



# MINNESOTA SHOPPING CENTERS: A POSITIVE IMPACT ON OUR ECONOMY



MINNESOTA SHOPPING  
CENTER ASSOCIATION

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The Minnesota Shopping Center Association (MSCA) has been an active industry advocate for 25 years. Founded in 1988, MSCA members represent a broad spectrum of industry participants, including owners, retailers, developers, property managers, appraisers and vendors.

As shopping centers serve the entire public, the interests of the people of Minnesota are tied to the success of the shopping center industry. This is why MSCA works hard to advocate for positive change in issues that affect shopping centers, employees and consumers.

**Our goal is to promote a better, more competitive market in which Minnesota businesses choose to start and expand, creating jobs and growing the local economy.**

## REFORM TAXES

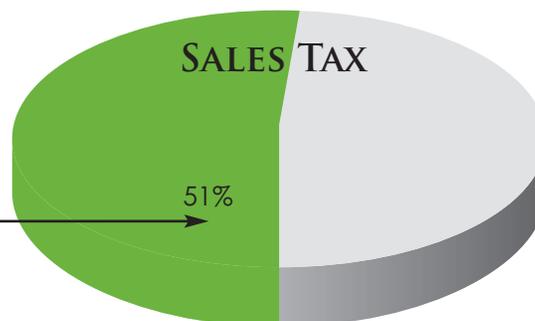
► **MSCA opposes sales tax on clothing.**

- Not having sales tax on clothing is one of the key competitive advantages we have in attracting visitors and their money to Minnesota.
- Retailers whose products and services are complementary to clothing retailers will also feel the burdens of a clothing sales tax by not benefiting from consumer cross-shopping.

► **MSCA opposes business sales tax.**

- The shopping center industry encompasses a wide variety of business providers who would bear the negative impacts of business sales taxes.
- It is imperative that providers of business services retain their competitive advantage in Minnesota as services can easily be outsourced to other states.

Minnesota Shopping Center Sales Tax Collection in 2011: **\$2,400,000,000**



**Total Minnesota Sales Tax Collection in 2011: \$4,676,424,000**

*The information published in this report relies on the most recent available data for 2011.*

# SHOPPING CENTERS: CREATING JOBS & OPPORTUNITY

- Retail shopping center jobs in Minnesota estimated at **232,700** in 2011.
- Provide employment and benefits to hundreds of thousands of Minnesota families every year.
- Affords growth and development for our citizens at many levels: entry level, managerial, sales, distribution, executive level, etc.

## E-FAIRNESS

### ► MSCA favours the Marketplace Equity Act.

- Consumers spend **\$34.6 billion** with Minnesota retailers but are turning to the internet to avoid increased prices due to property tax and sales tax burdens of bricks & mortar.
- Shopping centers account for **102,700,000 square feet** of building space in Minnesota.

## ADDITIONAL TAXES = NEGATIVE IMPACT

- When taxes increase, operating costs rise for retailers which causes pressure to raise prices or cut workers.
- Additional taxes can put retailers out of business, which increases vacancy rates, which in turn reduces property values.
- The high and growing cost of doing business is a deterrent for new businesses and new retail concepts in Minnesota.

## 102,700,000 SQUARE FEET OF RETAIL IN MINNESOTA

- Shopping centers are a vital industry in Minnesota as they provide **\$2.4 billion in sales taxes**, or **51%** of the sales tax collected in our state.
- In addition to sales taxes, the shopping center industry is also burdened by real estate taxes and income taxes.
- Along with providing employment, shopping centers create value and enhance the quality of life in our communities by providing the platform for start-up or new entries of businesses and retail concepts in our communities.

# HEAR WHAT RETAIL PROFESSIONALS ARE SAYING . . .

**T**he Minnesota Shopping Center Association fully supports efforts to reduce the property tax burden on commercial properties as internet sales, rising energy costs and the recession are already placing tremendous pressure on traditional retailers. Minnesota's commercial property taxes leave us at a competitive disadvantage compared to other states due to the resulting higher occupancy costs. Thus, many national retailers have chosen not to come to Minnesota as a result."

**Ronn Thomas**  
2013 MSCA President

**Minnesota Shopping Center  
Association**

**T**he proposed sales tax on clothing is misguided and will cost the state more than it will ever generate. Tourism in the state of Minnesota is an \$11.9 billion industry and accounts for 240,000 jobs. Tourists travel to Minnesota to shop because there is no sales tax on clothing. For every dollar these visitors spend inside MOA, they spend an additional \$3.50 on outside businesses. Minnesota's lack of a sales tax on clothing is a clear competitive advantage for all retailers in the state – an advantage the state can't afford to squander."

**Maureen Bausch**  
Executive Vice President,  
Business Development  
Mall of America

**M**innesota's commercial/industrial property taxes are highly scrutinized when businesses are evaluating whether or not to locate in the state. Unfortunately, our property taxes are substantially higher than the national average and they are a significant portion of occupancy costs, causing many retailers to pass over our market. It is critical that we create a level playing field with other mid-tier markets by lowering the burden of property taxes on commercial/industrial properties."

**Stefanie Meyer**  
Senior Vice  
President/Principal

**Mid-America Real Estate -  
Minnesota, LLC**

## ABOUT MSCA

The Minnesota Shopping Center Association (MSCA) is a nonprofit trade association that was initiated in 1988. MSCA is the largest statewide organization devoted solely to the retail real estate industry. With over 300 companies and 600 members, the association represents developers, shopping center owners, brokers, property managers, retailers, attorneys, architects, appraisers, contractors and all professionals serving the Minnesota real estate industry. Together, the members of MSCA own, operate and manage over **50 million square feet** of shopping centers in our trade area. MSCA offers its members excellent educational and networking opportunities, market research and trends, as well as participation in governmental affairs.

**Sources:** International Council of Shopping Centers (ICSC), CoStar Realty Information, Inc.; U.S. Department of Commerce; U.S. Department of Labor; Federal Reserve Bank of Philadelphia; The Sales Tax Clearinghouse, ICSC Research, Minnesota Management and Budget, and Minnesota Department of Employment and Economic Development.

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