

# Minnesota's economic growth demands a nuanced approach

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Every state has its own story, and Minnesota's is one of pride, resilience and innovation. From our diverse industries to our hardworking people and stunning natural resources, we have so much to celebrate. Yet, as I reflect on the past decade of our 2025 [Business Benchmarks report](#): Determinants of a healthy economy, it's clear there's more to the story—economic strengths we must protect and challenges we must face head-on if we want to build a thriving economic future.

The numbers tell an important story, but they're just the beginning. Our report dives deeper, identifying the core determinants that define a healthy economy: strong GDP and job growth, costs conducive to private-sector investment, sensible business regulations, a sustainable workforce strategy and smart public sector investments. These aren't just buzzwords; they're the building blocks of a competitive and resilient economy.

## **Strong GDP and job growth**

In 2013, Minnesota's GDP growth ranked 13th in the nation at 2.4%. Today, it drops to 40th, with growth rates consistently below the national average over the past decade. Job growth has remained stagnant, ranking 30th a decade ago and 31st now. While the numbers may seem abstract, their impact is tangible—slower business expansion, fewer employment opportunities and reduced economic resilience.

A thriving economy starts with growth. When GDP rises, it drives investment, strengthens business confidence and creates new opportunities for workers and entrepreneurs alike. We must prioritize policies that foster growth and help Minnesota regain its momentum.

## **Costs conducive to private sector investment and expansion**

The cost of doing business in Minnesota has long been a challenge. With some of the highest tax rates in the nation, our businesses face mounting pressures that hinder investment and expansion. In fact, 77% of business leaders now report considering scaling back or relocating due to high costs.

This is a wake-up call. Reducing tax burdens and managing costs are essential to creating a business climate where companies of all sizes can thrive. Businesses succeed when they can reinvest in their operations, employees and communities—and ultimately, that success benefits us all.

## **Sensible business regulations**

Regulations are necessary to ensure accountability and protect the public good, but they must strike the right balance. Unfortunately, in recent years, new mandates have increased costs and administrative burdens, especially for small and medium-sized businesses. These businesses—the backbone of our state's economy—need the freedom to innovate and grow without being overwhelmed by compliance challenges.

We can do better. By focusing on practical, balanced regulations, we can maintain high standards while empowering businesses to focus on what they do best—creating jobs and driving innovation.

**Near- and long-term workforce strategy**

Minnesota's skilled workforce has always been a strength, but cracks are starting to show. While we rank 7th nationally in labor participation, long-term trends like declining migration and falling test scores are cause for concern. We must act now to attract and retain talent, while ensuring the next generation is prepared for success. Investing in education and training—particularly in high-demand fields like technology and skilled trades—will be critical. Our businesses depend on a steady pipeline of talent, and a strong workforce is the cornerstone of a vibrant economy.

**Smart public sector investments that spur growth**

Minnesota's infrastructure and public investments have long supported our businesses, but continued improvements are essential to stay competitive. From expanding broadband access in rural communities to upgrading transportation networks, smart investments spur economic growth and unlock new opportunities. Innovation also needs more attention in our state. While Minnesota ranks 7th in patents per capita, we lag behind in tech sector growth, ranking 45th nationally. We need policies and investments that support research and entrepreneurship, allowing us to fully capitalize on our legacy of innovation.

To sum it up, in a world that often favors flashy rankings and surface-level analysis, Minnesota's success lies in embracing the complexity of our economy. Growth is never a straight line, and real progress takes hard work, collaboration and a shared vision for the future.

By focusing on these core determinants—growth, costs, regulations, workforce and investment—we can turn challenges into opportunities. Together, we can ensure that Minnesota remains not just a great place to do business, but a state where businesses, workers and communities thrive.

The road ahead won't be easy, but I'm confident in our ability to chart a course that leads to lasting success. And we cannot do it alone. We need your help and the help of policy makers to promote a healthy economic agenda. Thank you for your continued commitment to Minnesota's business community and for being part of this important work.

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