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## Economy easily the top concern of Minnesota business community Minnesota Chamber anticipates contentious legislative session

ST. PAUL – Minnesota businesses are increasingly pessimistic about the economy and the challenges it poses for their operations, according to a survey of business owners and managers commissioned by the Minnesota Chamber of Commerce. Companies cited high taxes as the biggest barrier to doing business in Minnesota.

The combination previews what likely will be a contentious legislative session in 2009, Minnesota Chamber President David Olson said.

“The 2009 session already looms important, especially if the economic downturn continues and there is pressure to raise taxes,” Chamber President David Olson said. “We are likely to see numerous proposals to raise taxes on business, and they could not come at a worse time.”

The findings were part of the fifth annual Minnesota Business Barometer Survey, co-sponsored by the Minnesota Chamber and Himle Horner Inc., a public affairs firm in Bloomington. Detailed results were released Oct. 1 at the Minnesota Chamber’s issue conference and annual meeting.

The general fund shortfall for the 2010-11 biennium is anticipated to exceed \$1 billion and could near \$2 billion if inflation is included.

More than half of the poll’s respondents listed high taxes as the biggest barrier facing Minnesota companies that want to create jobs, Olson noted. That number jumped significantly from the 2007 survey when one-third of the respondents cited taxes as the No. 1 barrier.

Respondents identified a cluster of issues in which they’d like to see more activity by Minnesota business leaders. The top two were ensuring a quality workforce for Minnesota’s economy and improving the transportation system. Controlling taxes and spending, and access to affordable health care, were close behind. Rounding out the top five was maintaining a reliable and affordable supply of electricity.

“An adequate pool of properly trained employees is of rising importance to our employers, especially in light of the changing demographics,” Olson said. In three years the baby boomer generation will start turning 65, and in 12 years the 65-plus generation will surpass the grade-school population.

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“In a weak economy, we should be looking for ways to strengthen the environment for job creation,” he said. “It is clear from the Business Barometer that raising taxes would discourage new investment.”

The state’s tax burden remains a priority among businesses in the global economy, Olson said. About 60 percent in the survey identified controlling taxes as one of the top two issues that the governor and Legislature should address. Access to affordable health care was identified by about half of the respondents. Those two issues dwarfed other business concerns that warranted action at the Capitol.

“For the first time in five years of sponsoring the Business Barometer, the mood among Minnesota businesses is decidedly pessimistic,” said Todd Rapp, a principal in Himle Horner. “Since this poll was taken before recent national financial news, it is likely that concerns have increased this fall.”

Two-thirds of the respondents said Minnesota is in a recession, and almost 60 percent said the economy is getting worse. Though about half of the businesses said profits are similar to a year ago, three-fourths said they do not expect to be adding employees within the next year.

“It looks like businesses are hunkering down, reacting to a slower economy,” Rapp said. “Minnesotans are worried about their jobs, and the Business Barometer shows that business owners and managers are looking for how to protect their employees’ jobs.”

The Minnesota Chamber is the state’s largest business organization, representing 2,400 businesses on state public policy and regulatory issues. The Minnesota Business Barometer Survey polled 350 Minnesota businesses with at least five employees. It was conducted in June and July and has a plus-minus margin of error of 5.3 percent.

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