



# The EDACENTER

at the University of Minnesota Crookston

The EDA Chronicle-Feb/Mar 2016

www.edacenter.org

Volume 6, Issue 2/3

## Events of Interest:

April 16-20

- The 30th Annual International Conference on Business Incubation will be held at the Caribe Royale in Orlando, Florida. For more information and to register, please go to <http://inbiacconference.org/>.

April 26

- IDEA Competition Awards Banquet will be held at the Beaux Arts Ballroom at Bemidji State University from 5:00-8:30 PM. Tickets are \$20 per person. Please see page 4 of this newsletter for more information.

April 28

- EDAM Webinar: Innovative Community Responses to the Workforce is scheduled from Noon-1:15 PM. The webinar is free to EDAM members and \$25 for non-members. For more information and to register, please go to <http://z.umn.edu/14qx>.

May 12

- Doing Business in Europe Symposium and Welcome AM-CHAMs in Europe Evening Reception is hosted by the Minnesota Trade Office and DEED. The symposium will be held at the Millennium Hotel with the reception being held at Windows on Minnesota in Minneapolis. For more information and to register, please go to <http://mn.gov/deed/events/ES16/>

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## Letter From EDA Center Director, Joyce Hoelting

Dear Colleagues,

What's next? Staff of Extension and the UMN Crookston are using funds from the EDA Center to consider a number of questions posed by economic development communities. For example:

- What is the current state of vacant and underused buildings in rural Minnesota?
- How connected is the immigrant business community to community-based support systems?
- Who are the visitors of the White Earth Casino and the City of Mahnommen? How can they work together to enhance tourism?
- What can communities do to support successful business succession in rural areas? (See page 3.)
- How can businesses use their web sites to better attract employees

And finally, what are the opportunities available for land owners and private individuals seeking recreational opportunities? For example, would private land owners be open to providing access to their land for compensation?

## Tell us About News in Your Area

The EDA Center would like to collect information from the different regions in Greater Minnesota in an effort to highlight notable projects and events across the state. If you have any pro-

We welcome Dr. Rutherford Johnson to this publication and to the University of Minnesota Crookston. Dr. Johnson describes an example of past trails research, and his EDA Center project to bring trails research to Northwest Minnesota

As always, stay tuned to be in touch with what is learned. And call me at 612-625-8233 if you have additional questions you would like to explore.

Joyce Hoelting

EDA Center Director

jects or events you would like highlighted in future newsletters, please submit them to [walke810@umn.edu](mailto:walke810@umn.edu) prior to the 15th of April.

## Grass-Roots Surveys as a Means to Tourism and Recreational Improvement

*by Rutherford Johnson, Ph.D.,  
Economics Lecturer at the  
University of Minnesota Crookston.*

One of the greatest challenges facing policymakers and tourism organizations is knowing where to invest scarce resources in facility improvement and marketing, or even what facilities to have in the first place. The most impressive, state-of-the-art recreation center is relatively meaningless if people do not know it exists, and if those who do know it exists don't want to use it. However, a correctly "tuned" recreational facility can be a benefit to the local community, a source of revenue, and a tourism draw. A well-designed survey can be a tremendous asset to knowing what consumers in a target segment of the population want and are willing to pay for – and how far they are willing to travel to get it.

An example of such a survey project was done in Kentucky for their various equine trail riding facilities. This particular survey was designed to determine which of these facilities trail riders were most interested in and what facilities and amenities at a trail riding facility the riders valued most.

The survey also elicited socio-economic information and, perhaps most importantly, location information. Information about location not only paints a picture of where riders live (for example, are the visitors local or tourists), it also shows the ease or difficulty of getting to each facility. The degree

to which someone values a trail riding facility might be greatly impacted by ease of travel – for example, easy interstate driving vs. windy, hilly country roads. The amount of time and money that a person spends to get to a facility says a lot about how much that person values the facility and its amenities. More conveniently-located facilities could possibly be more popular because of their ease of access, and so location is their key asset. Likewise, more remote facilities may be able to draw more visitors through special amenities that make it worth the drive.

The Kentucky equine survey enlisted the help of trail riding groups to get survey responses from the target audience – equine trail riders. That underscores a key importance of involving the community in research to improve services to and the economy of the community.

In northwest Minnesota, we have land – a lot of land – and lots of incredible recreational possibilities. In the summer, there is fishing, boating and water activities, camping, hiking, and other outdoor sports. There are hunting seasons in the fall. In the winter, there is skiing, snow-shoeing, snow-mobiling, ice fishing, and more. It is a year-round sporting paradise, and many, many people come here from other parts of the United States and also from Canada each year. Residents obviously benefit not only from the tourism, but also from having such great amenities in their back yard.

Currently under development is a project that will seek to improve local recreation and recreational tourism and identify possible new opportunities for growth. Areas of study being considered for inclusion in the project include hunting and ice fishing, as well as general recreation use by Canadian visitors. Also, because the vast amounts of land have potential use for recreation, part of the planned study being considered is an exploration of private land owners' willingness to open their land up to outside parties for consumptive uses, such as hunting and fishing, and/or non-consumptive uses, such as camping and hiking. Survey instruments will be developed as part of the study. Much like in the equine trails study in Kentucky, surveys could potentially provide a wealth of information about what is working and where other opportunities for tourism development and revenue generation may lie. Likewise, surveys may be able to elicit interest and identify opportunities for private land owners to generate revenue by opening parts of their land to some form of public use. Tools such as geographical information systems (GIS) analysis can also enhance the interpretation of the results.

A project like this cannot be done without community engagement. If you are affiliated with local organizations of hunters, anglers, or sportsmen, a land owners group, or a community or civic organization in general and would like to help with this project or provide

suggestions, please contact me at [johnsor@crk.umn.edu](mailto:johnsor@crk.umn.edu), Joyce Hoelting, EDA Center Director at [jhoeltin@umn.edu](mailto:jhoeltin@umn.edu), or Eddie Walker at [walke810@umn.edu](mailto:walke810@umn.edu).

*Dr. Rutherford Johnson is an Economics Lecturer in the Business Department at the University of Minnesota Crookston. His broad field is behavioral economics, including applications of cultural, social, and religious elements that can impact economic outcomes. His research also involves mathematical methods and application of geographical information systems (GIS). Johnson holds degrees from the Georgia Institute of Technology*

*(Georgia Tech) in applied physics and economics and a PhD in agricultural economics from the University of Kentucky. He has been an economics professor in South Korea and has had a very international career, with work and research in Asia, Europe, and South America in diverse fields from international politics and media to education and science. In 2006, his field science work qualified him for membership in the Explorers Club, the professional field science and exploration association. He is also a member of the Omicron Delta Epsilon economics honor society and has been honored by the Governors of several states. In*

*2015, he was recognized by President Obama with the President's Lifetime Achievement Award.*

## Study of Business Succession in Greater Minnesota Underway

Liz Templin, Extension Community Economics Educator, is leading a statewide study to understand what communities can do to help businesses successfully transition to new ownership. The issue of succession planning has been identified as important by leaders in the field of community and economic development. Templin convened a group of advisors in 2015 who contributed significant insights to guide the study parameters (See EDA Center Article, December, 2015).

Here's how the study will happen:

- In early April, Extension will send a survey to 403 new business owners of businesses in rural Minnesota cities with a population under 7,500 who purchased their businesses

between 2008 and 2012.

Businesses were identified through a list purchased from Reference USDA, and cross-checking information was used to help assure that these businesses are still in business. The goal is to determine their key challenges in the business transition, and who their key helpers/resources were as they overcame those challenges.

- The list excludes grocery stores from the study because the Regional Sustainable Development Partnerships recently completed an in-depth study of rural grocery stores. You can find their results [here](#). The list also excludes medical offices and production agriculture businesses (e.g., dairy farms) because

succession issues in those industries are being addressed by others.

- Three to five of these businesses, based on their responses to questions, will be selected for case studies.
- The study will include a profile of five communities who had a number of successful business transitions, examining what they are doing "right" to help these transitions succeed. Templin is using a snowball technique to talk with key community informants about what has been happening. The communities were selected because of the number of businesses (from the list of 403) that transitioned. The selection of five communities

also ensured geographic and economic diversity (e.g., cities focused on tourism, agriculture, aging population, construction, and one that did a special focus on business transition).

- The final report released about this work may also integrate findings from the Regional Sustainable Development Partnerships' Grocery Store

study, and work done in Kansas communities to transition rural grocery stores to a coop or 501c3 model of community ownership.

To learn more about this study, or to contribute information from your part of the state, contact Liz Templin at 763-767-3880 or [Templin@umn.edu](mailto:Templin@umn.edu).



## IDEA Competition Drawing to a Close: 2016 Banquet to be held on April 26<sup>th</sup>

The 2016 IDEA Competition is about to be completed with the winners to be announced on April 26<sup>th</sup>. The Banquet will be held from 5:00-8:30 PM at the Beaux Arts Ballroom at Bemidji State University.

The finalists for this year's competition are: 3Suns, LLC - David Bahr of Bemidji, AirCorps Aviation, LLC - Dan Matejcek, Eric Trueblood, Erik, Hokuf, and

Mark Tisler of Bemidji, b.able - Jana Younggren of Hallock, Bare Cloth - Keila McCracken of Bemidji, Char Energy Equipment, LLC - Curtis Borchert of Ada, Far North Spirits-Cheri Reese and Michael Swanson of Hallock, NISKY, LLC - Eric Niskanen of Bemidji, and Prostrain - Sachel Josefson, Kari Josefson, and Jeff Mackenstadt of Bemidji.

Seating is limited for the banquet,

so please register early. The cost is \$20 per ticket. You may register by clicking [here](#).

*For more information about the IDEA competition, please go to [www.ideacompetition.org/](http://www.ideacompetition.org/).*



## Submit a Proposal and Save the Date for the Center for Small Towns Symposium: "Rural Housing: Moving In, Out, and FORWARD".

The Center for Small Towns at the University of Minnesota Morris will be hosting their 2016 Symposium entitled "Rural Housing: Moving In, Out, and FORWARD" starting Tuesday June 7<sup>th</sup> through Thursday June 9<sup>th</sup>. Participants will be presented with information related to "addressing current and future challenges and opportunities surrounding rural housing".

If you are interested in presenting at the Symposium, the Center for Small Towns is currently accepting proposals. Proposals should fit

within two tracks: People and Housing and Housing Structures. To submit a proposal, please go to <http://z.umn.edu/14r8>. Proposals will be accepted until April 8<sup>th</sup>.

More information about the Symposium will be coming soon. The Symposium will be conducted in partnership with the Greater Minnesota Housing Fund, Initiative Foundation, Minnesota Department of Human Services, Morris Housing Redevelopment Authority, Stevens County Housing Redevelopment Authority, University of Minnesota Extension,

and the West Central Initiative. In the meantime, a couple of blogs related to the upcoming symposium can be found here:

[Demographic Shifts](#)

[Baby Boomer Housing Preferences](#).

*For more information on the Center for Small Towns and the 2016 Symposium, please go to <http://www.morris.umn.edu/cst/>.*

## DEED's Angel Tax Credit Program for 2016

The Minnesota Department of Employment and Economic Development's (DEED) Angel Tax Credit Program has been around since 2010. During that time, the program has attracted over \$310 million in investments utilized by hundreds of Minnesota companies. Startup businesses in all areas of the state could qualify as a certified business. In 2015, 13 Greater Minnesota startups benefited from funds provided by investors taking advantage of the tax credits. All \$16 million of available credits were utilized by mid-November with almost \$6 million being invested in the 13 Greater Minnesota startups (see the blog authored by Carol Walsh identifying the 13 businesses at <http://z.umn.edu/13vs>).

The program has \$15.5 million in credits allocated for 2016 with \$7.5 million reserved until September 30, 2016 for Greater Minnesota businesses, minority and women-owned businesses. DEED reports \$7 million remains available of the restricted amount with \$4.3 million available for any business (last updated on March 21<sup>st</sup>).

Before any business or investor can receive funds or invest, they must meet certain criteria. Among some of the criteria businesses need to meet before receiving funds: must be headquartered in Minnesota with 51 percent or greater employees/payroll within Minnesota, no more than 25 employees, been in business for 10 years or less, and committed to

technological innovation. Those who wish to invest and be eligible for the tax credit, they must: be an accredited investor per SEC Reg. D's Rule 501, be a non-accredited investor investing in exempt filings, be certified by DEED, and make a qualifying investment of at least \$10,000. Certification filing fees are \$150 for businesses and \$350 for investors. All specific criteria is listed on the website linked below. There is a checklist available for [businesses](#) and [investors](#) to determine their eligibility.

*For more information on the Minnesota Angel Tax Credit Program, please go to <http://z.umn.edu/13vt>.*

## MMB Releases February Budget and Economic Forecast

The Minnesota Management and Budget Office (MMB) released the February Budget and Economic Forecast at the end of February. A combination of less revenues and less spending has led to a projection of a lower forecasted budgetary balance. For FY 2016-2017, revenues are expected to be \$42.289 billion, which is \$427 million less than earlier estimates. Projected spending is expected to be \$41.524 billion, or \$129 million less than earlier projections. This increases the projected balance to be \$900 million, which is down \$306 million from earlier projections. The overall total general fund reserves increased \$8 million.

Individual income tax receipts are

projected to be \$21.862 billion, \$95 million less than expected in November. General sales tax receipts are projected to be \$10.719 billion, \$311 million less than expected in November. Corporate franchise tax receipts are projected to be \$2.551 billion, \$93 million less than expected in November. Statewide property tax receipts are projected to be \$1.688 billion, \$1 million less than expected in November. Other revenues are projected to be \$3.619 billion, \$35 million more than expected in November. The MMB anticipates revenues to be down in FY 2018-19 as well. They project revenues to exceed current spending by \$1.184 billion. This is down from the November projection of \$2.045 billion.

Real GDP growth has weakened since November. MMB attributes this to increased inventories, down oil-related investments, and a stringer dollar dragging down global trade. Macroeconomic consultant IHS Economics expects real GDP growth to be 2.34 percent for 2016. This is less than the November projection for 2016 (2.9%). Expectations are slightly down for 2017-2019. Currently, IHS expects 2.8 percent in 2017, 2.6 percent in 2018, and 2.4 percent in 2019 (compared to 2.8%, 2.7%, and 2.6%, respectively).

*For more information and documents related to the February Forecast, please go to <http://mn.gov/mmb/forecast/forecast/>.*



## 2015-2016 Local Area Unemployment Statistics and Jobs Report

After seasonal adjustments, unemployment in February remained at 4.9 percent in the U.S. and 3.7 percent across Minnesota. Minnesota unemployment claims in February dropped 6,064 to 17,987 when compared to January. Over the year unemployment claims increased 1.1 percent when compared to February 2015 (see summary in graph on next page).

Minnesota employers gained 9,000 jobs in February. Five sectors posted job gains: Education/Health Services (4,900), Trade/Transportation/Utilities (3,600), Construction

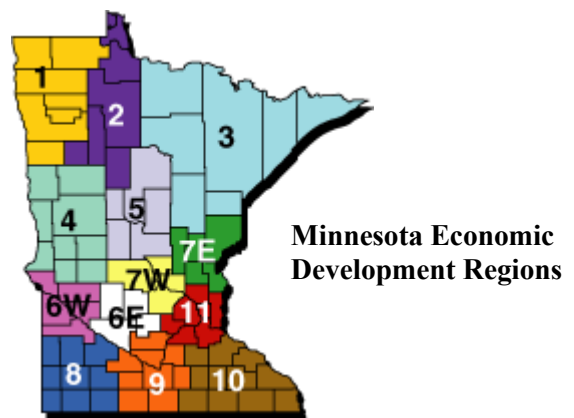
(3,200), Financial Activities (1,400), and Information (300). Professional/Business Services (-1,600), Government (-1,000), Leisure/Hospitality (-1,000), Other Services (-500), Manufacturing (-200) and Mining/Logging (-100) posted job losses in February.

Minnesota added 42,137 jobs over the past year, which puts state growth at 1.5 percent during that time. This is below the U.S. growth of 1.9 percent over the past year. Minnesota's labor participation rate went up to 70.9 percent (seasonally adjusted). Minnesota's labor partici-

pation rate continues to exceed the U.S. labor participation rate which was 62.9 percent for the month of February.

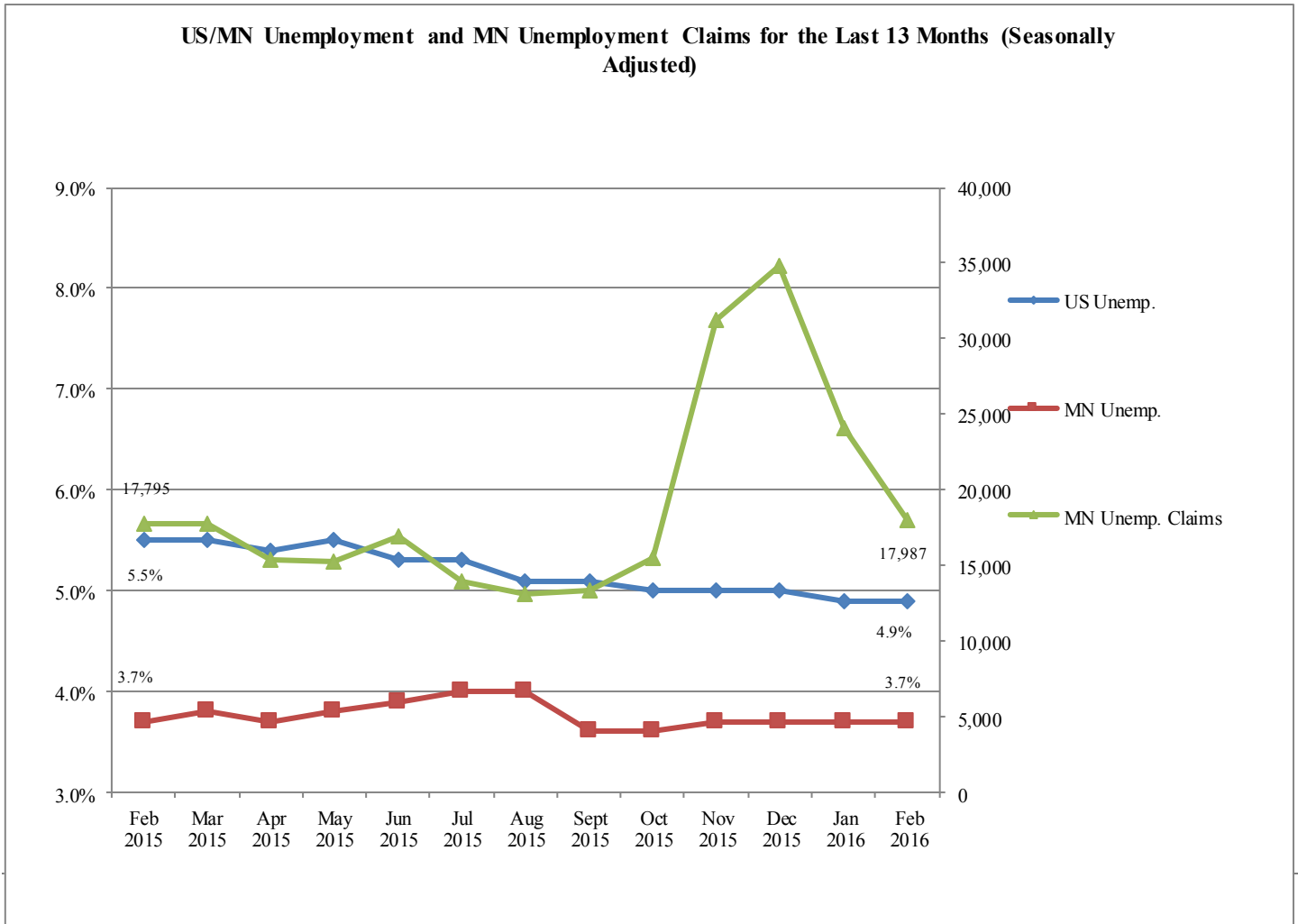
Unemployment decreased or stayed the same in February for all but one of the EDRs (unemployment numbers for EDRs are not seasonally adjusted). The Upper Minnesota Valley region experienced the largest unemployment decrease at 0.7 percent.

*Jobs data comes from U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)) and DEED (<http://mn.gov/deed/>).*



2014-2015 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Feb 2015	5.9%	7.0%	5.9%	4.9%	7.6%	5.3%	5.5%	6.7%	4.9%	4.6%	4.6%	4.2%	3.8%
Mar 2015	6.1%	7.2%	6.1%	4.9%	7.5%	5.4%	5.9%	6.8%	4.9%	4.5%	4.7%	4.3%	3.8%
Apr 2015	5.3%	6.2%	5.6%	3.7%	5.8%	4.1%	4.2%	5.2%	3.8%	3.4%	3.8%	3.4%	3.4%
May 2015	4.4%	5.2%	5.0%	3.4%	4.8%	3.7%	4.6%	4.5%	3.6%	3.2%	3.6%	3.3%	3.4%
Jun 2015	4.8%	5.4%	5.6%	3.6%	4.8%	4.0%	4.9%	4.7%	3.9%	3.6%	3.9%	3.6%	3.7%
Jul 2015	4.4%	5.2%	5.4%	3.4%	4.7%	3.8%	4.8%	4.5%	3.7%	3.3%	3.8%	3.6%	3.6%
Aug 2015	4.0%	4.7%	4.8%	3.0%	4.3%	3.3%	3.9%	4.1%	3.4%	2.9%	3.3%	3.2%	3.3%
Sept 2015	3.2%	4.3%	4.6%	2.8%	3.9%	3.0%	3.2%	3.8%	3.1%	2.9%	3.0%	2.8%	3.1%
Oct 2015	2.9%	4.2%	4.6%	2.5%	3.8%	2.8%	3.7%	3.5%	2.9%	2.7%	2.8%	2.6%	2.9%
Nov 2015	3.5%	4.9%	5.3%	2.8%	4.9%	3%	3.2%	3.9%	3%	2.6%	2.7%	2.5%	2.7%
Dec 2015	5.5%	6.3%	6.2%	3.9%	6.3%	4.1%	4.6%	5.3%	3.8%	3.9%	3.6%	3.1%	2.9%
Jan 16	6.9%	7.4%	7.4%	5.2%	7.7%	5.5%	6.8%	6.9%	4.9%	4.9%	3.6%	4.1%	3.7%
Feb 16	6.6%	7.2%	7.2%	5.1%	7.5%	5.4%	6.1%	6.7%	4.8%	4.9%	4.6%	4.1%	3.6%



*The EDA Center at the University of Minnesota Crookston is one of more than 40 university centers nationwide, supported by the Economic Development Administration, U.S. Department of Commerce.*

*We conduct applied research, provide direct technical assistance and deliver educational programs development agencies that support the economy of economically-distressed rural communities throughout Minnesota.*

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