of the Minnesota Chamber's 2012 legislative initiatives. Already on our agenda is continued streamlining of the environmental review and permitting system. But we know businesses are aggravated by a variety of other state regulations.

Our efforts at the Capitol are most effective when we can provide policy-makers with specific examples. Please identify other state-specific rules and regulations that prove frustrating in running your businesses and e-mail your examples to Jennifer Byers at jbyers@mnchamber.com.



WASTE WISE LEADER

The Minnesota Zoo was recognized as a Minnesota Waste Wise Leader for its outstanding initiatives in environmental sustainability. Participating in the awards ceremony at the Waste Wise annual meeting were (from left) Kate Worley, Waste Wise program director; Tara Harris, Minnesota Zoo director of conservation; Jeff Ruud, Minnesota Zoo electrician supervisor; John Crudo of Green Lights Recycling in Blaine, Minnesota Waste Wise Board chair; and Jill Curran, Energy Smart program director.

UI TAX CREDITS REDUCED

Minnesota's unemployment insurance (UI) trust fund has been borrowing from the federal government since 2009; however, it is on track to be replenished. The balance is improving faster than what was projected 18 months ago, said Tom Hesse, vice president of government affairs at the Minnesota Chamber.

One of the unfortunate effects of multiple years of federal borrowing is that Minnesota employers will lose a portion of their federal UI tax credit until the deficit is corrected. That is scheduled to occur sometime in 2012 or 2013.

Taxpaying employers will see an increase in federal UI taxes payable in 2012. Minnesota employers will lose 0.3 percent of their federal tax credit each year the trust fund remains in deficit. The only way to avoid the loss of the federal credit would have been to increase state UI taxes over the last two years.

Minnesota is not alone in its predicament, Hesse noted. Employers in about half of the states face reduced tax credits.

"The good news is that this should be a one-time occurrence. No additional legislative action is required to return the fund to its solvency," he said.

The UI program provides temporary benefits to qualified individuals out of work through no fault of their own. The UI fund is financed by special state and federal employer taxes. The federal UI tax is 6 percent of the first \$7,000 of wages per worker; however, there is a 5.4-percent credit if state law complies with federal requirements, including not being in deficit status for two consecutive years.

GROW MINNESOTA! ENRICHES CHAMBER'S EFFORTS

The Minnesota Chamber works year-round to improve the overall environment for business and job growth in Minnesota. Its mission has been bolstered the past nine years through Grow Minnesota!.

"Tomorrow's Workforce" is the theme of Grow Minnesota!s 2010-2011 program year. The annual report will be released this month on the Minnesota Chamber's website: www.mnchamber.com.

"Many companies still struggle to find workers in this challenging economy," said Bill Blazar, senior vice president of public affairs and business development. "When they do find workers, the individuals often lack the right skills."

Grow Minnesota!, in partnership with its 57 local chamber partners, had another impressive year. More than 400 business volunteers assisted chamber staff in conducting nearly 1,000 conversations with owners or top management of companies across the state. Twenty-three percent were revisits of companies from previous years.

The visits provide "eyes and ears" on the changes and, hopefully, growth at almost 1,000 Minnesota businesses. Grow Minnesota! is earning a reputation for connecting individual businesses with the proper private and public resource to address their specific challenges. This past year the program provided one-on-one assistance to 122 firms that resulted in protecting 4,900 jobs.

Equally important, Grow Minnesota! business visits provide important feedback on what's

working and not working in state public policy, especially those policies that affect the development of the state's economy and job growth, Blazar said. The Minnesota Chamber uses information gleaned from business owners and managers to bolster its agenda at the Capitol. This year's visits reinforce the Chamber's five priorities:

- **State budget:** Advocate for priority-based budgeting,
- **Workforce:** Reinstate high school graduation standards, beginning with the math requirement. Base teacher hiring/firing decisions in part on student academic progress.
- **Energy:** Restore Minnesota's competitive advantage by implementing cost-based electricity rates.
- **Permitting:** Bring more certainty to the environmental review and permitting process at state agencies.
- **Health care:** Create a state-designed health insurance exchange.

"The Minnesota Chamber truly has a two-pronged strategy for building the state's economy," Blazar said. "We're still working to strengthen the statewide business climate. Plus, we're rolling up our sleeves to help companies one at a time. We're seeing results on both fronts."

TWO HARBORS EXEMPLIFIES STATEWIDE STRENGTH

The Two Harbors Chamber conducted 59 Grow Minnesota! visits in coordination with an employer survey through the Lake Superior School District. The survey was conducted by the chamber to identify the needs of businesses for workforce development. Survey findings were forwarded to the Mesabi Range Community & Technical College in Virginia, northeastern Minnesota legislators, and the Iron Range Resources & Rehabilitation Board. As a result, it appears a credited training facility will be located in both Two Harbors and Silver Bay. This year's visits also provide a good baseline for tracking business conditions, especially as the community continues to conduct business retention visits and revisits.

"The survey clearly identified workforce needs in our region," said Gordy Anderson, president and chief executive officer of the Two Harbors Chamber. For example, he cited a comment from the Louisiana Pacific general manager: "We have missed a generation or two of tradesman."

"We are proud of the advances made in partnering with and the support received from both the public and private sectors," Anderson said of this effort to achieve workforce training that has been ongoing for nearly five years. "I feel it is going to happen."

Two Harbors is well diversified, Anderson noted, with nine manufacturers that employ 700-plus people. Add Cleveland Cliffs in Silver Bay and Babbitt, and the number swells to 1,300. Plus, the community is home to some important information services companies, medical services and the timber industry.

"Grow Minnesota! is a great program that shows local chambers care about the needs of their membership and job growth in their community," he said.

NEWS BRIEFS



Goodwald

GOODWALD JOINS BOARD

Jerry Goodwald was elected to the Minnesota Chamber Board of Directors. He is vice president and general manager of Gerdau in St. Paul. Gerdau is the 10th largest steel company in the world. Goodwald has worked nearly 34 years in the ferrous steel industry. Criteria for selection to the Chamber Board include the company's geographic location and type of business in addition to the individual's involvement in the Chamber, business experience and interest in civic affairs.

ETHICS AWARD NOMINEES

Nominations are being accepted for the Minnesota Business Ethics Award; deadline is January 27. The award, given by the Center for Ethical Business Cultures, recognizes Minnesota businesses that have exemplified and promoted ethical conduct for the benefit of the workplace, marketplace, environment and community. Recipients will be honored at a luncheon on May 16. To nominate a company, visit www.mnethicsaward.org and click on "Nominate a business."

UPCOMING EVENTS

To register for these or other events, visit <http://business.mnchamber.com/events/>. For questions, contact Lisa Thompson at (651) 292-4699 or lthompson@mnchamber.com.

WEBINAR: BUSINESS GIVES - WHEN TO SAY "YES" AND HOW TO SAY "NO"

Tuesday, January 17 | Noon- 1:00 p.m.

This workshop helps businesses better understand why and how they give and how they can be more strategic about what they give and to whom – in other words, when to say “yes” and how to say “no” to the many requests for assistance from nonprofit and community groups.

You will receive a copy of the Minnesota Business Giving and Community Involvement Workbook. Using forms from the workbook, you will leave with the outline of a giving plan, including goals and criteria for giving, contributions policies and procedures, and suggestions for an effective decision-making process.

For additional information, contact Jackie Reis at jreis@mnchamber.com. This webinar is free for Minnesota Chamber Members and nonmembers.



Dayton

SESSION PRIORITIES:

Reserve seats now

Governor Mark Dayton once again will headline the Minnesota Chamber’s annual Session Priorities reception and dinner – January 24, at the Saint Paul RiverCentre. This is the premier kickoff event to the legislative session. A limited number of tickets remain. Register online at www.mnchamber.com/events. For additional information, contact Lisa Thompson at (651) 292-4699 or lthompson@mnchamber.com.

INSIDERS’ ISSUE SERIES:

Address your priorities

Hear firsthand reports on the status of your priorities at the Legislature. The schedule has been compressed due to the anticipated early adjournment of the Legislature. Tentative dates are:

February 11: K-12 and workforce development priorities

February 24: Energy and environment
(sponsored by: Siemens Energy, Inc.)

March 23: Budget and tax reform, government redesign.

May 1: Session wrap-up with Chamber policy staff (date subject to change based on conclusion of 2012 session)

All sessions are at The Saint Paul Hotel, 350 Market Street. The first three events are breakfasts from 7:30 a.m. to 9 a.m. The final session is in the afternoon; the date will be set to align with legislative adjournment. We are in the process of confirming sponsors for each breakfast and the wrap-up now.

Sign up for a single session or the entire series. Single-session costs are \$40 for members for the first three breakfasts and \$45 for the final session; nonmember costs are \$60 and \$65, respectively. Members can take advantage of the series deal for only \$140. To register, contact Lisa Thompson at (651) 292-4699 or lthompson@mnchamber.com, or register online at www.mnchamber.com.

WELCOME NEW MEMBERS

Arcon Solutions, Burnsville
Citi-Cargo & Storage Co., Inc., Eagan
Elite Foodservice Specialists, Chanhassen
Enterprise Fleet Management, Eagan
Key Medical Supply, Inc., Shoreview
MinnPar, Minneapolis
The Minnesota Service Cooperatives,
North Mankato
Western Petroleum Company, Eden Prairie
Winona Radio, Winona

COMMITTEE CALENDAR

TRANSPORTATION POLICY COMMITTEE
January 3/ Noon-1:30 p.m.

FISCAL POLICY COMMITTEE
January 5/ Noon-1:30 p.m.

HEALTH POLICY COMMITTEE
January 11/ 8:30-10 a.m.

LABOR/MANAGEMENT POLICY
January 18/ 8-9:30 a.m.

ENVIRONMENT AND NATURAL
RESOURCES COMMITTEE
January 19/ Noon-1:30 p.m.

All policy committee meetings are at the Minnesota Chamber.

On the cover: Joel Peterson (center), owner of i:SPACE, is flanked by Randy Reinke (left) of Custom Products of Litchfield, chair of the Grow Minnesota! Advisory Committee, and Bill Blazar (right), senior vice president of public affairs and business development at the Minnesota Chamber. Grow Minnesota! linked Peterson with the Minneapolis economic development department, which resulted in a successful search for office space across from International Market Square. The company celebrated its grand opening in November.