ECONOMIC INDICATORS

PER CAPITA PERSONAL INCOME
- 2012: $46,277
- Percent of National Average: 108.0 percent
- Percent Change from 2011: 3.7 percent
- 2001-2011 Compound Annual Growth Rate: 3.1 percent

CURRENT DOLLAR GDP
- 2011: $281.7 billion
- U.S. Rank: 16

REAL GDP
- 2011 Growth Rate: 1.2 percent
- 2001-2011 Compound Annual Growth Rate: 1.4 percent

LARGEST INDUSTRY CONTRIBUTORS TO GDP IN 2011
Real estate and rental and leasing (11.4 percent); finance and insurance (10.1 percent)

LARGEST INDUSTRY CONTRIBUTORS TO GDP GROWTH, 2010-11
Durable goods manufacturing (0.58 percentage points); finance and insurance (0.42 percentage points)

PROGRAM INFORMATION
- Department of Employment and Economic Development
- http://www.positivelyminnesota.com/

KEY TAX RATES

STATE INDIVIDUAL INCOME TAXES
- Tax Rate Range (percent)
  » Low: 5.35
  » High: 7.85
- Income Brackets*
  » Lowest: $24,270
  » Highest: $79,730
- Number of Tax Brackets: 3

CORPORATE INCOME TAX RATES
- Tax Rate: 9.8 percent
- Lowest Tax Bracket: Flat rate
- Highest Tax Bracket: Flat rate
- Number of Tax Brackets: Flat rate

EXCISE TAX RATES
- General Sales and Gross Receipts Tax: 6.875 percent
- Cigarettes: $1.23 per pack**
- Distilled spirits: $5.03 per gallon plus 1 cent/bottle (except miniatures) and 9 percent sales tax
- Motor Fuel Tax Rates (cents per gallon)***
  » Gasoline: 28.6
  » Diesel: 28.6
  » Gasohol: 28.6

* The income brackets reported are for single individuals. For married couples filing jointly, the same tax rates apply to income brackets ranging from $1,000 to $300,000.
** In addition, Minnesota imposes an in lieu of cigarette sales tax determined annually by the department. The current rate is 36.2 cents through Dec. 31, 2013.
***Portion of the rate is adjustable based on maintenance costs, sales volume, cost of fuel to state government or inflation.
COMMON BUSINESS INCENTIVE PROGRAMS

• **SEED Capital Investment Program** — This program provides tax incentives for investing in innovative businesses located in certain Minnesota border cities.

• **Angel Tax Credit** — Qualified investors focused on high technology or new proprietary technology can receive a 25 percent individual income tax credit.

• **Small Business Development Loan Program** — The program provides a maximum of $5 million to any single business and generally requires that 20 percent of project costs be privately financed. Eligible companies include manufacturing and industrial businesses located or intending to locate in Minnesota that meet Small Business Administration size and eligibility standards.

• **The Minnesota Investment Fund** — Local governments receive grants and use the money to provide below-market rate loans to help companies in the industrial, manufacturing and technology-related industries to expand by purchasing land, machinery and equipment.

• **Partnership Program** — This program provides matching grants of up to $400,000 for training new and existing employees of participating businesses.

• **Research and Development Tax Credit** — The tax credit for research and development expenditures is 10 percent, up to the first $2 million in eligible expenses and 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.

• **Border Cities Enterprise Zone Program** — Qualifying businesses can receive business tax credits — property tax credits, debt financing credit on new construction, sales tax credit on construction equipment and materials, and new or existing employee credits if they are the source of investment, development and job creation or retention in the Border-Cities Enterprise Zone.

• **Tax-Free Development, known as JOBZ** — Qualified companies that expand or relocate into targeted regions outside the Twin Cities metropolitan area can receive local and state tax exemptions, including exemptions from: the corporate franchise tax, the sales tax on goods and services used in the zone and income tax exemptions on income generated by a business in the zone.

• **Sales Tax Exemption** — Purchasers of capital equipment for certain purposes may be eligible for a refund of the sales tax paid at the time of purchase. An exemption from sales and use tax is also allowed for purchases of equipment used for processing solid or hazardous waste at a resource recovery facility.

• **Film Production** — Snowbate, Minnesota’s film jobs production program, offers reimbursement of 15 to 20 percent of Minnesota production expenditures. The incentive is available to feature films, TV pilots, documentaries, post production and Internet programs.

• **Tax Increment Financing** — Cities and development authorities may use tax increment financing to help finance costs of real estate development. This program uses the increased property taxes that a new real estate development generates to finance up-front costs of the development.

OVERSIGHT AND ACCOUNTABILITY MEASURES

Minnesota statutes provide a mechanism for taxpayers to learn about state and local funds used for business subsidies and financial assistance. Under the law, local government agencies in communities with a population of more than 2,500 and state agencies with authority to grant subsidies must submit a report to the Department of Employment and Economic Development, regardless of whether they have awarded business subsidies. Local government agencies in communities with a population of 2,500 or less are exempt from filing the form unless they have been awarded a subsidy in the past five years. The department is required to complete a report that summarizes submitted business assistance forms every even-numbered year.

RECENT LEGISLATIVE HIGHLIGHTS

Minnesota’s legislature in its 2012 legislation session approved $47.5 million for competitive business development grants that will fund nine statewide economic development projects. These targeted investments will put an estimated 2,000 Minnesotans to work on projects of regional and statewide significance. The grant recipients were chosen from 90 applications with requests totaling $288 million.

In 2011, the legislature approved sales tax exemptions covering technology equipment, computer software and electricity used by a qualifying data center. This is an upfront exemption for electricity purchases, but is administered as a refund for the equipment and software. A qualified data center consists of at least 30,000 square feet with an initial investment of at least $50 million in a two-year period. The exemption expires July 1, 2042, and a facility can get this exemption only for the lesser of 20 years or until July 1, 2042. It is effective for sales and purchases between June 30, 2012, and July 1, 2042.