



MINNESOTA SHOPPING CENTERS: A POSITIVE IMPACT ON OUR ECONOMY



MINNESOTA SHOPPING
CENTER ASSOCIATION

PUBLISHED JANUARY 2015

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.

The Minnesota Shopping Center Association (MSCA) has been an active industry advocate for 27 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 legislation that enhances business opportunities, allows companies to expand sales, and increases Minnesota's employment base.

MUNICIPAL STREET IMPROVEMENT DISTRICTS

► **MSCA opposes ambiguous municipal street improvement districts.**

- Municipal street improvement districts would be imposed on properties without voter approval, a cap, a benefits test, or other protections currently 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.
- Municipalities already have the special assessment law to cover costs for specific projects.

PROPERTY TAXES

► **MSCA supports decreases 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 deter new development and investment.
- Increasing property taxes forces retailers to charge higher prices to Minnesota consumers or cut jobs.
- Many national providers of retail goods and services choose to locate in states with lower taxes and do not come to Minnesota.

THERE ARE 101.4 MILLION SQUARE FEET OF RETAIL IN MINNESOTA.

GOVERNMENT BUDGETING

► **MSCA supports Transparency in Government Budgeting.**

Transparency in Government Budgeting is an initiative to shift the focus from what government services cost, to understanding why they cost what they do, along with an explanation of the why behind the trend lines. This is accomplished by looking at budgets by expenditure type aggregated across the budget in major spending areas in addition to the current reporting by function.

Transparency in Government Budgeting:

- Will help change the conversation around budgeting and property taxes, as it gives citizens a more complete picture of what property taxes are buying.
- Citizens would have a new and accurate understanding of local government cost structures, along with spending and revenue trends.
- Enables taxpayers to better evaluate local spending efficiency and effectiveness, and aids in maintaining government spending at sustainable levels.

Shopping centers are a vital industry in Minnesota as they provide \$2.4 billion in sales taxes, or **48% of the sales tax collected in our state.**

Minnesota Shopping Center Sales Tax Collection in 2013: \$2,400,000,000



Total Minnesota Sales Tax Collection in 2013: \$4,990,005,000

The information published in this report relies on the most recent available data for 2013.

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.

HEAR WHAT RETAIL PROFESSIONALS ARE SAYING . . .

“As President of Minnesota’s largest retail-focused trade organization, the two concerns I hear most frequently are uncompetitively high commercial property taxes and the lack of a “tip credit” in the new minimum wage law. As Minnesota competes for retail investment on a regional, national, and international level, these high costs of doing business remain a significant obstacle, straining existing small businesses and affecting new investment.”

Tony Barranco
2015 MSCA President
Minnesota Shopping Center
Association

“Retailers are consolidating existing stores and selectively identifying new expansion sites; real estate tax expenses are being highly scrutinized during this process. Creative states continue to refine long-term tax strategies to attract business investment. The results over the last several years have created healthier economies and retail expansion opportunities for those states. To remain competitive, Minnesota must develop its own strategy to permanently reduce real estate taxes.”

Nancy Litwin
Senior General Manager
Eden Prairie Center

“With every retailer’s ability to advertise and sell over the internet, the marketplace for consumer goods is becoming increasingly efficient every day. With few exceptions (you still can’t get your hair cut online), the alternatives for purchase decisions are ever-expanding. A healthy and diverse population of national, regional and local retailers is one pillar supporting a strong State economy. Occupancy costs are consistently one of the heavier burdens many businesses have to bear, and meaningful property tax reforms that lighten the load will have a profound effect on our ability to attract new retailers, and fuel expansion by those already here. Minnesota will never be the “lowest cost provider” from a total taxation perspective. Our educational, infrastructure and environmental expectations preclude that, but it is incumbent on the State to help level the playing field wherever possible. Reduce property taxes on businesses to the National average should be Minnesota’s goal.”

Keith Ulstad
Senior Vice President
United Properties

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.