The Thin Cities:

How Subsidized Job Piracy Deepens Inequality in the Twin Cities Metro Area

Good Jobs First - December 2006

The Thin Cities: How Subsidized Job Piracy Deepens Inequality in the Twin Cities Metro Area

by:
Good Jobs First

Greg LeRoy and Karla Walter

December 2006

© Copyright 2006 Good Jobs First.
All Rights Reserved

Good Jobs First
www.goodjobsfirst.org
1616 P Street N.W., #210
Washington, DC 20036
202-232-1616

Acknowledgments

Good Jobs First gratefully acknowledges the support of the Ford Foundation, which enabled this report. Thanks to Russ Adams and the Alliance for Metropolitan Stability for their input and support of this project. Thanks also to Myron Orfield, Tom Luce and Mike Neimeyer at Ameregis in crafting the terrific maps. Special thanks to our diligent summer interns Michael Prinz, Veronica Zimmerman, Anjali Chavan and Annette Mullaney, who performed the foundational data-gathering. Finally, we thank the public officials who granted us interviews and shared their insights.

The Thin Cities: How Subsidized Job Piracy Deepens Inequality in the Twin Cities Metro Area

Table of Contents

LIST OF MAPS AND TABLES

The Thin Cities: How Subsidized Job Piracy Deepens Inequality in the Twin Cities Metro Area

Executive Summary

An analysis of economic development subsidies given to companies relocating within the Twin Cities metropolitan area finds that those moves were overwhelmingly outward bound, fueling suburban sprawl. Between 1999 and 2003, 86 corporate relocations involving over 8,200 jobs received more than $90 million in job subsidies from local governments.

Four-fifths of the relocations were outbound and the average move placed jobs more than six miles farther away from the center of the Twin Cities. Excluding deals in which a company remained within the same locality, the average relocation moved jobs nearly nine miles away from the urban core. Twenty-two companies moved more than 10 miles outward.

By dispersing jobs from the core, the 86 relocations contributed to disparities in wealth and employment opportunity among localities in the region. They moved jobs away from areas with higher rates of poverty and higher numbers of people of color to more affluent and less racially diverse areas with higher growth. The tax capacity (property tax wealth) of cities that gained jobs has grown over five times faster than in cities that lost jobs.

By moving some jobs away from transit stops, the relocations reduced job opportunities for low-income workers who rely on public transportation to get to work; these workers are disproportionately people of color. They also reduced commuting choices for workers who can afford a car. Twenty-six of the relocations moved jobs from sites that were accessible via public transportation to places that are not. Only two did the opposite and 34 more remained transit-inaccessible in their new location.

Most of the relocations were of small and medium-sized businesses; only two were large: Best Buy's headquarters consolidation of 2,200 jobs from several sites into Richfield and Tradehome Shoe Stores' relocation of 800 jobs from St. Paul to Cottage Grove. Employment levels at 70 others were obtained; they had 4,415 total jobs or about 63 jobs per move. Applying that average to the remaining 13 suggests a total of about 8,230 jobs were affected.

The relocations were heavily subsidized; three-fourths used tax increment financing (TIF). In 85 of the deals (spending data for one deal was not available), the subsidies totaled $90.2 million. Excluding the Best Buy subsidy of $59 million, the average deal cost almost $365,500 (or almost $1.07 million with Best Buy included).

The biggest "gainers," or cities gaining three or more facilities due to subsidized relocations, were Big Lake, Cottage Grove, Lino Lakes, North Branch, Ramsey, Rockford and Rosemont. The biggest "losers," cities losing three or more firms, were Bloomington, Cambridge, Eagan, Minneapolis and St. Paul.

Despite the enactment in 1971 of the Charles R. Weaver Metropolitan Revenue Distribution Act (commonly known as the Fiscal Disparities Act), which provides for some regional sharing of commercial-industrial property tax revenue, our interviews with local development officials suggest that tax-base competition is alive and well in the Twin Cities region. The Act covers seven counties in a metro area that now spans 11 Minnesota counties and two more in Wisconsin. Both inside and outside the seven-county sharing area, some localities are making aggressive use of economic development incentives to lure jobs from other places in the metro area. The long-term march of sprawl is apparently eroding the Fiscal Disparities Act's effectiveness.

No more than a handful of the 86 companies ever claimed to be considering leaving the metro area and 94 percent stated that they planned to stay in Minnesota.

The relocating companies were identifiable thanks to Minnesota's landmark 1995 economic development subsidy disclosure law, which was amended in 1999 to enable taxpayers to learn when subsidies went for job relocations.

To address our findings we offer policy options including:

- *Convene a regional compact for cooperation instead of piracy.* Interviews conducted for this study make it clear: local economic development officials in the Twin Cities do not have an effective network for or policy of cooperation, even when a company seeks to pit places against each other in order to extract a larger subsidy. Building upon the cooperative experiences of local officials in some other metro regions, Twin Cities-area officials could curtail zero-sum job piracy and re-focus their resources to jointly promote and strengthen the region's economy.

- *Make transit-accessibility a requirement to qualify for a subsidy.* Illinois gives an extra subsidy—and California and New Jersey give subsidy-application preference—to certain deals that are accessible via transit or meet other anti-sprawl criteria. Using subsidies to make more jobs accessible by public transportation will create more opportunity for low-wage workers, reduce traffic congestion and improve air quality, and promote more efficient use of land and infrastructure.

- *Update the Fiscal Disparities Act* to reflect the region's growth by including the four additional Minnesota counties (Chisago, Isanti, Sherburne and Wright) that were not covered when the law was enacted 35 years ago. Otherwise, the region's four most-distant Minnesota counties will continue to have a stronger fiscal incentive to pirate jobs and tax base from the other seven.

INTRODUCTION:

ANOTHER WAY SPRAWL HAPPENS

Economic development subsidies are rarely explored as a contributing factor to suburban sprawl. In the large body of literature on sprawl, it is usually blamed on "push" factors such as crime, schools, and contaminated land and "pull" factors such as suburban amenities and biased transportation policies.

Now, thanks to Minnesota's exceptional economic development subsidy disclosure law, we can explore another way sprawl happens. Improvements made in 1999 to the original 1995 law include Question #18: did the deal involve a relocation and if so, from where? Each such disclosure form is posted on the website of the Minnesota Department of Employment and Economic Development.[1]

In January 2000, prior to the existence of this relocation data, Good Jobs First published a small case study about Anoka, Minnesota entitled *Another Way Sprawl Happens: Economic Development Subsidies in a Twin Cities Suburb*.[2] The study found that between 1994 and 1999, Anoka made aggressive use of Tax Increment Financing to offer free land to companies willing to relocate to its municipal industrial park. The city gave more than $7.5 million in free land to at least 29 companies employing approximately 1,600 workers. Most of the companies moved from Minneapolis or its inner-ring suburbs.

Our study concluded that these subsidized relocations to the metro area's fringe fueled suburban sprawl. They reduced economic opportunities for residents of neighborhoods with high rates of poverty, many people of color, and/or households receiving public assistance. And whereas 70 percent of the jobs had been accessible via public transportation, in Anoka none of them were. This contributed to traffic congestion and deterioration of air quality.

The Anoka study was the first to draw a link between job subsidies and sprawl. However, it was limited in scale. In this report, we revisit the issue to explore the broader phenomenon of subsidized relocations within the entire 11-county Twin Cities metropolitan area to determine if the patterns visible in the Anoka relocations were typical.[3]

Since 2000, a few additional studies by non-profit groups have also linked job subsidies to sprawl. Friends of the Earth and the Forest Conservation Council mapped Small Business Administration (SBA) loan guarantees in the Washington, DC metro area. The map looked like a donut; almost all of the loan aid had gone to companies in outlying areas. The two groups sued the SBA for failing to analyze the environmental impact of its loans, and the SBA agreed to start considering such impacts.[4]

Policy Matters Ohio analyzed that state's many enterprise zones and found that very high-income school districts received twice as many zone-subsidized jobs and five times as many dollars of investment as very low-income school districts. "It's the wealthy areas that tend to land the most lucrative deals," the author wrote. Legislators "should not pretend that they're helping struggling communities. ...Ohio's poorest communities have been zoned out."[5]

There have also been a few journalist investigations about subsidized corporate relocations. The most detailed was an investigative series in 1995 by the *Kansas City Star*. The *Star* documented several companies that were given economic development subsidies to leave core areas with high unemployment and relocate into prosperous suburbs. The paper found the deals particularly galling because the tools being used by the wealthy suburbs were originally intended to help central cities. "Created to combat sprawl, tax breaks now subsidize it," the *Star* concluded.[6]

However, in the absence of subsidy disclosure data in most states, and even less disclosure about subsidized relocations, there has never been a regional analysis of how such moves affect land use and sprawl. Thanks to Minnesota's far-sighted disclosure reforms, this analysis is now possible. We welcome your feedback and will be glad to discuss our methodology with anyone who might seek to replicate this work in other regions.

DEFINING OUR TERMS:

TAX INCREMENT FINANCING AND SUBURBAN SPRAWL

TAX INCREMENT FINANCING (TIF)

In three fourths of the relocation deals studied here, local governments used Tax Increment Financing. TIF is the most complex and controversial development subsidy in Minnesota.[7] It is also currently the most commonly used local subsidy in Minnesota.

In creating a TIF district, a city defines a project area for development or redevelopment. It also designates a subset of the project area as the TIF district. The city then splits future property tax revenues from the TIF district into two separate streams. The first stream is set at the level of taxes due on the current valuation; those taxes continue to flow to the school district, the city, and the county. The second stream is the tax increment; it consists of the increase in taxes resulting from rising property values associated with the new development. These incremental funds are used to subsidize the new development through a variety of means such as writing down the cost of parceling and preparing land or making infrastructure improvements.

As of 2004, there were 449 TIF authorities in Minnesota administering 2,210 TIF districts. They captured 6.7 percent (or $255.6 million) of the state's total tax capacity in 2004.[8] TIFs in Minnesota are not subject to any state rules concerning job quality standards (wage or health care requirements); nor does the state limit the subsidy-value per job. Instead, each Minnesota locality must set its own public policy goals and job quality standards for its TIF program; those standards in turn apply to each TIF deal.

State law requires that a company benefiting from a TIF certify that the development would not occur "but for" the TIF assistance. As in many other states, this has proven to be a largely meaningless rule, although it is often cited by public officials as a safeguard. For example, in its 1996 analysis of TIF in Minnesota, the state's Legislative Auditor found that cities use six different definitions "but for." One was:

A city recognizes that the proposed development would occur without assistance, but it uses TIF to make sure the development occurs in this city and not another, and at a location consistent with the city's development goals.[9]

In other words, if a city wanted a company to locate on the east side of a street instead of the west side, that would justify the TIF "but for" test.

Outside of municipalities, school districts and county governments are the largest recipients of property tax dollars. Until 2001 counties and schools in Minnesota were also the biggest losers when property tax revenues were diverted into TIF development projects. However, in 2001 the state government took over funding responsibility for approximately half of all education expenses that were formerly paid for through the property tax levy and drastically lowered state property tax assessments.[10] Combined, these measures reduced the ability of a TIF district to generate revenues. Indeed, the 2001 property tax cuts reduced TIF revenues in Minnesota by approximately 30 percent.[11] Not only do these cuts limit the amount of funding available in future TIF districts, they also reduce the revenue generated for existing, front-loaded development projects.

As a result of these changes, local development officials may increasingly look to other subsidies such as property tax abatements, land discounts, and state loans and grants. Although most of the subsidy deals analyzed in this report include TIF, the policy issues raised here apply to any kind of incentive.

SUBURBAN SPRAWL

Suburban sprawl typically refers to development characterized by low density, a lack of transportation options besides auto use, and strict separation of residential and nonresidential property, resulting in greater spatial separation of jobs from housing, increased dependence on automobiles, more time spent driving, and increased spatial concentration of poverty. Sprawl is associated with spatial concentration of poverty, rapid consumption of open space, neglect of central city infrastructure and services, and fiscal strains produced both by disinvestment in older areas and by rapid suburban growth in newer areas.

Scholars have identified many contributing factors to sprawl, including: some people's desire for large-lot/low-density housing; white flight from urban areas with minority residents; lack of regional planning; competition among cities for development; "redlining," or geographic and racial discrimination by lenders and insurance companies; crime and perceptions of crime; "brownfields," or contaminated land in core areas; restrictive suburban zoning that effectively excludes apartments, town homes and mixed-use development; federal capital gains tax rules that encourage people to buy ever-larger homes; declining quality of central city schools; and a pro-highway/anti-transit bias in federal transportation policy.

Suburban sprawl also causes a "spatial mismatch" between jobs and job seekers. The sprawling decentralization of jobs moves work further from concentrations of low-skilled, unemployed workers. The lack of affordable housing and adequate public transportation in the suburbs effectively cuts central city residents off from regional labor markets.

Chapter One:

Subsidized Job Piracy

An analysis of economic development subsidies given to companies relocating within the Twin Cities metropolitan area finds that those moves were overwhelmingly outward bound, fueling suburban sprawl. Between 1999 and 2003, 86 corporate relocations involving over 8,200 jobs received more than $90 million in job subsidies from local governments. There is little evidence that any of the companies planned to leave the Twin Cities metro area.

Map 1 traces the movements of the businesses that relocated. The very clear pattern is one of job flight outward from St. Paul, Minneapolis and older, inner-ring suburbs such as Eagan and Bloomington to second and third-ring suburbs such as Ramsey and Rosemount.[12]

Most of the subsidized relocations involve small and mid-size firms, many of which stated, when seeking the subsidies, that they were growing. Of the 86 deals, we were able to obtain employment data for 72; they total 7,415 jobs or an average of 103 jobs per relocation. However, the list includes two exceptional deals or outliers: the Best Buy relocation of 2,200 jobs formerly dispersed throughout the Twin Cities region to a new corporate headquarters in Richfield and the Tradehome Shoe Stores, Inc. relocation of 800 jobs from St. Paul to Cottage Grove. Excluding these two events leaves 4,415 jobs moved by 70 companies, or an average of 63 jobs per relocation. If the remaining 13 companies were of similar size, we estimate a total of about 8,230 jobs were affected.

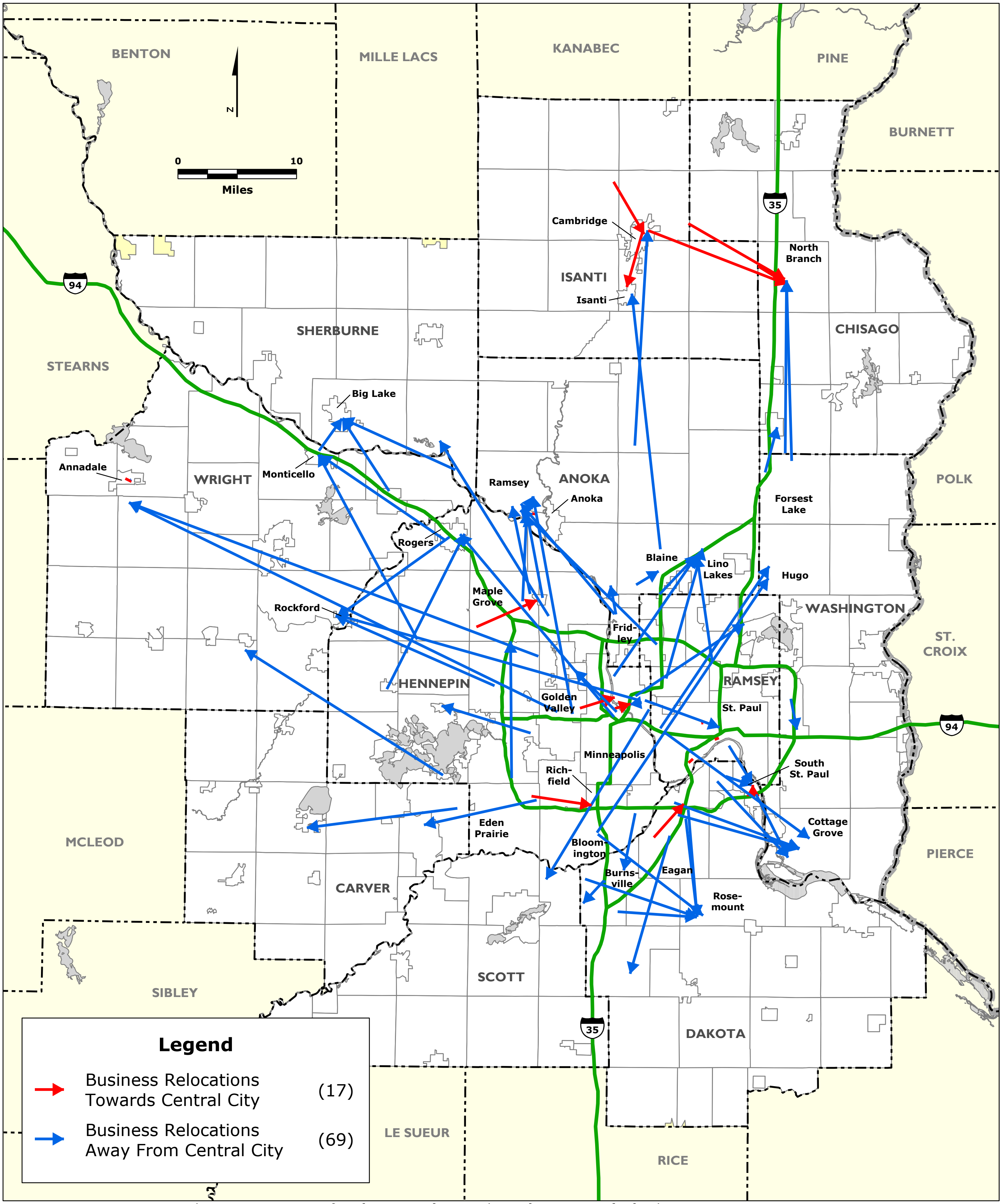
The relocation deals also cost a great deal of money. In 85 of the deals (spending data for one deal is missing), communities spent $90.2 million. Excluding the outlying Best Buy subsidy deal of $59 million, the average deal cost just under $365,500 (the average cost with Best Buy included is almost $1.1 million).

One measure of "job sprawl" is the distance between the worksite and the metro area's central city. In this case, there are two central cities, so we identified the center of the combined area of Minneapolis and St. Paul. By this measure, four-fifths of the relocations were sprawling: 69 companies increased their distance from the core area while only 17 moved inwards.

On average, the subsidized firms moved 6.4 miles away from the central city. This average includes both inward and outward moves. Excluding 23 retention deals (those

ameregis

Map 1: TWIN CITIES REGION
Subsidized Business Relocations, 1999-2003



Data Source: 2000 US Census; Minnesota Department of Employment and Economic Development; Good Jobs First.

in which a company relocated within the same locality), the average relocation distance was 8.65 miles away from the core.[13] Twenty-two companies moved outward 10 miles or more.

Overall, the map reveals regional patterns. Nineteen companies moved towards the far northwest of the metropolitan area. Two groups, each with 13 firms, moved to the northeast and southeast. The dominant pattern is one in which the central cities and inner-ring suburbs lose jobs to newer and more thinly populated areas farther out.

The biggest losers—those losing three or more firms—are listed in Table 1. Four of the five losers—Bloomington, Eagan, Minneapolis and St. Paul—were either the central cities or an inner-ring suburb. Far-north Cambridge in Isanti County was the only exception to this pattern; it lost three firms to neighboring areas while gaining one. But the relocations from Cambridge are not reversing sprawl; the firms' new sites in the cities of Isanti and North Branch are "greenfield" developments on the suburban fringe.

TABLE 1:

Cities That Lost Three or More Firms to Subsidized Relocations

Former Location	Business Name	New Location	Change in Distance from Metro Center
Bloomington	Gruett-Labriola Partnership and Associated Wood Products	Rosemount	+5.86
	Northrop Development LLC	Hugo	+6.51
	U.S. Federal Credit Union	Burnsville	+4.94
Cambridge	HBSL, LLC	North Branch	-3.37
	Isanti County Equipment	Isanti	-4.62
	The Bindery, Inc.	North Branch	-2.67
Eagan	D.R. Horton Inc	Lakeville	+12.00
	IntelliFEED, Inc./ Kaywer Properties LLC	Rosemount	+8.36
	Mayflower Distributing Co.	Mendota Heights	-2.54
	Precision Components, Inc./ Preventive Care, Inc.	Rosemount	+8.95
	SSP Properties LLC/ Schmid and Sons Packaging	Cottage Grove	+8.50
Minneapolis	B.F. Nelson Corp/ Larry M. Ross LLC	Savage	+11.57
	Holiday Sales, Inc.	Rockford	+25.95
	JKD Partners, LLC/ Carlson Refrigeration	St. Paul	+2.02
	Levahn Superior Properties, LLC/ Omni-Tract Surgical	White Bear Township	+8.17
	MGC Properties, LLC/ Steinhauser Creative Group	Robbinsdale	+5.00
	North American Composites Company	Lino Lakes	+9.37
	Ryan Companies, US Inc.	Rogers	+21.51
St. Paul	Nor-Lakes Holding Co., L.L.C.	Hugo	+16.68
	Schadegg Mechanical, Inc.	South St. Paul	+2.90
	Tradehome Shoe Stores, Inc.	Cottage Grove	+15.15

Table 2 lists those communities that gained three or more firms through subsidized business relocations. All of these winners, with the exception of Ramsey, are located on the edges of the Twin Cities metropolitan area. While far-out North Branch and Big Lake have used subsidies to attract firms from neighboring suburbs, the rest of the winners are landing companies primarily from inner-ring suburbs.

TABLE 2:

Cities That Gained Three or More Firms from Subsidized Relocations

New Location	Business Name	Former Location	Change in Distance from Metro Center
Big Lake	A.J. Machinery / Great Dane Properties, LLC	Elk River	+9.62
	ATAboy Manufacturing & A-Boy, L.L.P.	Monticello	+0.39
	Clay & Darlene Thompson/ Thompson Woodworking	Albertville	+7.14
Cottage Grove	CCE Technologies, Inc.	Mendota Heights	+9.64
	Lorenz Family Limited	West St. Paul	+8.84
	South St. Paul Agri-Properties	Inver Grove	+5.44
	SSP Properties LLC/ Schmid and Sons Packaging	Eagan	+8.50
	Tradehome Shoe Stores, Inc.	St. Paul	+15.21
Lino Lakes	CJN Investments LLP	Blaine	+3.77
	Hazdelmar, LLC	Roseville	+11.50
	Marmon / Keystone Corp.	Little Canada	+7.97
	North American Composites Company	Minneapolis	+9.37
North Branch	HBSL, LLC	Cambridge	-3.37
	J&C Real Estate/Summit Concrete	Forest Lake	+14.40
	St. Croix Stone	Forest Lake	+13.99
	The Bindery, Inc.	Cambridge	-2.67
Ramsey	Basalt Properties LLC/Kalway Construction Co.	New Brighton	+15.10
	Daddock Investments LLC	Andover	+1.29
	Intech Industries	Maple Grove	+6.92
	L and D Properties LLC/Precise Metalcraft Inc	Osseo	+6.70
	Panther Investment	Fridley	+11.95
	Ramsey B&B, LLC	Anoka	+15.36
	Systematic Refrigeration, Inc.	Dayton	+5.81
Rockford	Diversified Remediation and Controls, Inc.	Rogers	+4.69
	Holiday Sales, Inc.	Minneapolis	+25.95
	Vertin Properties, LLC/Auto Chlor Systems	Plymouth	+14.51
Rosemount	Gruett-Labriola Partnership/ Associated Wood Products	Bloomington	+5.86
	IntelliFEED, Inc./ Kaywer Properties LLC	Eagan	+8.36
	Precision Components, Inc. / Preventive Care, Inc.	Eagan	+8.95
	Webb Business Promotions	Burnsville	+0.39
	Webb Properties, LLC	Burnsville	+2.05

CHAPTER TWO:

JOB PIRACY AND TRANSIT ACCESS

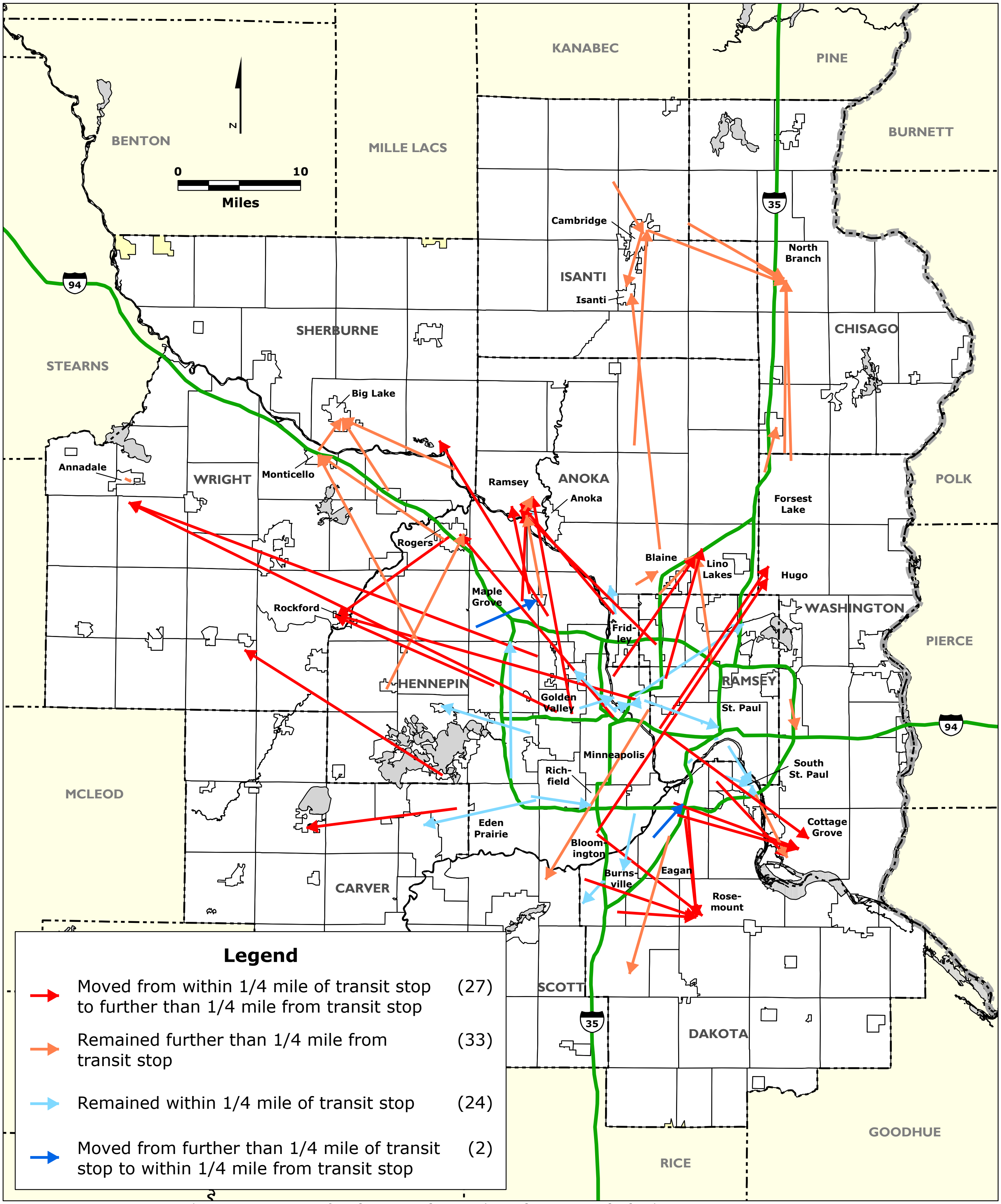
The subsidized job relocations have reduced the number of workplaces that are accessible via public transportation, with a large share of companies relocating away from transit service and very few moving towards it. Lack of transportation choice is a familiar aspect of sprawl: it forces people to commute by car, making traffic congestion worse and increasing air pollution. It also means fewer job opportunities for workers who cannot afford a car.

Map 2 details this effect. Using the standard definition of accessibility as being within one-quarter mile of a transit stop or station, we found that 27 companies moved from a transit-accessible site to a non-accessible location.[14] Only two did the reverse. The largest share, 33 companies, began in an inaccessible place and moved to another place without transit. Another 24 companies moved from one accessible place to another. In other words, 60 of the 86 firms—or 70 percent—moved to places where their employees must commute by car.

These results do not change greatly when we lower the transit accessibility standard to one-half mile. The largest number (30 firms) moved from an accessible site to a non-accessible location. Another 26 firms moved from one inaccessible site to another. All told, 65 percent of the firms moved to inaccessible locations. While 29 firms (or 33 percent) moved from one accessible site to another, only one firm relocated from an inaccessible site to a location served by transit.

ameregis

Map 2: TWIN CITIES REGION Subsidized Business Relocations' Access to Public Transit Stops, 1999-2003



Data Source: 2000 US Census; Minnesota Department of Employment and Economic Development; Good Jobs First.

TABLE 3:

How the Relocations Affected Job Access Via Public Transit

	Number of Companies	Total Jobs Affected *(excluding outliers)**	Average Number of Employees at Firm	Percent Affected *(excluding outliers)*
Remained Accessible	19	1,512	89	34%
Became Newly Accessible	1**	350	n/a*	8%
Formerly Accessible, Became Inaccessible	22	949	43	21%
Remained Inaccessible	30	1,629	53	37%

**Outliers include Best Buy whose 2,200 jobs remained accessible and Tradehome Shoe Stores whose 800 jobs remained accessible.*

***Only one of the two firms in this category had available employment data.*

Table 3 summarizes how the relocations affected transit access.[15] In 72 of the 86 cases we were able to obtain employment figures. While 34 percent of the jobs remained within a quarter-mile of transit, the bulk of jobs (58 percent) were relocated to areas that were transit inaccessible. Only 8 percent of the relocated jobs became newly accessible.

Overall, firms with somewhat larger workforces tended to be and remain in locations that were transit accessible. Although firms relocating off the transit grid were on average smaller, local economic developers repeatedly noted to us that these firms—typically moving into industrial parks—are growing. "Greenfield" development in outlying areas may offer more space for expansion, it also means that many of the businesses with the greatest potential for growth will not be accessible to low-income workers who cannot afford a car.

Much of this transit inaccessibility reflects the fact that many outlying areas are not served by regional transit. Indeed, the Twin Cities Metropolitan Transit Authority does not serve the high job-growth counties of Chisago, Isanti, Sherburne and Wright. While small community-based transit programs exist throughout the region, these are designed to serve the elderly and disabled, not commuters.

Transit access—and its attendant issues of inequality, congestion and pollution—does not appear to be a high priority for local economic development officials. Those we interviewed repeatedly voiced their assumptions that workers would be able to find transportation to the new sites. Minnesota, like all but a handful of other states, does nothing through the enabling legislation of its economic development programs to require or even encourage localities to link jobs with transit.[16]

Making more jobs accessible via transit is a critical growth issue for the Twin Cities region. Between 2000 and 2030, the region is expected to grow by nearly 1 million people and 563,000 jobs, so that the whole region will generate 4 million daily trips.[17] Already, the amount of suburb-to-suburb

TABLE 4:

How Twin Cities-Area Commuters Get to Work, by County of Their Residence[21]

County	Total Commuters	Car, truck, or van	Public transportation	Other means
Hennepin	607,567	84%	7%	8%
Ramsey	260,287	86%	6%	8%
Anoka	162,802	92%	3%	5%
Washington	107,454	93%	1%	5%
Scott	48,858	93%	1%	6%
Wright	47,284	93%	0%	7%
Carver	37,317	91%	1%	8%
Sherburne	34,084	94%	0%	6%
Chisago	20,772	94%	0%	6%
Isanti	16,085	93%	1%	6%
Dodge	9,205	89%	1%	10%

commutes in the region exceeds the number of commutes from the suburbs to the central cities.[18] In a public opinion poll conducted by the Twin Cities Metropolitan Council in 2003, area residents ranked traffic congestion as their "Number One" concern, ahead of crime, education and housing.[19] On average, Twin Cities households spend roughly 20 percent of their monthly pre-tax income on transportation. However, in areas not served by public transit, these costs climb much higher.[20]

If suburban job growth remains thinly distributed and auto-dependent, it undermines existing transit systems and effectively cuts central city residents off from regional labor markets, exacerbating the concentration of poverty in core areas.

As Table 4 illustrates, only the central counties of Hennepin and Ramsey have a significant number of residents who use public transit to commute to work, and only one other, Anoka, has even 3 percent transit ridership. As growth occurs in low-density counties, transit ridership falls.

Workers of color and low-income workers rely more heavily on transit than do other workers. Table 5 details minority workers' disproportionate reliance upon transit in the Twin Cities region. Families of color are three and a half times more likely not to own a car than white families and more

TABLE 5:

Transit Dependence of Workers in the Twin Cities Metropolitan Statistical Area by Race[22]

	White	All Minority	African American	American Indian	Asian	Hispanic/ Latino
Total Households	1,010,756	112,427	51,614	6,648	30,228	23,937
Percent with No Vehicle	6%	21%	28%	22%	14%	17%
Total Workers	1,417,109	158,761	59,416	8,818	47,777	42,750
Rely on Transit for Work Commute	3%	13%	18%	10%	6%	12%

than four times as likely to rely on public transit to commute to work. While all minority groups are at least twice as likely as white workers to rely on transit, African-American workers are the most transit-dependent and the most numerous, making up 3.4 percent of the working age population. African-American households are more than four and a half times as likely not to own a car than white families and six times more likely to rely on public transit to get to work.

Table 6 summarizes low-income workers' disproportionate reliance on public transit. While the overall ridership rate of all Twin Cities Region commuters is only 4 percent, for workers earning just above poverty wages (100 to 149 percent of the poverty level) the rate is almost twice as high (7 percent), and for those below the poverty line, ridership is three times higher (12 percent).

TABLE 6:

Transit Dependence of Workers in the Twin Cities by Income[23]

Twin Cities Workers	Share Who Use Transit for Work Commute
All Workers	4%
Workers earning below poverty-level wages	12%
Workers earning 100-149% of the poverty level	7%
Workers earning above 150 percent of the poverty level	3%

Chapter Three:

Job Piracy, Race, Poverty and Welfare

In addition to lack of job access via transit, families of color and the working poor suffer disproportionately from sprawl in other ways. Low-wage workers are more likely to be residentially concentrated in areas with high rates of poverty and crime and low-achieving schools, in part because of the lack of affordable housing in many suburbs. Although many economic development programs—including TIF—were originally enacted by states in the name of reducing poverty and revitalizing poorer communities, they have strayed from their original intentions. The rules governing these programs have been diluted so that subsidies are routinely used for jobs in affluent or outlying areas that are inaccessible to many low-income workers.[24]

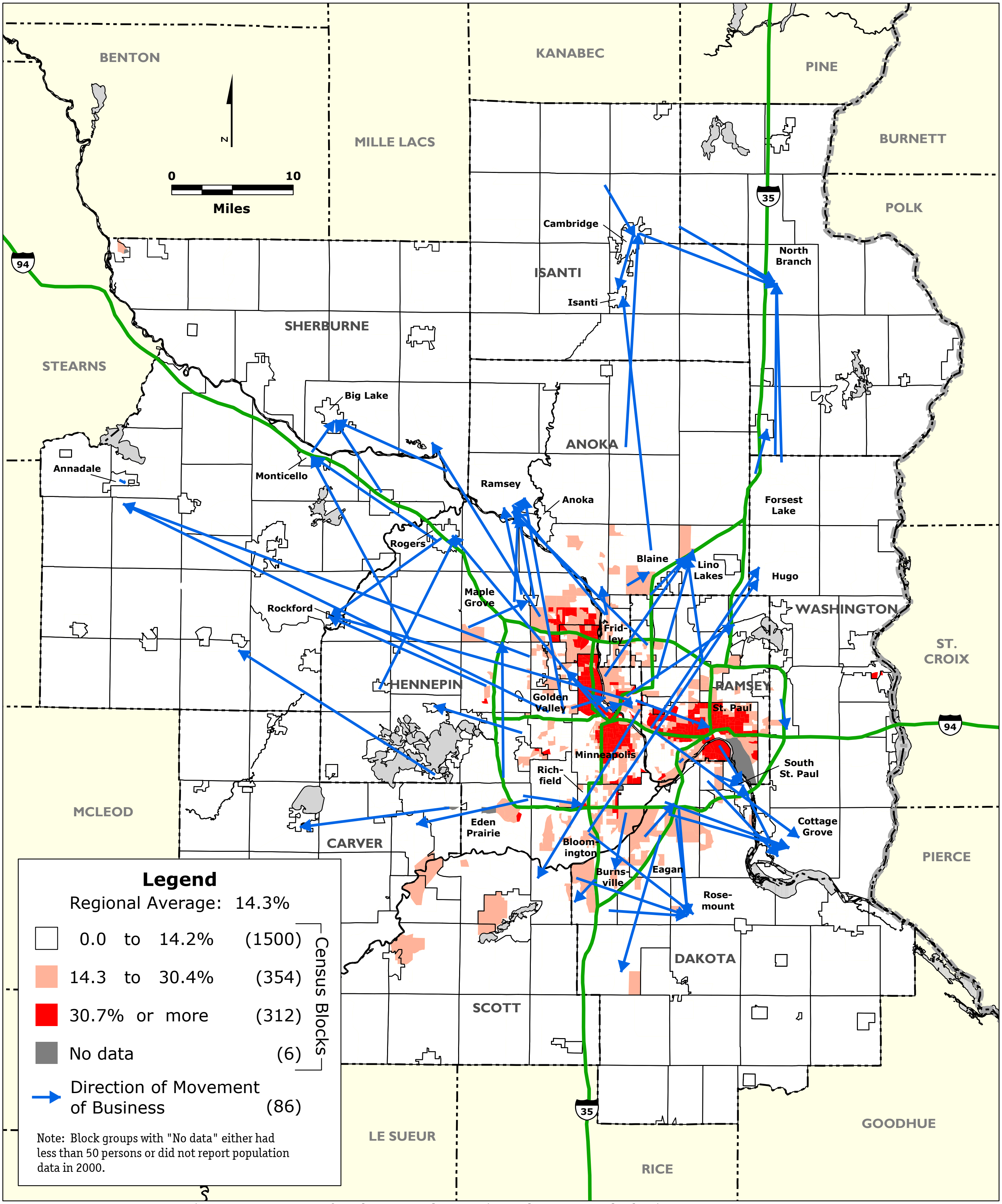
Closely related is the issue of residential proximity to jobs. Sprawl in the United States is characterized by housing segregation and racialized concentration of poverty; the Twin Cities area is no exception. Map 3 juxtaposes the business relocations with census block groups that have above-average concentration of residents of color. Such neighborhoods are concentrated in the central city and inner-ring suburbs, far from the outer suburbs where most of the jobs are relocating.

Overall, census blocks that lost a firm have 10.9 percent minority populations compared to 7.5 percent in census blocks gaining a company.[25]

In places gaining or losing three or more firms, the shift is even more dramatic. Losing communities' census blocks average 18.1 percent residents of color; gaining communities' average only 6.6 percent.

ameregis

Map 3: TWIN CITIES REGION
Block Groups with a Greater than Average Percentage of Non-White Residents Overlaid with Subsidized Business Relocations, 1999-2003



Data Source: 2000 US Census; Minnesota Department of Employment and Economic Development; Good Jobs First.

POVERTY AND WELFARE

The thinning of new job opportunities also means fewer chances for poor workers to escape poverty-wage jobs or the need for public assistance. Much the same way the subsidized relocations moved jobs away from people of color, they have also moved jobs away from pockets of poverty and households receiving public assistance.

Map 4 shows where poor families are concentrated in the Twin Cities metropolitan region. While there are pockets of poverty throughout much the metropolitan region, central Hennepin and Ramsey counties have by far the largest concentrations.[26] Overall, census blocks losing a firm to a subsidized relocation had an average poverty rate of 8.2 percent compared to 5.9 percent in census blocks gaining a firm.

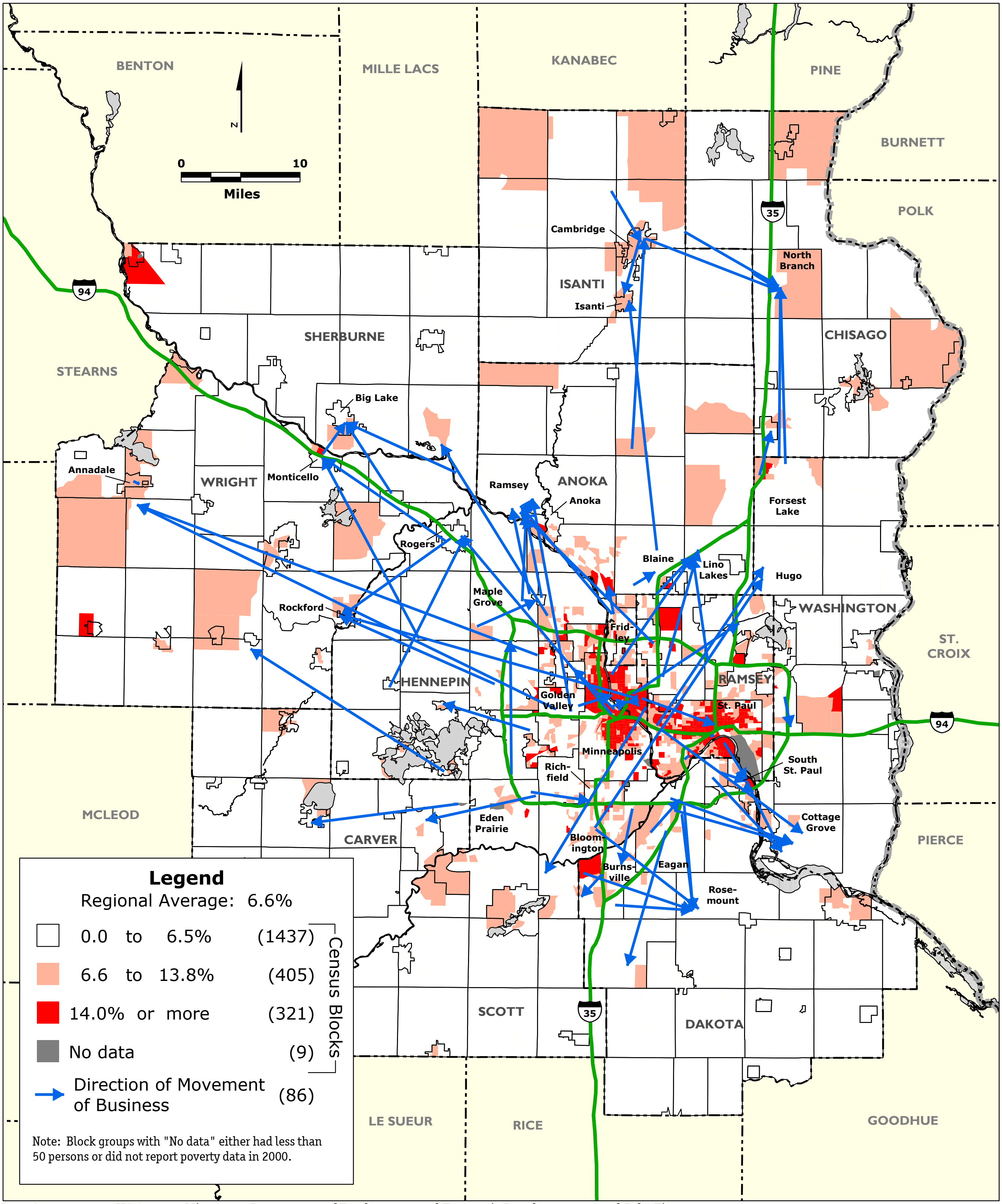
Comparing communities that gained or lost three or more firms again shows an even sharper contrast. Census blocks in losing communities had an average poverty rate of 13.5 percent; in gaining communities it was only 3.9 percent.

The impact of subsidized business relocations on public assistance recipients is more subtle. This may be due to the fact that many poor residents were forced off public assistance rolls pursuant to the 1996 federal "welfare reform" legislation. Map 5 juxtaposes the subsidized business relocations with public assistance households. While the highest rates of public assistance are concentrated in the central cities and the inner-ring suburbs, census block groups with high shares are scattered throughout the metropolitan region. The average rates of households on welfare in gaining census blocks are only slightly lower than losing blocks (2.8 percent versus 3.3 percent).

Again, these disparities are greater between the communities that gained and lost three or more firms. In gaining communities' census blocks, the average rate of public assistance was only 1.6 percent, compared to 5.6 percent in losing communities.

While pockets of higher need for public assistance occur in communities throughout the Twin Cities region, the central cities and inner-ring suburbs have the largest numbers and highest concentrations. Over 57 percent of public assistance recipients in the Twin Cities metropolitan area reside in central Hennepin or Ramsey County.[27] Therefore, subsidized job relocations that move jobs away from the urban core are especially harmful to welfare households.

Map 4: TWIN CITIES REGION
Block Groups with a Greater than Average Percentage of Residents Living in Poverty Overlaid With Subsidized Business Relocations, 1999-2003



Legend

Regional Average: 6.6%

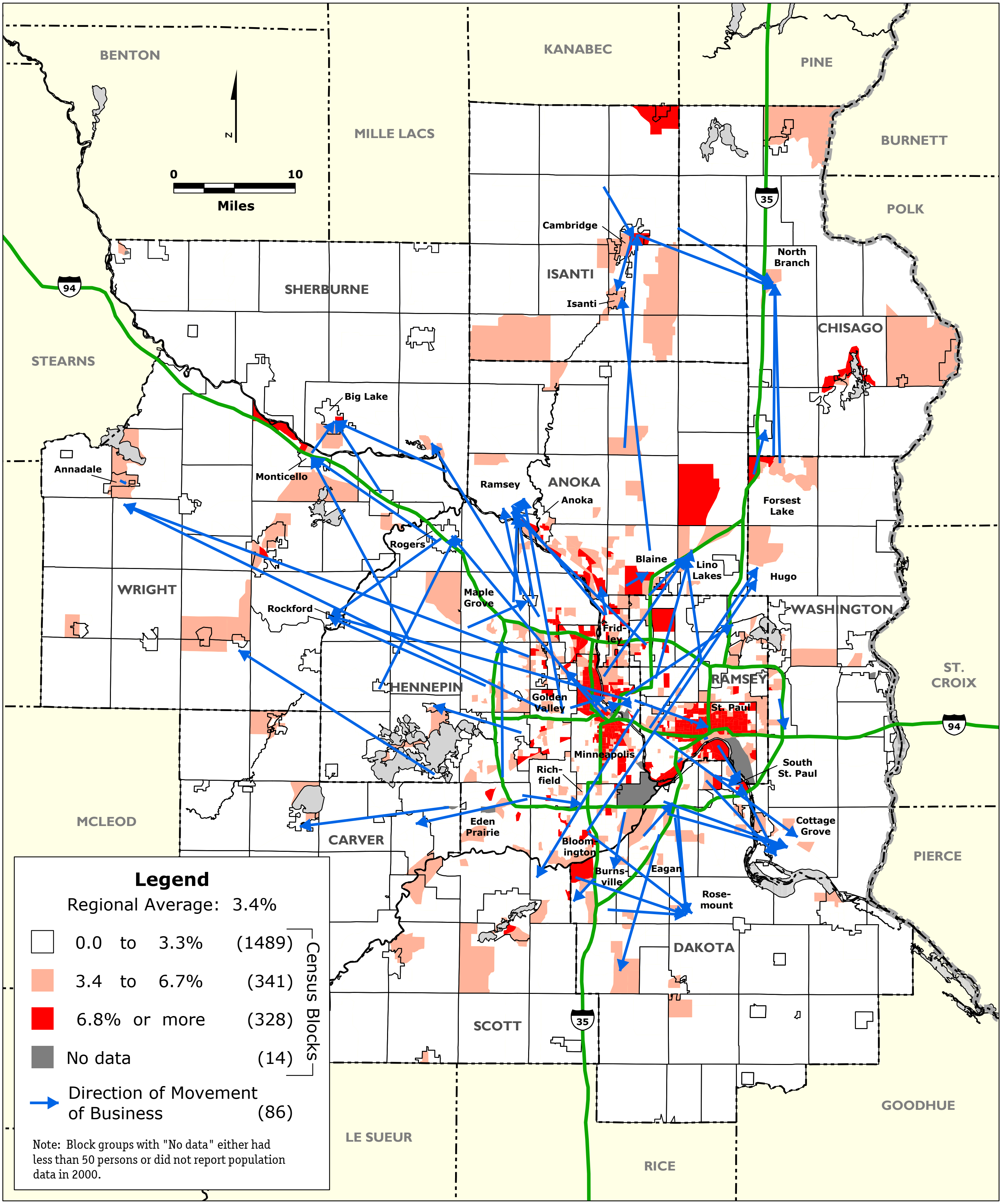
		Census Blocks
	0.0 to 6.5%	(1437)
	6.6 to 13.8%	(405)
	14.0% or more	(321)
	No data	(9)
→	Direction of Movement of Business	(86)

Note: Block groups with "No data" either had less than 50 persons or did not report poverty data in 2000.

Data Source: 2000 US Census; Minnesota Department of Employment and Economic Development; Good Jobs First.

ameregis

Map 5: TWIN CITIES REGION
Block Groups with a Greater than Average Percentage of Residents Receiving Public Assistance Overlaid With Subsidized Business Relocations, 1999-2003



Data Source: 2000 US Census; Minnesota Department of Employment and Economic Development; Good Jobs First.

Chapter Four:

Job Piracy and Tax Base Disparities

Because some of the suburbs that lost companies still have a relatively strong tax base, the overall impact of the relocations on tax-base disparities is mixed. Counting all 86 deals, the communities that lost employers actually had slightly higher tax bases than the localities that won them.[28] But comparing tax capacity growth over the last decade shows that gaining cities are growing far more rapidly than losing communities.

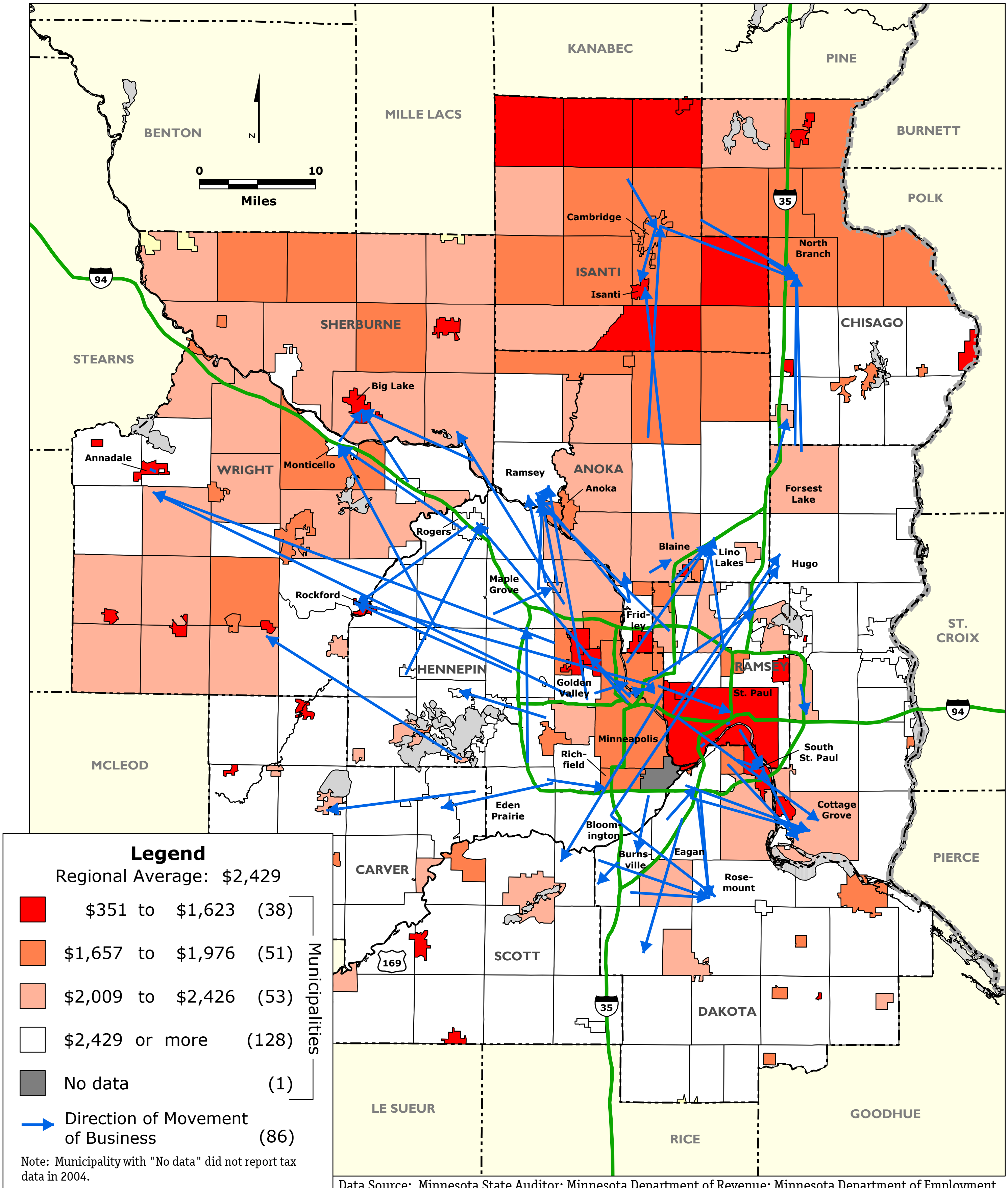
Tax capacity means the amount of taxable property (equalized market value of all properties) per household in a locality. Besides reflecting the relative wealth of a community, tax capacity is an important indicator of the ability of a locality to provide good infrastructure, education and social services and thereby keep the community vital and attractive. When jobs and economic activity thin out in a metro area because of sprawl, the regional tax base becomes stressed and less efficient. The resulting harm to schools and other public services can become another "push" factor fueling even more sprawl.

Even though the contribution to property tax rolls made by a newly relocating firm may be delayed by TIF or abatement, by attracting new economic activity a locality usually draws other tax revenue from businesses that supply and buy from the relocating firm, workers seeking homes closer to work, and other spin-offs. Also, newer suburbs that rely more heavily upon residential property for their tax base can use commercial-industrial deals to diversify their revenue stream and help keep residential tax rates down.

Map 6 plots the subsidized relocations against comparative tax capacities. Shaded jurisdictions have below-average tax capacities, with red areas such as St. Paul being the most stressed. Many subsidized relocations are leaving inner-ring suburbs which have maintained high tax capacities. For this reason and because the figures also include downtown Minneapolis, the average tax capacity of "losing" communities is above the regional average and slightly higher than that of "winning" communities ($2,600 and $2,259 respectively).[29]

ameregis

Map 6: TWIN CITIES REGION
Municipalities with a Less Than Average Tax Capacity per Household Overlaid with Subsidized Business Relocations, 1999-2003



Data Source: Minnesota State Auditor; Minnesota Department of Revenue; Minnesota Department of Employment and Economic Development; Good Jobs First.

TABLE 7:

Tax Capacities and Capacity Changes of Communities Gaining or Losing Three or More Companies

Gaining Cities	2004 Tax Capacity ($)	Tax Capacity Change (1993-2004)
Big Lake	1,582	+21.0%
Cottage Grove	2,065	+35.7%
Lino Lakes	2,643	+75.7%
North Branch	1,745	+77.2%
Ramsey	2,515	+61.1%
Rockford	1,469	+88.7%
Rosemount	2,862	+16.5%

Losing Cities	2004 Tax Capacity ($)	Tax Capacity Change (1993-2004)
Bloomington	3,327	-7.8%
Cambridge	1,751	+30.1%
Eagan	2,981	+4.2%
Minneapolis	1,962	-12.2%
St. Paul	1,616	+2.1%

However, looking at static "snapshots" of the cities' tax capacities fails to reveal movement. The trends in tax capacity growth between 1993 and 2004, illustrated in Map 7, reveal a sharp distinction: losing communities had tax capacity growth of only 6.6 percent while winning communities' was over five times higher — 34.3 percent.

Table 7 details the communities that gained or lost three or more businesses. Although some of the winning cities such as Big Lake and Rockford still have a tax capacity below the regional average of $2,429, as a group they experienced far stronger tax base growth between 1993 and 2004 than did the losing cities. Four of the seven winning cities experienced capacity growth in excess of 60 percent. Of the five losing cities, two lost tax capacity and only one had enough growth to roughly keep pace with inflation.

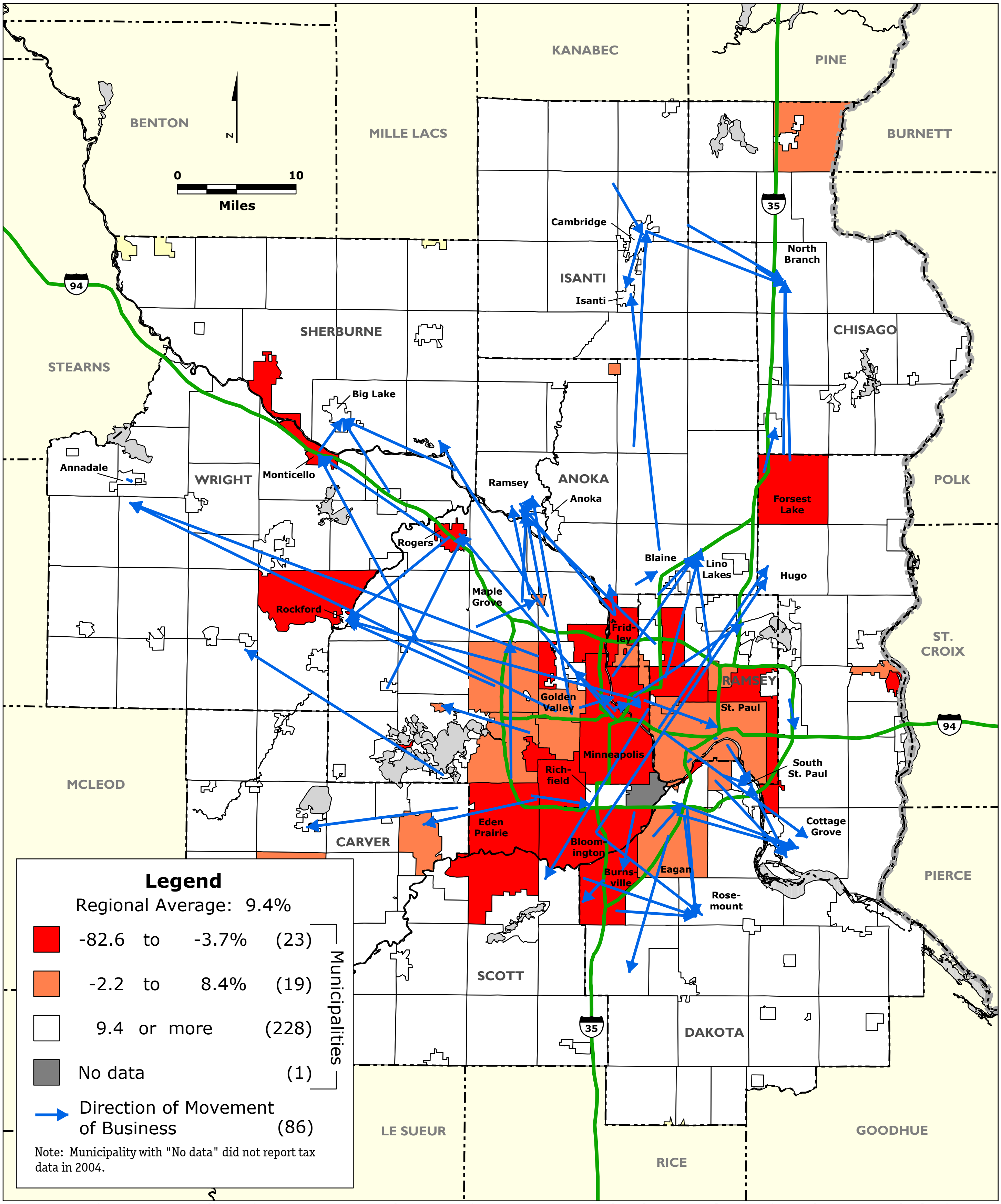
We assume that much of this tax capacity growth was caused by residential growth. However, subsidized corporate relocations fuel these disparate trends when they take companies from low-growth areas and move them to high-growth communities.

When central cities and inner-ring suburbs suffer declining tax capacity, they are forced to reduce the quality of public services and raise their tax rates. Those decisions, in turn, can prompt more families and companies to consider moving further out, creating a downward spiral effect.

To ameliorate this effect and reduce tax-base competition between metropolitan communities, in 1971 the state of Minnesota passed the Charles R. Weaver Metropolitan Revenue Distribution Act, commonly known as the Fiscal Disparities Act. This law created a system whereby 40 percent of the increases in commercial-industrial property tax revenue since 1971 have been shared on a means-tested basis among localities in seven metro-area counties (Hennepin, Ramsey, Anoka, Carver, Dakota, Scott and Washington).

At the time of its passage, lawmakers hoped the bill would create an incentive for local governments to cooperate instead of compete in economic development.[30]

Map 7: TWIN CITIES REGION: Municipalities with a Less Than Average Percentage Change in Tax Capacity per Household Overlaid with Subsidized Business Relocations, 1999-2003



Data Source: Minnesota State Auditor; Minnesota Department of Revenue; Minnesota Department of Employment and Economic Development; Good Jobs First.

Because communities share a large portion of the tax benefits from any commercial or industrial growth in the region, the law greatly reduces the fiscal reward for any individual community that might seek to pirate jobs and grow its tax base at the expense of its neighbors.

The Fiscal Disparities Act is one of the nation's largest and oldest regional revenue-sharing systems. It has been credited with greatly reducing the tax base disparities among localities in the seven counties compared to other metro areas, enabling older communities to remain vital.[31]

Despite that historical finding, it is readily evident from our analysis of these 86 deals that the Fiscal Disparities Act has not deterred some cities from actively recruiting their neighbors' employers. Part of that can be explained by the fact that the metro area has continued to grow so that it encompasses four more Minnesota counties—Chisago, Isanti, Sherburne and Wright—and two Wisconsin counties.[32] While these counties are excluded from the Fiscal Disparities program, almost a third of the 86 subsidy deals in this study were granted in the four fringe Minnesota counties. Indeed, three of the seven winning communities are in these outlying counties: Big Lake (Sherburne County), Rockford (Wright County) and North Branch (Chisago County).

However, the issue of these additional counties should not be overemphasized: more than two thirds of the subsidized relocations occurred *within* the Fiscal Disparities area. The long-term march of sprawl—both inside and outside of the seven-county sharing system—is apparently eroding the Fiscal Disparities Act's effectiveness.

Suburban economic development officials we interviewed were ambivalent about the Fiscal Disparities program. One local economic developer noted that the program is widely hated because municipalities do not like to share, but he also credited it with allowing Minneapolis and St. Paul to remain strong players in the regional economy. "You don't have to look very far, just to Detroit, to see that it is not very nice to be a suburb when there's not a strong central city," he concluded.

Chapter Five:

Local Perspectives on Subsidized Relocations

In an effort to better understand how the relocations occurred, we sought to interview the economic development director of each community that lost or gained three or more companies. We found a mix of regional policy awareness and staunch localism. Even in the counties covered by the Fiscal Disparities Act, the interviews revealed, tax-base competition is alive and well in the Twin Cities region, with economic development subsidies often being used aggressively to lure jobs from nearby localities.

Indeed, by their own admissions, nearly all of the companies tracked in this study would have remained in Minnesota. Question 19 of the Minnesota Business Assistance Form asks if the recipient would have remained in their previous location or relocated elsewhere if not awarded a subsidy. Over 94 percent of the relocating firms said they would have stayed put or moved to another location within the state. We assume they meant within the Twin Cities metro area, since companies normally want to retain their skilled workers as well as proximity to suppliers and customers. Only 6 percent of respondents (5 companies) claimed that without a subsidy they would have left Minnesota. However, a search of contemporary newspaper accounts confirms only one such threat. By far the most common issue in competition for jobs and tax base is intra-regional, not interstate.

In preparing for the interviews, we reviewed the relevant disclosure reporting forms and collected all available newsclips. We used a standard questionnaire for gainers and losers (copies of which are appended to this study) which provided for both specific and open-ended answers.

In the gaining communities, there were recurring patterns. Each attracted all of the relocating firms into its municipal industrial park. Officials made it clear that they consider developing municipal industrial parks to be central to their strategy for recruiting businesses. Outlying communities are traditionally highly residential, bedroom communities; industrial properties provide tax base diversification and require fewer municipal services than residential development (i.e., industrial parks don't house any school children). Low land prices enable these communities to develop new industrial parks and then use TIF or other subsidies to resell land plots very cheaply.

Also, officials generally said that they target their subsidy offers to small and mid-size firms with the greatest potential for growth. As one economic development director put it: “It’s the small growing companies we seek out. We’re not interested in the big guys.”[33] Some gaining communities specifically targeted companies that were renting, on the belief that such companies would be attracted to a deal for cheap land where they could afford to own. The City of Ramsey, for example, sent out fliers advertising available land to every company in Anoka County that was a tenant in a multi-unit building.[34]

Land is cheaper in outlying areas, but when communities there use subsidies to make land prices artificially low, they can distort the market to the detriment of neighboring localities. In some of the relocations studied here, suburban communities gave away parcels in their industrial parks for a dollar apiece. One frustrated official stated of a competing community, “If you try to play ball against [that city], you lose. If you go low, they’ll go lower.”[35]

Not surprisingly, officials of the losing cities were less likely to recall the relocations of small and medium-sized companies than were officials in the gaining cities. But when they did recall the episode, rarely had they engaged in any kind of bidding war with the gaining community. Instead, they may have tried to retain the company with help in finding real estate or other needs.

While the central cities and inner ring suburbs do not shy away from using TIF and other redevelopment programs, they are more likely to use them for remediation of contaminated brownfield sites.[36]

Many communities that lost firms indicated an unwillingness to grant retention subsidies. Some made it clear they feel constrained by a poorer tax base. Others stressed the need to treat businesses even-handedly and keep taxes as low as possible overall. The city of Bloomington and its community development director Larry Lee use this fairness strategy. He is so barraged by requests for subsidy deals he uses a form e-mail which states:

> …The City of Bloomington’s philosophy has been that our businesses are best served when the City does an exceptional job of providing services at an affordable price. It is better for all businesses and residents to receive the "subsidy" of a reasonable or even bargain price for their services than to pay a premium that is used to give someone else a subsidy for providing new jobs. The justification behind this philosophy is that the subsidy would need to be collected from someone and because commercial/ industrial property comprises about half our tax base, job subsidies would be paid by other businesses, with the city adding in the inefficiency cost of taking funds from one taxpayer to distribute them to another. In the end it would become impossible for the City to make such a system equitable to all, or even most of the businesses in the City…[37]

This philosophy was echoed to varying degrees by officials in some of the other losing communities. Yet, with no regional pact for active cooperation among cities in the Twin Cities region, local officials must repeatedly fend for themselves.

Chapter Six:

Policy Options For More Cooperation and Greater Efficiency

To address our findings we offer three policy options:

Convene a Regional Compact for Cooperation Instead of Piracy

Interviews we performed for this study make it clear that local economic development officials in the Twin Cities do not have a functional network or policy for cooperation, even when a company seeks to pit places against each other in order to extract a larger subsidy. Although there are some exceptions, many cities in the region act in much the same way states act when they compete for a new facility: they do not communicate with each other, passively acceding to the "prisoners' dilemma" role of allowing the company to control the process of bidding up the subsidies.

More broadly, we were struck by how few of the officials we interviewed said anything to suggest that they consider their neighboring communities as any sort of partners in economic development. The fate of the Twin Cities' regional economy is determined by its overall competitiveness and attractiveness; companies deciding where to expand or relocate look at the skills and infrastructure and quality of life of the whole region (or at least a large part of it), not one suburb. Despite that reality, despite the fact that a growing number of workers live and work in different cities, and despite Fiscal Disparities Act revenue sharing, local development officials lack a vehicle for cooperation.

Several metro areas have experience which could benefit the Twin Cities. For example, the Metro Denver Economic Development Corporation actively facilitates the work of local communities, in part with a Code of Ethics that stresses very specific ways to promote cooperation and reduce zero-sum competition:[38]

> *In the event a company chooses to relocate from one [Denver-area] community to another, every effort will be made to contact the affected community to let them know of the potential move. Violation of this commitment shall be viewed as the single most serious breach of our membership pledge to the Metro Denver EDC.*
>
> *"Selling against" another member of the Metro Denver EDC or*

another Colorado community, or direct solicitation of intrastate relocations, is strongly discouraged.

Members are strongly discouraged from advertising in local media outside of their own market area.

San Francisco Bay-area members of the California Association for Local Economic Development have also had a long-standing Code of Ethics, which state in part:

The economic development program, city or county in which the business [currently] resides is to be notified (as soon as possible) that the business is considering relocation. Permission to contact the city MUST be obtained from the business first. Since the reasons the business is relocating could well be reasons why you may not want the business in your back yard, a discussion of the needs and reasons of the business for moving, is prudent. This discussion should be followed by an offer to contact a person in the county/city who could assist with the resolution of any problems identified in the business' current location.

The community losing the business must agree that they are unable to meet the needs of the business before State and Federal resources/ programs (such as Industrial Development Bond financing) can be provided as an incentive to the business to move.[39]

Given that TIF is a state-enabled subsidy, the same system of permission being required from a losing community before a gaining community could offer TIF could be used in the Twin Cities metro area.

Montgomery County (Dayton) Ohio also has a system in place to deter zero-sum job piracy and Miami-Dade, Broward and Palm Beach Counties in south Florida have drafted an agreement that has yet to be enacted. States that have such laws (often specific to one incentive or type of business, such as retail) include Alabama, Colorado, California, Iowa, Michigan, New Mexico, Puerto Rico, and Wisconsin. Localities that have ordinances either denying or discouraging piracy deals include Gary, Indiana and Austin, Texas.[40]

By cooperating to make their use of development subsidies fairer and more efficient, Twin Cities-area officials could curtail zero-sum job piracy and re-focus their resources to jointly promote the region's collective strengths.

MAKE TRANSIT-ACCESSIBILITY (AND OTHER LAND USE EFFICIENCIES) A REQUIREMENT TO QUALIFY FOR A SUBSIDY

The Twin Cities region has three compelling reasons to actively coordinate economic development with public transportation: the environment, social equity, and economic competitiveness.

With the region projected to gain 563,000 jobs and generate 4 million daily trips by 2030, and with traffic congestion already rated the top public concern, commuting times and air quality will surely deteriorate unless more commuters have the choice of taking transit. As commuting times grow longer, some employers lose access to greater shares of the regional labor market, making the region less attractive and competitive. Workers waste more time in slow traffic, making them less productive and generating higher fuel bills. And as more jobs migrate to or grow in places that are not transit-accessible, low-income workers who cannot afford a car—disproportionately people of color—may be denied the opportunity to gain new skills and a better living.

Illinois last summer became the first state to intentionally link job subsidies to transit. Its Business Location Efficiency Incentive Act gives a small additional corporate income tax credit (10 percent higher) under one common state incentive (the Economic Development in a Growing Economy, or EDGE program) for deals in which the job site is accessible by public transportation and/or proximate to affordable workforce housing.[41]

The Act was championed by a coalition of business, environmental and transit advocates who consider transit access and affordable housing crucial issues for the future economic viability of Illinois' urban centers. The Chicago region's largest employers, as represented by Chicago Metropolis 2020, presaged the law with their 2001 Metropolis Principles, in which more than 100 major companies announced that in making future decisions about where to expand or relocate in the Chicago metro area, they would heavily weight job access via public transit and proximity to affordable housing.[42]

In California, the Infrastructure and Economic Development Bank applies land use and other efficiency-targeting standards to its Infrastructure State Revolving Fund (ISRF) Program. It rates applications using a 200-point scoring system which gives preference to applicants that:

- Serve environmental and housing goals by being located in or adjacent to already developed areas, protecting the environment in any of several ways, and being located in a jurisdiction with an approved General Plan Housing Element (up to 40 points);
- Are "located in or adjacent to and directly affecting, areas with high unemployment rates, low median family income, declining or slow growth in labor force employment, and high poverty rates" (up to 55 points);
- Improve the quality of life by contributing to benefits such as public safety, healthcare, education, day care, greater use of public transit, or downtown revitalization (up to 30 points);
- Are most cost-effective in job creation or retention (ranging from 10 points for firms receiving less than $65,000 per job to 30 points for firms receiving less than $35,000 per job); and
- Have "established relationships with local employment and training entities… to link local job seekers with

employment opportunities" (up to 10 points).

Thirty-five additional points are assigned for "economic base employers" (those that draw revenue from outside the region), those projects with the lowest ratios of public financing versus private capital, and project readiness (the fewest months before construction will start).

UPDATE THE FISCAL DISPARITIES ACT

Enacted 35 years ago to cover a metro area that then included seven Minnesota counties, the law could be updated to reflect the region's growth by including the four additional Minnesota counties (Chisago, Isanti, Sherburne and Wright) that are now counted as part of the regional labor market. (The Consolidated Metropolitan Statistical Area also now includes Pierce and St. Croix Counties in Wisconsin). Almost a third of the relocations found by this study were in these four counties.

Because they are not covered by the Act, the four counties get to retain 100 percent of the increases in their commercial-industrial tax bases, instead of sharing 40 percent of the incremental growth with localities throughout the region. In other words, the region's four most-distant and thinly populated Minnesota counties have a stronger fiscal incentive to pirate jobs and tax base from the other seven—a structural prescription for more sprawl.

Chapter Seven:

Methodology

This study was made possible by a 1999 amendment to Minnesota's pioneering 1995 economic development subsidy disclosure law. Question 18 of the revised disclosure form asks if the deal involves a relocation. If the answer is yes, the form asks for the name of the originating city; it also provides one blank line for the company to state why it did not stay in that city.[43] A sample disclosure report is appended to this study.

These reports, entitled Minnesota Business Assistance Forms (MBAFs), are scanned and posted individually in pdf form on the Minnesota Department of Employment and Economic Development (DEED) website at http://www.deed.state.mn.us/Community/subsidies/.

From the DEED website, we collected MBAF reports on which Question 18 was answered "Yes" for deals occurring between 1999 and 2003 (posted online between 2000 and 2004). We then compiled data from those forms into a spreadsheet which originally totaled almost 200 deals, many of which occurred in Greater Minnesota rather than the Twin Cities area.

Next we had to locate the companies' exact previous street addresses; the MBAFs only ask for the name of the former community. Numerous sources were necessary to obtain those addresses: Minnesota business directories archived at the Library of Congress; the Dun & Bradstreet, Inc. Market Identifier Plus database; and public records from Minnesota. When those sources failed, we also consulted electronic databases such as *Experian Business Reports,* info*USA Business File, Internet Archive, and US Business Directory*. Finally we directly telephoned some of the companies. In less than eight percent of the cases, were we unable to locate the firms' previous address; we excluded those relocations from the study. We were left with a database of 178 subsidized relocations once these subsidy deals were removed.

We then excluded relocations outside the 11-county metro area (Anoka, Carver, Dakota, Chisago, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties), which left almost half of the records (86 relocations).

In mapping these company moves, we contracted with Minneapolis-based Ameregis. Ameregis is a geographic information systems (GIS) firm that specializes in research on land use, public finance, and regional governance. The firm's founder is Myron Orfield, author of the books *Metropolitics: A Regional Agenda for Community and Stability*, and *American Metropolitics: The New Suburban Reality*.[44] These studies give an in-depth look at development patterns in the Twin Cities Metropolitan Area (and many other metro areas) and argue strongly for regional thinking and partnerships to curb sprawl and promote community revitalization.

Orfield's influential maps have shaped the way many regional analysts and planners understand metropolitan areas, especially with regard to tax base issues. For this reason, we asked Ameregis to preserve a color-scheme that mimics Orfield's community analysis.

The tax capacity data used in Maps 6 and 7 comes from the Office of the Minnesota State Auditor. The rest of the demographic information expressed in the maps (poverty, race, public assistance and transit access data) comes from the 2000 U.S. Census.

In order to collect employment numbers for each firm that relocated, we telephoned each company and also used Dun & Bradstreet Market Identifiers Plus data. Although both our calls and the Dun & Bradstreet data depend on company self-reporting, these were the best methods available for estimating how many workers were affected by the relocations.

Finally, we examined the perspectives of gaining and losing communities by seeking to interview the economic development director of each city that that lost or gained three or more firms. Only one city's development office did not respond to our calls; in a few other cases, staff turnover precluded us from speaking with someone with direct knowledge, but in most cases their successors pulled files and told us what they could.

ENDNOTES

1. The Minnesota Department of Employment and Economic Development fact sheet and frequently asked questions about the law can be viewed at: http://www.deed.state.mn.us/Community/subsidies/.

2. While relocation data started being collected in 1999, this data was not published online by the Minnesota Department of Employment and Economic Development until 2000.

3. Greg Le Roy, Sarah Hinkley and Katie Tallman, *Another Way Sprawl Happens: Economic Development Subsidies in a Twin Cities Suburb.* Good Jobs First, January 2000.

4. Friends of the Earth press release, "SBA to Implement New Environmental Policies to Settle Conservationists' Lawsuit," March 27, 2003 at: www.foe.org/new/releases/0303sba.html.

5. Mark Cassell, *Zoned Out: Distribution and Benefits in Ohio's Enterprise Zone Program.* Policy Matters Ohio, 2003. Available at www.policymattersohio.org/enterprise_zones.htm. And "Wealthy benefit most from enterprise zones," Cleveland Plain Dealer op-ed, November 10, 2003

6. Chris Lester and Steve Nicely, "Giveaways Set the Stage for a Loss," Kansas City *Star*, December 20, 1995, p. 1.

7. See, for example: "Reforming TIF, Some unfinished work to do," Minneapolis *Star Tribune*, 3/18/96, p. 10A; Dave Beal column, Saint Paul *Pioneer Press*, February 16, 1997; "TIF or nothing? A needed redevelopment alternative," Minneapolis *Star Tribune*, April 29, 1996, p. 10A; "Minnesota Cities' Use of Tax-Increment Financing Rising," Saint Paul *Pioneer Press*, May 5, 1998.

8. Minnesota Office of the State Auditor, *Tax Increment Financing Legislative Report,* January 23, 2006, p. 5. and "2005 TIF Report" The Citizens League, March 2006. Percent of Total Tax Capacity Captured by TIF (based on total tax capacity of cities and towns that used TIF).
Available at: www.citizensleague.net.

9. Ibid, p. 72.

10. Interview December 17, 1998 with Jerry Silkey, Minnesota Department of Revenue. "Tax Increment Financing," Legislative Auditor, March, 1996 report, op cit, p. 26. Joel Michael, Minnesota

House Research Department, cited in the May 19, 1998 issue of *Minnesota Journal,* op cit. In 2001, the 'general education levy' was removed from the Minnesota property tax rolls. It represented on average half of the school-related charges on property tax bill. The State's school aid formula pegs a school district's obligation at (a) property values times the uniform rate of taxation minus (b) the number of students times the operating cost per student. However, when a school district's tax base includes TIF, that part of the property value is excluded from the computation, raising the difference between the two products and creating a gap that is then largely offset by the State. The state offset only covers lost operating revenues, not capital expenses.

11. Michael J. House, "TIF: Deficit Reduction Provisions," Research Department: October 2003. Available at: www.house.mn/hrd/hrd.htm.

12. All maps in this study display the 11 county metropolitan area of Minneapolis and Saint Paul (including Anoka, Carver, Chisago, Dakota, Isanti, Hennepin, Ramsey, Scott, Sherburne, Washington and Wright Counties). The 2000 U.S. Census includes two Wisconsin Counties in the Minneapolis-Saint Paul Metropolitan Statistical Area; however these counties are beyond this study's scope since they are not covered by Minnesota's economic development subsidy disclosure system.

13. Relocations within the same city accounted for 23 of the 86 data points. By excluding these subsidized relocations, 63 data points remained.

14. Increasing the transit accessibility threshold does not have a significant impact on our findings. When we double the threshold to one half mile the same pattern is exhibited. A total of 67 percent of former locations are within one half mile of transit, while 57 percent are within one quarter mile of transit. A total of 34 percent of new, subsidized locations are within one half mile of public transit, while 29 percent are within one quarter mile.

15. Employment numbers were found in 72 development deals. The calculations exclude Best Buy Co. (employing 2,200 workers) and Tradehome Shoe Stores (employing 800 workers). Employment at all other firms ranges from two to 350 employees.

16. Mafruza Khan, *Missing the Bus: How States Fail to Connect Economic Development with Public Transit,* Good Jobs First, September 2003, at http://www.goodjobsfirst.org/pdf/bus.pdf.

17. Twin Cities Metropolitan Council *2030 Transportation Policy Plan.* December 2004. Available at: http://www.metrocouncil.org/planning/transportation/TPP/2004/summary.htm.

18. Ibid.

19. Ibid.

20. Center for Transit Oriented Development and Center for Neighborhood Technology. *The*

Affordability Index: A New Tool for Measuring the True Affordability of a Housing Choice. The Brookings Institution Metropolitan Policy Program: January 2006.

21. 2000 US Census, Summary File 3. Available at: www.census.gov.

22. 2000 US Census, Summary File 3 (Race including Hispanic/Latino.) Numbers based on the Twin Cities Metropolitan Statistical Area which also includes Polk and Pierce County in Wisconsin. Available at: www.census.gov.

23. 2005 American Community Survey; U.S. Census Bureau. Means of Transportation to Work by Poverty Status in the past 12 months. Numbers based on the Twin Cities Metropolitan Statistical Area which also includes Polk and Pierce County in Wisconsin. Available at: www.census.gov.

24. Alyssa Talanker and Kate Davis, *Straying from Good Intentions: How States are Weakening Enterprise Zone and Tax Increment Financing Programs*. Good Jobs First, June 2003.

25. 2000 US Census. Median minority population calculations exclude relocations within the same municipality. Available at: www.census.gov.

26. 75.3 percent of the metropolitan region residents earning poverty-level wages or below live in Hennepin or Ramsey County. 2000 US Census, Summary File 3, Poverty Status in 1999. Available at: www.census.gov.

27. 2000 US Census, Summary File 3, Public Assistance Income in 1999. Available at: www.census.gov.

28. This is a weighted average which considers how many subsidy deals affected each community. The tax capacities of communities like Rogers, that both gained and lost businesses through subsidized business relocations, would be counted in both categories and also weighted according to how many gains and losses it experienced in the corresponding equations.

29. Minnesota State Auditor, Minnesota Department of Revenue. Tax Capacity numbers for 2004. Calculations exclude the 23 subsidized relocations that occurred within the same city.

30. Steve Hinze and Karen Baker, *Minnesota's Fiscal Disparities Programs: Twin Cities Metropolitan Area and Iron Range*, Minnesota House Research Department: January 2005. Available at: www.house.mn/hrd/hrd.htm. This report provides valuable information on changes affecting the fiscal disparities provision throughout its lifespan as well as information on how Minnesota property taxes would be affected if the tax sharing program were to be abolished.

31. Myron Orfield, *American Metropolitics: The New Suburban Reality*. 2002. The Brookings Institution: Washington, DC.

32. While, according to the 2000 US Census, the Minneapolis-Saint Paul Metropolitan Statistical Area includes

two Wisconsin counties, these counties are out of this study's scope since we rely on the State of Minnesota disclosure requirements to map subsidized relocations.

33. Interview with economic development official from a community gaining three or more firms to a subsidized relocation.

34. Interview with Sean Sullivan, Economic Development Coordinator, City of Ramsey, August 30, 2006.

35. Interview with economic development official from a community losing three or more firms to a subsidized relocation.

36. Interview with economic development official from a community losing three or more firms to a subsidized relocation.

37. Interview with Larry Lee, Community Development Director, City of Bloomington. August 2, 2006.

38. See the full Code of Ethics text at: http://www.policymattersohio.org/pdf/Metro_Denver_Code_of_Ethics.pdf.

39. "CALED Bay Area Chapter Code of Ethics for Economic Development Professionals and Organizations for In-State Business Lead Solicitation (Marketing) and Processing." Undated, provided by Bruce Kern, executive director of the (Alameda and Contra Costa Counties) Economic Development Alliance for Business on December 30, 1998.

40. Greg LeRoy, *No More Candy Store: States and Cities Making Job Subsidies Accountable* (1994), pp. 72-83, at: http://www.goodjobsfirst.org/pdf/nmcs.pdf. Wendy Patton, "State and Local Anti-Poaching Agreements: Background Information," Policy Matters Ohio, September 2006, at: http://www.policymattersohio.org/pdf/anti-poaching_backgrounder.pdf. "Anti-Piracy Laws," Institute for Local Self-Reliance, New Rules Project, undated, at: http://www.newrules.org/retail/piracy.html.

41. Transit access is defined as regular service within a mile of the worksite plus pedestrian access to the transit stop. Housing affordability is pegged to 35 percent of the median salary of the workforce (excluding the highest-paid 10 percent of the employees), located within 3 miles of the job site. Companies seeking the subsidy at sites that do not initially qualify can qualify with a site remediation plan that includes measures such as an employer-assisted housing plan, shuttle services, pre-tax transit cards, and carpooling assistance. The Act also provides incentives for businesses to create jobs in any area with a labor surplus. The text of Illinois SB 2885 may be seen at: http://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=50&GA=94&DocTypeId=SB&DocNum=2885&GAID=8&LegID=23994&SpecSess=&Session=.

42. News of the Metropolis Principles can be viewed at: http://www.chicagometropolis2020.org/documents/metropolisprinciplesFINAL.pdf

43. Minnesota Statutes 116J.993, §2, Subd. 7 parts 6 and 7. *op. cit.*

44. Myron Orfield, *Metropolitics: A Regional Agenda for Community and Stability*, Revised Edition, 1997. Brookings Institution: Washington, D.C, and Myron Orfield, *op. cit.*

APPENDIX A:

Sample of a Minnesota Business Assistance Form (MBAF)

Section 1 Grantor Information

1. Name of grantor (funding entity): **Cottage Grove EDA**

2. Name of person completing this form: **Ron Hedberg**

3. Street Address: **7516 80th St S**

4. City: **Cottage Grove**

5. Zip code: **55016**

6. County: **Washington**

7. Phone number: **6514582800**

8. Fax number: **6514582897**

10. Is the person who should receive the MBAF different from the person in Question 2? **Yes**
    Name/Title: **Ryan Schroeder City Administrator**
    Phone number: **6514582800**

11. Classification of grantor (If grantor is entity created by government agency, please indicate affiliation. For example, a city EDA would check "City Government."): **City government**

12. Has your organization held a public hearing on and adopted criteria for awarding business subsidies in compliance with Minn. Stat. §116J.994? : **Yes, prior to 2004**

Hearing Date: **7/16/2003**
Year Criteria Submitted: **2003**

13. Has your organization signed any agreements to award a business subsidy or financial assistance from August 1, 1999 through December 31, 2003, unless goals have been achieved and reported in a previous filed MBAF that is required to be reported under Minn. Stat. §116J.993 and §116J.994?: **Yes**

Section 2 Recipient Information

14. Name of business or organization receiving subsidy or financial assistance: **Tradehome Shoe Stores Inc.**

15. Address where business subsidy or financial assistance will be used.
Street Address: **8300 97th St**
City: **Cottage Grove**
State: **MN**
Zip Code: **55016**

16. Does the recipient have a parent corporation? : **No**

17. Industry of recipient's facility: **Retail Trade**

18.Did the recipient relocate as a result of signing this agreement? **Yes**

If yes, indicate city and state of previous address and reason recipient did not complete this project at that address.
City of previous address:**St. Paul**
State of previous address: **MN**
Reason project not completed at previous address: **Need room for expansion, desire to own bldg**

19. Would the recipient have remained in previous location or relocated elsewhere if not awarded this business subsidy or financial assistance? : **Relocated to different Minnesota location**

Section 3 - Agreement Information

20. Total dollar value of business subsidy or financial assistance: **$ 296840**

21. Date agreement signed: **5/14/2001**

22.Benefit date (Indicate the date the recipient will benefit from the business subsidy or financial assistance. For example, indicate the date improvements were finished, equipment was placed into service, or the recipient occupied the property, whichever is earlier.): **2/1/2002**

23. Does the agreement provide a business subsidy or one of the four types of financial assistance (see Question #25) required to be reported? : **Business subsidy**

24. If the agreement provided a business subsidy, please indicate the type(s) by entering a total dollar value for each type:
TIF or other tax reduction or deferral value:**$296840**

26. If the assistance included tax increment financing, please indicate the type of TIF district: **Economic development**

27. Are any other grantors providing a business subsidy or financial assistance to the same project? : **No**

Section 4 - Goals and Public Purpose Identified in the Agreement

28. Minn. Stat. §116J.994 requires that business subsidy and financial assistance agreements state a public purpose. Which of the following public purposes were stated in the agreement? (Check all that apply.) :
Creating high-quality job growth
Increasing tax base (cannot be only purpose)

29. The agreement must have included at least one of the following types of goals. Indicate the Target Attainment Date and whether ALL goals were attained for any goal included in your agreement. :

Type of Goals	Target Attainment Dates	ALL Goals attained?
Specific wage and job goals to be attained within 2 years	2/1/2004	No
Other goals other than wage and job goals	2/1/2007	No

30. For each of the following wage categories, indicate the job creation goals and/or retention goals stated in the agreement and the average hourly value of any employer-provided health insurance goals for those jobs. (Only indicate job creation goals in full-time equivalents if you are unable to separate goals by full- and part-time positions.)

No hourly wage-level goal:
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage less than $7.00 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $7.00 to $8.99 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $9.00 to $10.99 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $11.00 to $1299 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $13.00 to $14.99 (excluding benefits):
3 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $15.00 and higher (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

31. For each of the following wage categories, indicate the number of actual jobs created and/or retained since the benefit date and the actual hourly value of any employer-provided health insurance for those jobs. (Only indicate job creation in full-time equivalents if you are unable to separate goals by full- and part-time positions.)

Hourly Wage less than $7.00 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $7.00 to $8.99 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $9.00 to $10.99 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $11.00 to $1299 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $13.00 to $14.99 (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

Hourly Wage of $15.00 and higher (excluding benefits):
0 – Full time job creation
0 – Part-time Seasonal/Temp. Job Creation
0 – FTE (only if goals not stated as FT/PT) Job Creation
0 – Job Retention

32. Has the recipient achieved all goals and fulfilled all obligations stipulated in the agreement? : **No**

Section 5 – Recipients Failing to Fulfill Obligations

33. During the period January 1, 2003 through December 31, 2003, did your organization have any recipients who failed to report as required by Minn. Stat. §116J.993 and §116J.994? **No**

34. Did your organization have any recipients who failed to achieve any goals or fulfill any other obligations under an agreement signed on or after January 1, 2003, that were required to be fulfilled by the time of this report? **No**

APPENDIX B:

LIST OF SUBSIDIZED CORPORATE RELOCATIONS

Company Name	Old City	New City	Subsidy Value	Number of Full Time Employees	Change in Distance from Central Cities	Old Site within .25 Miles of Transit?	New Site within .25 Miles of Transit?	Change in Non-White Residents (%)*	Change in Poverty Rate (%)*	Change in Public Assistance Rate (%)*
A.J. Machinery (Great Dane Properties, LLC)	Elk River	Big Lake	$206,115	15	9.6	No	No	0.5	2.9	2.6
Advanced Wireless Communications (Coons Family, LLC)	Lakeville	Lakeville	$232,900	67.5	0.0	No	No	0.0	0.0	0.0
Adventure Publications (G&C Ventures, LLC)	Stanchfield	Cambridge	$117,745	20	-4.7	No	No	1.0	8.6	5.9
Alma Will AGW Properties LLC	Rogers	Rogers	$279,999	35	0.0	No	No	0.0	0.0	0.0
Annandale Marketplace Inc	Annandale	Annandale	$149,581	65	-0.6	No	No	0.0	0.0	0.0
Archway Marketing Services (Opus Northwest LLC)	Maple Plain	Rogers	$1,253,000	350	0.4	No	No	1.3	-1.6	0.3
Associated Wood Products (Gruett-Labriola Partnership)	Bloomington	Rosemount	$642,096	35	5.9	Yes	No	-19.5	-5.6	-8.9
ATAboy Manufacturing (A-Boy, L.L.P.)	Monticello	Big Lake	$47,055	11	0.4	No	No	-3.1	-14.9	-3.4
Auto Chlor Systems (Vertin Properties, LLC)	Plymouth	Rockford	$640,000	45	14.5	Yes	No	-7.9	-5.7	0.0
B.F. Nelson Corp. (Larry M. Ross LLC)	Minneapolis	Savage	$300,000	187	11.6	No	No	-10.1	-14.6	-2.0
Best Buy Co. Inc	Eden Prairie	Richfield	$59,923,127	2200	-3.8	Yes	Yes	35.3	8.1	1.6
Buchmeir Agency, Inc.	St. Paul	St. Paul	$63,425		-0.1	Yes	Yes	-5.4	-5.8	4.5
Calico Barn, T W Remodeling (Todd & Ann Walock)	Maple Grove	Osseo	$420,000		-2.6	No	Yes	-4.3	0.4	-2.2
Carlson Refrigeration (JKD Partners, LLC)	Minneapolis	St. Paul	$297,480	46	2.0	Yes	Yes	37.3	9.2	18.2

Company Name	Old City	New City	Subsidy Value	Number of Full Time Employees	Change in Distance from Central Cities	Old Site within .25 Miles of Transit?	New Site within .25 Miles of Transit?	Change in Non-White Residents (%)*	Change in Poverty Rate (%)*	Change in Public Assistance Rate (%)*
Cartech Editorial Offices (David J. & Martha Arnold)	North Branch	North Branch	$70,866	12.5	0.1	No	No	6.2	0.0	0.0
CCE Technologies, Inc.	Mendota Heights	Cottage Grove	$99,723	9	9.6	Yes	No	-0.1	-1.0	0.0
CJN Investments LLP	Blaine	Lino Lakes	$77,185	18	3.8	No	No	15.6	2.2	2.1
Coordinated Business Systems Ltd (Oricchio Grand Seven Properties, LLC)	Burnsville	Burnsville	$58,015	60	0.1	Yes	Yes	6.8	5.7	6.6
Coro, LLC	New Hope	Annandale	$175,000	17	37.1	Yes	No	-4.4	3.9	0.6
Custom Drywall, Inc.	St. Paul	St. Paul	$417,520	155	-0.2	Yes	Yes	0.0	0.0	0.0
D.R. Horton Inc	Eagan	Lakeville		153	12.0	No	No	-20.6	5.5	4.4
Data Recognition Corp	Minnetonka	Maple Grove	$466,000	300	2.0	Yes	Yes	-5.9	3.9	-1.9
DEA Artists' Quarter (Jackson Venture, Inc.)	St. Paul	St. Paul	$80,000		-0.3	Yes	Yes	13.7	6.9	0.5
Diversified Remediation and Controls, Inc.	Rogers	Rockford	$169,524	40	4.7	Yes	No	2.3	5.1	2.7
Flour City Packaging (Pioneer Packaging & Printing, Inc.)	Anoka	Anoka	$237,534	130	-0.3	Yes	Yes	0.0	0.0	0.0
ForPak, Inc.	Hastings	Hastings	$43,559	7	0.1	No	No	4.3	0.0	0.0
Frito-Lay, Inc.	Fridley	Coon Rapids	$366,373	150	2.6	Yes	Yes	-3.4	2.9	10.6
GoldCom	West St. Paul	South St. Paul	$63,600	9	2.4	Yes	Yes	-13.3	10.3	3.5
Graco, Inc.	Golden Valley	Minneapolis	$1,175,000	120	-2.2	Yes	Yes	9.8	19.2	5.0
Hazdelmar, LLC	Roseville	Lino Lakes	$217,059		11.5	Yes	No	24.0	2.0	3.6
HBSL, LLC	Cambridge	North Branch	$29,000		-3.4	No	No	4.2	1.2	-2.4
Higley Cabinets (Robert D. Higley)	North Branch	North Branch	$29,926	8	3.5	No	No	3.6	5.3	0.0
Hillcrest Development	Minneapolis	Minneapolis	$1,500,000	11	0.4	Yes	Yes	8.7	15.6	3.1
Hillcrest Development	Minneapolis	Minneapolis	$1,520,000	4	-0.8	Yes	Yes	14.6	32.0	4.1
Holiday Sales, Inc.	Minneapolis	Rockford	$146,028	12	25.9	Yes	No	-9.2	-11.8	2.0
Intech Industries	Maple Grove	Ramsey	$164,360	70	6.9	Yes	No	0.6	-1.7	0.0
Integrated Recycling Technologies Corporation	Rogers	Monticello	$40,000	15	12.9	No	No	-1.3	-0.5	0.3
IntelliFEED, Inc. (Kaywer Properties LLC)	Eagan	Rosemount	$200,000	13	8.4	Yes	No	-15.0	2.8	-0.3

Company Name	Old City	New City	Subsidy Value	Number of Full Time Employees	Change in Distance from Central Cities	Old Site within .25 Miles of Transit?	New Site within .25 Miles of Transit?	Change in Non-White Residents (%)*	Change in Poverty Rate (%)*	Change in Public Assistance Rate (%)*
Isanti County Equipment	Cambridge	Isanti	$111,715	20	-4.6	No	No	0.2	-5.1	-2.0
Jimmy's Johnnys	North Branch	North Branch	$29,000	6	-0.9	No	No	4.8	3.9	-2.2
Kalway Construction Company (Basalt Properties LLC)	New Brighton	Ramsey	$50,651	25	15.1	Yes	No	2.4	-6.5	0.0
Lexington Textile Supply Inc. (Hameed & Asiya Khan)	Blaine	Isanti	$81,130	2	22.0	No	No	-5.1	4.4	5.1
Lorenz Family Limited	West St. Paul	Cottage Grove	$263,735	2	8.8	Yes	No	-6.7	-3.5	-3.8
Lyman Lumber Company	Long Lake	Montrose	$6,236,000	200	17.3	Yes	No	-4.8	3.2	0.3
Mackin Book Company	Burnsville	Burnsville	$148,800	250	2.5	Yes	Yes	2.5	-5.0	-0.3
Market Properties, LLC	Golden Valley	Annandale	$65,000		39.3	Yes	No	0.7	2.1	1.8
Marmon/Keystone Corp.	Little Canada	Lino Lakes	$322,242	15	8.0	No	No	13.1	0.6	2.7
Mayflower Distributing Co.	Eagan	Mendota Heights	$145,000	350	-2.5	No	Yes	-10.6	-5.4	-5.9
Metrotech Partners, LLC	Minnetonka	Long Lake	$240,000		7.8	Yes	Yes	1.4	-0.3	0.0
Nor-Lakes Holding Co., L.L.C.	St. Paul	Hugo	$529,900	13	16.7	Yes	No	-17.8	-13.2	-1.1
North American Composites Company	Minneapolis	Lino Lakes	$122,250	100	9.4	Yes	No	0.2	-13.8	-2.6
North Concord Properties, LLC	South St. Paul	South St. Paul	$27,800	2.5	0.1	Yes	Yes	1.1	0.0	1.2
Northrop Development LLC	Bloomington	Hugo	$271,969	2	6.5	Yes	No	-13.7	-9.0	-11.1
OakRiver Technology, Inc.	Oakdale	Oakdale	$478,000	50	0.1	No	No	2.4	0.1	1.4
Omni-Tract Surgical (Levahn Superior Properties, LLC)	Minneapolis	White Bear Township	$421,941	40	8.2	Yes	Yes	-9.5	-19.0	-2.6
P&DH, LLC	South St. Paul	South St. Paul	$53,361		-0.5	Yes	Yes	3.2	13.5	10.7
Panther Investment	Fridley	Ramsey	$258,000	25	11.9	Yes	No	0.0	-13.2	-1.5
Paragon Store Fixtures	Big Lake	Big Lake	$333,612	44	0.5	No	No	1.8	-9.5	-5.4
Park Manufacturing Corporation	Cedar	Cambridge	$251,000	85	18.2	No	No	-1.1	2.9	2.6
Pneu-Motion, Inc.	Blaine	Blaine	$84,197	8	1.0	No	No	0.0	0.0	0.0
Precise Metalcraft Inc (L and D Properties LLC)	Osseo	Ramsey	$65,000	15	6.7	No	No	-15.1	-1.0	2.0
Precision Components, Inc./ Preventive Care, Inc.	Eagan	Rosemount	$200,000	10	8.9	Yes	No	-15.0	2.8	-0.3

Company Name	Old City	New City	Subsidy Value	Number of Full Time Employees	Change in Distance from Central Cities	Old Site within .25 Miles of Transit?	New Site within .25 Miles of Transit?	Change in Non-White Residents (%)*	Change in Poverty Rate (%)*	Change in Public Assistance Rate (%)*
Ramsey B&B, LLC	Anoka	Ramsey	$349,589	21	15.4	Yes	No	-0.5	2.2	2.0
Regal Machine Inc	Forest Lake	Wyoming	$570,000	40	4.0	No	No	2.0	-5.1	-6.3
Reichel's Catering Service (Robin Reichel)	Annandale	Annandale	$96,853		0.0	No	No	0.0	0.0	0.0
Ryan Companies, US Inc.	Minneapolis	Rogers	$750,000	6	21.5	Yes	No	-28.9	-23.3	-11.4
Schadegg Mechanical, Inc.	St. Paul	South St. Paul	$27,400	150	2.9	Yes	Yes	-66.3	-5.7	-16.1
Schmid and Sons Packaging (SSP Properties LLC)	Eagan	Cottage Grove	$78,846	100	8.5	Yes	No	6.8	-5.9	0.0
South St. Paul Agri-Properties	Inver Grove	Cottage Grove	$332,900	2	5.4	No	No	-7.0	-6.1	0.1
St. Croix Stone	Forest Lake	North Branch	$252,945	50	14.0	No	No	6.2	0.0	-9.6
Stebgo Metals	South St. Paul	South St. Paul	$174,679	12	0.7	Yes	Yes	10.9	17.7	11.0
Steinhauser Creative Group (MGC Properties, LLC)	Minneapolis	Robbinsdale	$226,600	5	5.0	Yes	Yes	14.6	-15.2	7.5
Summit Concrete (J&C Real Estate)	Forest Lake	North Branch	$108,336	110	14.4	No	No	6.2	3.3	0.0
Systematic Refrigeration, Inc.	Dayton	Ramsey	$642,000	50	5.8	Yes	No	1.0	2.3	1.2
T&G Land, Inc.	Ramsey	Ramsey	$608,624		0.1	No	No	0.0	0.0	0.0
The Bindery, Inc.	Cambridge	North Branch	$283,334	42	-2.7	No	No	4.1	-5.5	-7.6
Thompson Woodworking (Clay & Darlene Thompson)	Albertville	Big Lake	$149,398	11	7.1	No	No	1.5	-1.3	1.5
Track of the Wolf, Inc. (David & Carole Ripplinger)	Brooklyn Park	Elk River	$129,050	14	17.8	Yes	No	-19.0	-6.2	0.5
Tradehome Shoe Stores, Inc.	St. Paul	Cottage Grove	$296,840	800	15.2	Yes	Yes	-10.5	-11.8	-5.0
U.S. Federal Credit Union	Bloomington	Burnsville	$294,000	67	4.9	Yes	Yes	-12.6	-0.5	-0.2
Ultra Machining Company (Terrance & Mary Tomann Family Limited Partnership)	Hamel	Monticello	$395,000	140	15.4	No	No	-0.2	-1.5	0.9
Update Properties, LLC	Eden Prairie	Chaska	$147,963		9.7	Yes	Yes	-9.7	-1.8	0.0
W Properties	Ramsey	Ramsey	$306,961		0.7	No	No	10.4	0.0	0.0
Webb Business Promotions*	Burnsville	Rosemount	$664,636	140	0.4	Yes	No	-7.2	0.0	1.7

APPENDIX C:

LIST OF PUBLIC OFFICIALS INTERVIEWED

Nancy Carswell
City of Rockford
City Administrator

John Hohenstein
City of Eagan/ Eagan Economic Development Authority
Community Development Director

Larry Lee
City of Bloomington
Community Development Director

Kim Lindquist
City of Rosemount/ Rosemount Port Authority
Community Development Director

Lorrie Louder
Director of Industrial Development
Saint Paul Port Authority

Ryan Schroeder
City of Cottage Grove Economic Development Authority
City Administrator

Dave Stutelberg
North Branch Economic Development Authority
Economic Development Authority Director

John T. Sullivan
City of Cambridge
Former Economic Development Director
(Now with Carver County HRA)

Sean Sullivan
City of Ramsey
Economic Development Coordinator

Jim Thares
City of Big Lake
Community and Economic Development Director

APPENDIX D:

QUESTIONNAIRES USED WITH LOSING AND GAINING COMMUNITIES' OFFICIALS

Municipality Losing Firms Interview

Date: ____________________ Interviewer: __________________________________

Interviewee: ____

Title: ____

Agency:____

Phone Number:_________________________

Hi. My name is ________________________________ and I am a research analyst at Good Jobs First, a non-profit research group based in Washington, DC. We are studying cases in which companies relocated within the Twin Cities metropolitan area, and we found some cases in which companies moved from your city to other cities in the area. We are calling to find out as much as possible about these events. Are you the right person to ask?

Firms Lost:

A________________________moved from ____________________in __________

B________________________moved from ____________________in __________

C________________________moved from ____________________in __________

We'd like to talk about Companies A, B and C individually

Regarding Company A:

What is your understanding of why the company left your community? ___________

____

____

Did you seek to retain the company in your city? ___ Yes ___ No

If Yes, what did you offer—in incentives or other forms of assistance—and what happened?____

____

____

What is your understanding of why the company decided to relocate to [the other city]?

____

____

____

Did you [or someone else in your office] communicate with your counterparts in [the winning city] during this process? ___ Yes ___ No

If Yes, what information did you exchange? __________________________________

____

____

Do you know if other cities competed for this facility? ___ Yes ___ No

If Yes, which ones? ____

If Yes, how did the competition occur? Was it initiated by the company or by the other cities? ____

____

____

What do you know about how this move affected the company's workforce? Did the company talk about employee retention or make specific efforts to retain its employees?
____
____
____

Were you aware that [the other community] offered [the disclosed incentive] to the company? ___ Yes ___ No

Do you believe that this incentive influenced the company's choice of location?

___Yes ___ No

If Yes, why do you believe that? ____
____
____

Municipality Gaining Firms Interview

Date: ____________________ Interviewer: ________________________________

Interviewee: ____

Title: ____

Agency:____

Phone Number:________________________

Hi. My name is_______________________________ and I am a research analyst at Good Jobs First, a non-profit research group based in Washington, DC. We are studying cases in which companies relocated within the Twin Cities metropolitan area, and we found some cases in which companies moved to your city from other cities in the area. We are calling to find out as much as possible about these events. Are you the right person to ask?

Firms gained :

A________________________moved from ____________________in __________

B________________________moved from ____________________in __________

C________________________moved from ____________________in __________

We'd like to talk about Companies A, B and C individually

Regarding Company A:

What is your understanding of why the company moved to your community?

____

____

____

Did you deliberately recruit the company? ___ Yes ___ No

If Yes, Was this part of an organized recruitment strategy? That is, do you recruit specific kinds of firms? ___ Yes ___ No

If Yes, what are your recruitment criteria? ____________________________________
____
____

Did [the losing city] seek to retain the company? ___ Yes ___ No

If Yes, what did it offer -- in incentives or other forms of assistance -- and what happened?
____
____
____

What is your understanding of why the company chose your city? ________________
____
____

Did you [or someone else in your office] communicate with your counterparts in [the losing city] during this process? ___ Yes ___ No

If Yes, what information did you exchange?_____________________________________
____
____

Do you know if other cities competed for this facility? ___ Yes ___ No

If Yes, which ones? ____

If Yes, how did the competition occur? Was it initiated by the company or by the other cities? ____
____
____

What do you know about how this move affected the company's workforce? Did the company talk about employee retention or make specific efforts to retain its employees?
____
____
____

Regarding the [disclosed incentive] your city provided to the company:

Do you believe that this incentive influenced the company's choice of location?

___Yes ___ No

If Yes, why do you believe that? ____
____
____

Good Jobs First:

A Resource for Accountability in Economic Development and Smart Growth for Working Families

Founded in 1998, Good Jobs First promotes accountability in economic development and smart growth for working families by providing cutting-edge research, training, technical assistance and consulting services nationwide. Based in Washington, DC, Good Jobs First also has project offices in New York and Chicago.

States and localities spend more than $50 billion a year for economic development. Our research finds that common-sense reforms can greatly improve the effectiveness of programs and deals. With greater transparency and public participation, job quality standards, best-practice contracts, community benefits, and more intentional coordination with transportation and land use planning, spending for economic development can produce better returns while consuming fewer taxpayer dollars and less land.

For the very latest on Good Jobs First's findings, go to www.goodjobsfirst.org.

Good Jobs First
1616 P Street N.W., Suite 210
Washington, DC 20036
202-232-1616
www.goodjobsfirst.org