

Local chamber column – Benchmarks report

This column is written each month by Minnesota Chamber President Doug Loon, for the purpose of reprint by local chambers of commerce. Please feel free to use in newsletters or other local community communications. Email Anne Yoder at ayoder@mnchamber.com with questions.

Each year, the Minnesota Chamber releases the Business Benchmarks report. Its purpose is to make sense of all of the economic rankings that impact Minnesota's competitiveness. What makes us the best or worst state to do business? We help break it down by category, analyzing what elements help or hurt our business climate.

This year's report benchmarks our "new economy." By this, we mean the economy that will operate under the cloud of uncertainty until the pandemic is over. We hope to move toward recovery as soon as possible – and will join forces with the entire network of local chambers throughout the state to advocate for our members' interests and make sure they can step into a place where long-term economic success is possible.

Among this year's findings:

- The diversity of Minnesota's economy has helped the state weather the COVID-19 storm.
- Although Minnesota is not in the top 10 tax rates in every category, strong challenges to progress remain, especially in corporate and individual income taxes and overall state and local tax burdens.
- Businesses have proven that innovation is a strength of Minnesota's economy, with many pivoting their products and services to meet the demands of a COVID-19-driven economy. Minnesota's low entrepreneurship startup rates remain a big concern.
- Investments in infrastructure have helped Minnesota's competitiveness, and access to broadband continues to improve through private and public investment.
- While some costs of doing business have improved, such as health care and the cost of living, self-imposed headwinds remain, such as high unemployment tax rates.
- COVID-19 impacted the workforce landscape. Minnesota's labor participation rate remains among the best in the country, but domestic migration and international immigration are stagnant during the pandemic.

We've added diversity and inclusion in our report this year, to examine the data and indices around inequities in business and the workforce. A hard-working, highly-skilled workforce has been a long-standing element of success in business in Minnesota. But gaps in poverty and unemployment rates, labor participation rates and education illustrate the need to advocate for greater representation among communities of color in our state. Businesses across the state, large and small, have a role to play in this discussion as we seek to create economic opportunity for all Minnesotans and address our state's workforce challenges.

We hope these data points are helpful for your understanding of trends across businesses as a whole. Rest assured that the community of local chambers will continue to advocate for economic recovery and a better business climate for businesses of all size and the long-term prosperity of our state.

The 2021 Business Benchmarks report will be released on November 19 and available at mnchamber.com.

Doug Loon