

AROUND THE COUNTY

By Noel LaBine, Wright County Economic Development Partnership

It's March and all the sunshine we had during the last days of February and early March certainly has helped improve my mood and the mood of the people I have come into contact with. There are a lot more smiles and happy faces when we have all that wonderful light.

Generally, the mood in Wright County is more cheerful than the mood at the State Capital. Last month I had the opportunity to testify before a House Rules Committee about the value of Angel Investor Tax Credits. With the state's budget shortfall and the partisanship mood, compromise doesn't appear to have a chance. A lot of angst is being created with efforts to keep the state in cash. Borrowing from school budgets and LGA cuts are causing reductions in services to our children and our communities. Nevertheless, in this time of stress, I believe we need to empower business people to create more jobs. Legislators don't create jobs, businesses do. The hope is that even in this era of negative government balance sheets, the wisdom to create incentives that help businesses survive and grow will occur. Angel tax credits would just be one way to do this. Lowering the tax burden and other burdens put on businesses would be some other ways to make the business climate stronger.

Angel investors, or equity investors, play an important role in early stage business start-up development. During the first two to five years that a company is starting up and growing, there is often a need for cash to finance marketing and other expenses that banks cannot finance. Because early stage businesses that are growing fast are also high-risk, there is also reluctance on the part of certified investors to buy into these companies. However, giving these people a 25% tax credit will encourage them to invest in more, since they are guaranteed to get 25% of their investment back as a tax credit.

During recessionary times when there are a growing number of people laid off, there are more entrepreneurs who start their own business. Often unemployed engineers and other people take their unemployment time as an opportunity to spend time creating their idea or product that they have been thinking about for awhile, but were too busy working to develop the idea. Many great companies came out of recessionary times. Now is the time to encourage and support entrepreneurial start-ups, especially the ones that show promise of a large number of employees.

One of the start-up companies I have been involved with is RE Systems, which plans to move to St. Michael in the near future. They needed to raise over a \$1 million to buy the North American franchise for a superior polymer waterproofing product that will be used to waterproof concrete in a number of applications. We expect their workforce to go from 4 employees to 12 employees in the first year after moving here. They had to get their total annual sales to \$1 million before most angel investors would be interested in investing the kind of capital they need to grow. They are hard-working, talented and passionate people. Starting up a business is not for the weak of heart.

It is my pleasure to work with such people that have talent and passion, who are growing a new industry. Their dedication and commitment to hard work renews my faith in the ability of Americans, Minnesotans, and Wright County people to "get 'er done!" As always, I am glad I am working in such a dynamic area and I expect that 2010 will continue to create new opportunities and successes around the county.