



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 26 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.

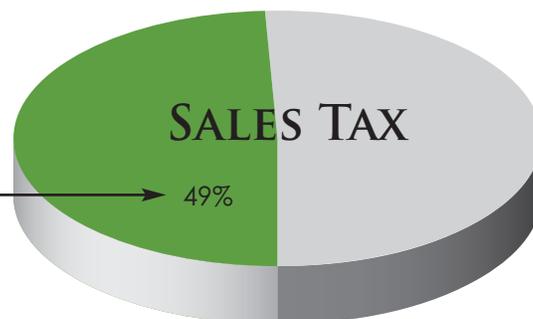
STREET IMPROVEMENT FEES

- ▶ **MSCA opposes street improvement fees.**
 - Street improvement fees give municipalities too much power as the fees are imposed on properties without protections offered to property owners in the special assessment law.
 - Minnesota shopping centers already bear the burdens of high sales taxes, property taxes and income taxes.

PROPERTY TAXES

- ▶ **MSCA opposes increases in property taxes.**
 - Shopping center owners and retailers pay a large and increasing amount in property taxes, sales tax, and personal income tax every year.
 - Higher property taxes inhibit new development and investment.
 - Higher property taxes force retailers to charge higher prices to Minnesota consumers or cut jobs.
 - Many national providers of retail goods and services choose states with lower taxes and do not come to Minnesota.

**Minnesota Shopping
Center Sales Tax
Collection in 2012:
\$2,400,000,000**



**Total Minnesota
Sales Tax
Collection in 2012:
\$4,876,932,000**

The information published in this report relies on the most recent available data for 2012.

SHOPPING CENTERS: CREATING JOBS & OPPORTUNITY

- Shopping centers employ an estimated 235,070 people in Minnesota.
- The retail industry provides employment and benefits to hundreds of thousands of Minnesota families every year.
- Employment at shopping centers offers growth and development for our citizens at many levels: entry level, managerial, sales, distribution, executive level, etc.

REPEAL REFORM TAXES

► **MSCA favours repealing business to business taxes.**

- The shopping center industry encompasses a wide variety of business providers who bear the negative impacts of business to 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.
- Repeal the new sales tax expansion to business to business services on warehousing, telecommunications and the labor of and maintenance and repair of commercial equipment.

ADDITIONAL TAXES = NEGATIVE IMPACT

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

101.4 MILLION SQUARE FEET OF RETAIL IN MINNESOTA

- Shopping centers are a vital industry in Minnesota as they provide \$2.4 billion in sales taxes, or 49% of the sales tax collected in our state.

HEAR WHAT RETAIL PROFESSIONALS ARE SAYING . . .

“**M**innesota retailers and shopping center owners continue to struggle for growth in the new retail landscape of 2014 as softer customer loyalties and increased internet sales add to the ever increasing competition in our marketplace. Rising property taxes add to this burden and are a major roadblock to long-term sustainability.”

Deborah Carlson
2014 MSCA President

Minnesota Shopping Center Association

“**A**s a major property tax payer in Minnesota, SUPERVALU has seen effective tax rates increasing in recent years, and the property taxes we pay here are among the highest we pay in the nation. High property taxes are a limiting factor in our drive to grow and sustain our business and help facilitate the growth and innovation of our independent grocers whom we supply.”

Jim Hornecker
Sr. Real Estate Manager
SUPERVALU INC.

“**B**eing home to the nation's first enclosed mall (Southdale), world-renowned Mall of America, and sensational brands such as Target, Best Buy, and Buffalo Wild Wings, Minnesota has a proud tradition of retail innovation. However, Minnesota's current tax climate, ranking 47th in the 2014 National Tax Foundation's State Business Tax Climate Index, jeopardizes an industry that has a positive impact on the Minnesota economy. We strongly urge a reduction in tax rates on commercial property and reduced tax rates on corporate income to keep this vital part of the state economy strong.”

Tony Barranco
Vice President of
Development

Ryan Companies US, Inc.

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; The Sales Tax Clearinghouse; ICSC Research and Minnesota Department of Revenue.