

WHY MINNESOTA?

- ❖ Minnesota ranks as the most livable state (7 years straight), according to Morgan Quitno Press.
- ❖ Minnesota is one of only three states awarded straight As for business vitality, performance and development capacity on the Corporation for Enterprise Development's 2003 report card.
- ❖ Minnesota businesses have the 4th lowest failure rate in the country, according to data from the U.S. Small Business Administration.
- ❖ In recent years, Minnesota has worked to substantially reduce business taxes, saving businesses over \$1 billion annually.

HOW CAN I FIND OUT MORE ABOUT THE ZONES?



Office of Community Development
500 Metro Square ❖ 121 Seventh Place East
St. Paul, MN 55101-2146

1-800-657-3858 or 651-296-5005
Fax: 651-296-5287

positivelyminnesota.com



WHAT IS JOBZ?

Job Opportunity Building Zones (JOBZ) is a new and exciting tool to stimulate business activity in Greater Minnesota. Eligible businesses in a zone will operate in an environment nearly free of state and local taxes. These tax incentives will help new and expanding companies lower their overall costs and facilitate their growth.

WHO IS ELIGIBLE?

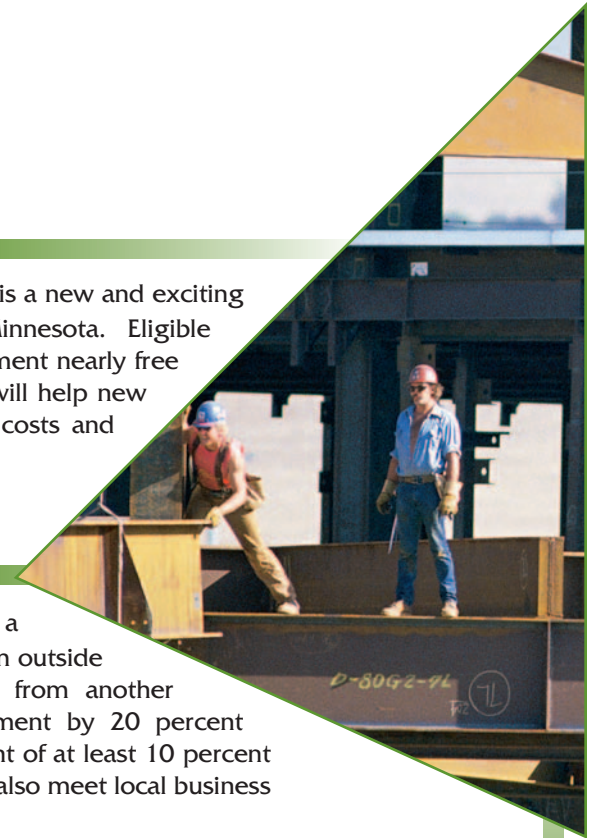
To qualify for the tax exemptions, a business must start-up in the zone, relocate from outside the zone or expand. Companies relocating from another Minnesota site qualify by increasing employment by 20 percent within the first year or making capital investment of at least 10 percent of gross revenues. In addition, businesses must also meet local business assistance goals to qualify for tax exemptions.

HOW LONG WILL JOBZ LAST?

Exemptions are available for up to 12 years beginning in January 2004.

HOW DO I ACCESS THE PROGRAM?

JOBZ-related information is available at positivelyminnesota.com. This site offers access to profiles of communities with zones, specific properties eligible for JOBZ benefits, site infrastructure, and local zone administrators to contact for more information. The site also offers access to a calculator on which businesses can estimate the potential savings of locating in a JOBZ zone. (Some JOBZ-related website enhancements will not be available until the end of January 2004.)



WHERE ARE THE ZONES LOCATED?

The 10 tax-free zones are located throughout Greater Minnesota. For specific information on communities with JOBZ-eligible properties, go to positivelyminnesota.com.



HOW DOES JOBZ SAVE YOU MONEY?

JOBZ tax incentives will reduce company expenses, increase competitiveness, and help sustain further growth and expansion in Minnesota:

Tax Exemptions:

- ❖ Corporate Taxes (income tax, alternative minimum tax, minimum fee)
- ❖ Individual Taxes (income tax on investment income, alternative minimum tax)
- ❖ Sales and Use Taxes
- ❖ Most Property Taxes (except for land, general obligation bonds, and school operating levies in place prior to zone designation)
- ❖ Wind Energy Production Tax

Tax Credit:

- ❖ Job Creation Credit

HOW MUCH CAN IT SAVE YOU?

Example 1 – METAL FABRICATOR

Company Profile:

- ❖ New company with all operations in zone.
- ❖ Zone operations located in owned space valued at \$400,000 in 2004, increasing 1% annually.
- ❖ Sales of \$425,000 in 2004, ramping up to \$1.5 million by 2007, and growing 4% thereafter.
- ❖ Employment of 9 people in 2004, growing to 16 people in 2015. Average wage of \$33,400 grows 3% annually.
- ❖ Taxable purchases range from \$181,000 in 2004 to \$691,000 in 2015.

Average Annual Tax Savings and Credits:	
Corporate Income Tax	\$ 2,800
Sales and Use Tax	\$ 33,500
Property Tax	\$ 9,300
Job Creation Credit	\$ 5,100
Total Average Annual Benefit	\$ 50,600
Total Net Present Value of 12-Year Zone To Business (uses discount rate of 5%)	\$449,000

Example 2 – PLASTIC MANUFACTURER

Company Profile:

- ❖ Existing company with 30 percent of operations in zone.
- ❖ Zone operations located in owned space valued at \$525,000 in 2004, increasing 1% annually.
- ❖ Sales of \$18 million in 2004, ramping up to \$30 million by 2006, and growing 7% thereafter.
- ❖ Employment of 25 people in the zone in 2004, growing to 69 people in 2015. Average wage of \$29,200 grows 3% annually.
- ❖ Taxable purchases range from \$1.66 million in 2005 to \$2.95 million in 2015.

Average Annual Tax Savings and Credits:	
Corporate Income Tax	\$ 16,700
Sales and Use Tax	\$ 147,100
Property Tax	\$ 12,700
Job Creation Credit	\$ 4,500
Total Average Annual Benefit	\$ 181,000
Total Net Present Value of 12-Year Zone To Business (uses discount rate of 5%)	\$1,631,000

Use the JOBZ Calculator to estimate how much your business can save by locating in a JOBZ zone. The JOBZ Calculator can be accessed at positivelyminnesota.com. (Some JOBZ-related website enhancements will not be available until the end of January 2004.)