

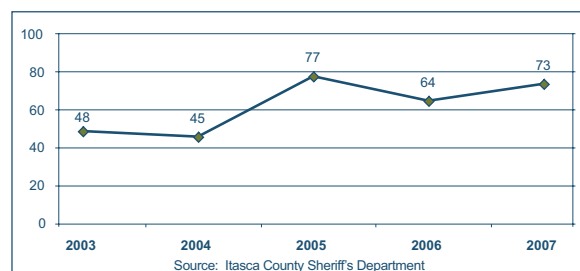
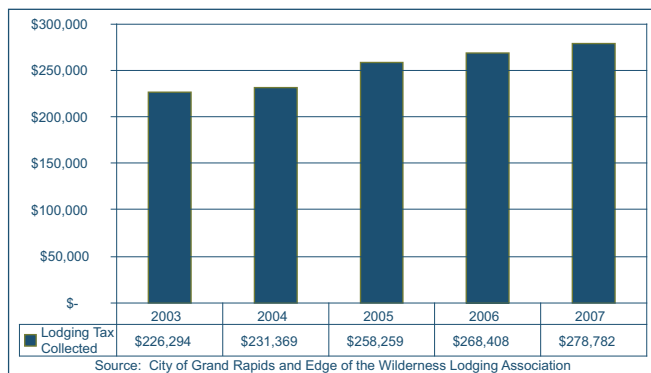
# ANNUAL PERSPECTIVE

# 2007

## ITASCA ECONOMIC REPORT

### Lodging Tax

Lodging tax collected in Itasca County increased by 4% over 2006. The biggest increases occurred during the months of June, July, August and October. During the primary summer tourism months when more visitors are in the area motel and resort room rates are typically set at a higher level. October was a busy month in part because many construction workers were staying in the area while working on the Wal-Mart, Minnesota Power and Timberlake Lodge Hotel projects before the colder months set in. Beginning in 2005 there was an expansion of lodging tax ordinances and several lodging properties agreed to voluntarily collect a 3% lodging tax.



### Foreclosures

The Itasca County Sheriff's Department has seen an increase in the number of mortgage foreclosures during the past three years. The Sheriff's Department held 73 Sheriff's Sales (foreclosures) in 2007. While the degree of impact of foreclosures in Itasca County is considerably lower than in other areas of the nation, some of the reasons for foreclosures may be similar. Adjustable rates, 100% financing, and more restrictive underwriting requirements for refinancing have impacted foreclosure numbers.

### Quick Facts on Poverty

- There are over 4400 families who live at or below the federal poverty guidelines in Itasca County
- During the 2006-07 school year 1,251, or 46% of the total elementary school enrollment, received free and reduced priced lunch.
- One adult wage earner with two children needs an hourly wage of \$17 in order to live in Itasca County with no subsidies.
- In Itasca county, 40% of the jobs pay less than \$10 per hour
- Itasca County Food Shelf experienced an 84% increase in the number of visits between 2000 and 2006

Source: Itasca County Health & Human Services, Itasca County HUD, ISD 318, and Kootasca Community Action

### ECONOMIC INDICATORS

- Employment
- Unemployment
- Wage Per Job
- Employment by Industry
- High Demand / High Pay Occupation Projections
- Residential Real Estate
- New Taxable Construction
- Property Market Growth
- Lodging Tax
- Foreclosures
- Poverty Quick Facts

Itasca Economic Development (IEDC) is a non profit organization with the mission to help create quality jobs.

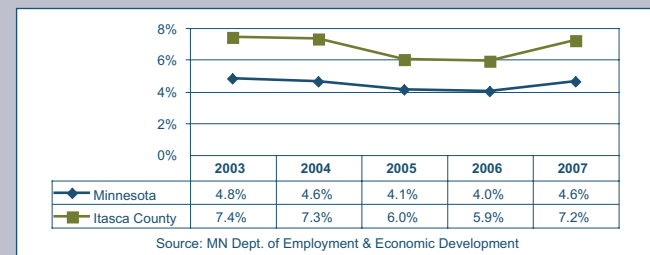
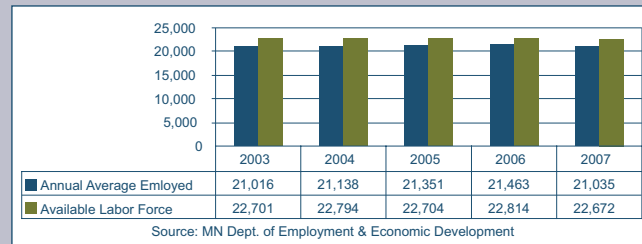
IEDC provides business advisory services at no charge, works on business recruitment and helps focus community development efforts.

Premier funding for Itasca Economic Development comes from the Blandin Foundation and Itasca County. Other 2007 contributions were received from 32 area private/public sector partners. UMD's Center for Economic Development sponsors a Small Business Development Center at IEDC.



## Employment

On average, approximately 1,600 people who were actively looking for work remained unemployed in 2007. Traditionally jobs in the Northeast region of Minnesota, including Itasca County, have centered on iron mining, logging, paper mills, and wood product manufacturing and have continued to dominate for more than a century. Employment in those industries will continue, but the Minnesota Department of Employment and Economic Development (DEED) projects that the emerging industry growth will be jobs in health care services, financial sectors, and social assistance.

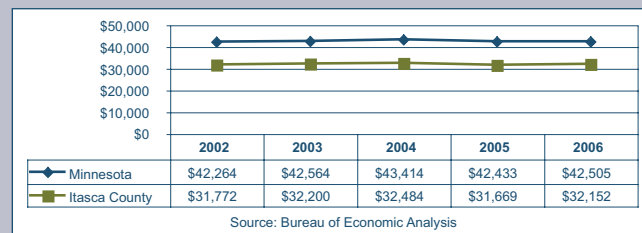


## Unemployment

The unemployment rate in Itasca County rose to an average of 7.2% in 2007. This is the highest rate since 2004 and is 2.6 percentage points higher than the State of Minnesota. Exchange rates between the U.S. and Canada and lower U.S. housing starts have kept the local Ainsworth plant shut down since September 2006. A cut back in demand for plastic totes by the U.S. Postal Service resulted in layoffs at Minnesota Diversified Industries.

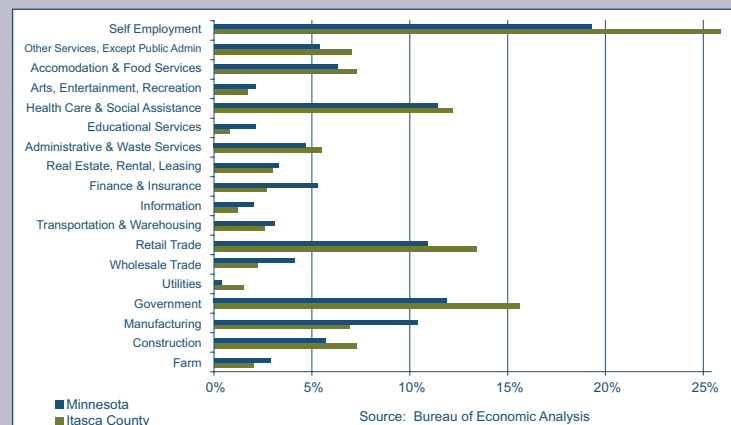
## Annual Average Wage Paid Per Job

The annual average wage paid per job in Itasca County is over \$10,000 less than the state average wage paid per job. The employment estimates used to compute the average wage are a job rather than a person count. People holding more than one job are counted in the employment estimates for each job they hold. All dollar values have been adjusted for inflation and the values are shown in 2007 dollars. In 1980 Itasca County's annual average wage was consistent with the state average.



## Employment by Industry (2005)

More than a quarter of Itasca County residents in the workforce are classified as self-employed. Self-employed people include proprietors, elected officials, insurance and real estate agents, and commission workers. The next largest employment sectors are government, retail trade, and health care and social assistance.



Occupation	Total Projected Openings - 2004-2014	Median Annual Salary 2007
Total, All Occupations	53,515	\$ 31,527
Registered Nurses	1,775	\$ 59,025
Business Operations Specialists, All Other	968	\$ 42,546
Protective Service Workers, All Other	540	\$ 37,023
Accountants and Auditors	363	\$ 51,146
Fire Fighters	332	\$ 35,781
Sales Reps., Wholesale and Manufacturing	330	\$ 45,981
Community and Social Service Specialists	309	\$ 37,945
Police and Sheriff's Patrol Officers	238	\$ 49,324
Educations, Vocational, and School Counselors	214	\$ 51,807
Automotive Service Technicians and Mechanics	198	\$ 38,193
Highway Maintenance Workers	168	\$ 43,270
Medical and Health Services Managers	147	\$ 75,487
Medical Transcriptionists	141	\$ 33,691
Radiologic Technologists and Technicians	139	\$ 50,974

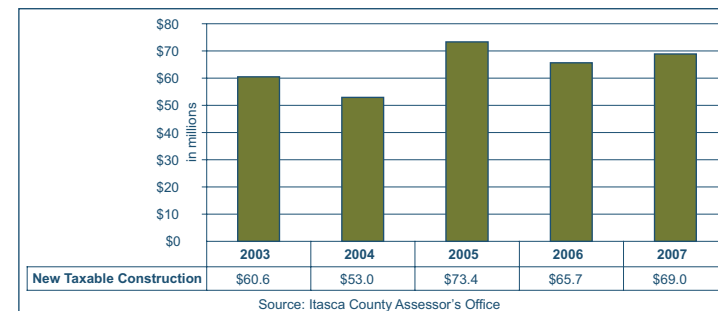
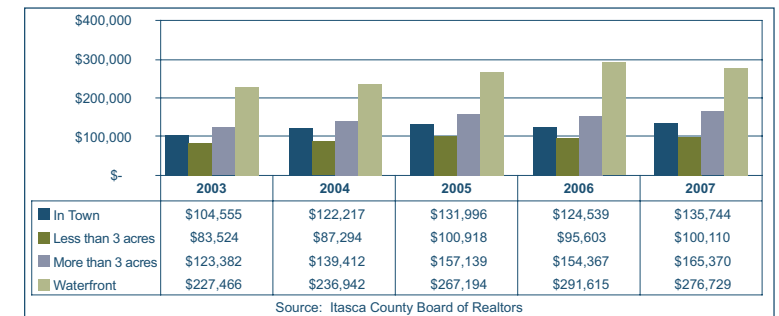
Source: MN Dept. of Employment and Economic Development

## High Demand / High Pay Occupation Projections

In the 7 county Arrowhead Region of Minnesota, the Minnesota Department of Employment and Economic Development projects high demand/high pay occupations to be primarily in health care, social assistance and financial sectors between 2004-2014. Data elements include net employment growth and net replacement demand. Replacement demand is the net need for new entrants to the field of work to replace workers who retire or leave the field. Unknown factors can and will affect the economy and employment levels over the 10-year projection period. The projections were prepared without the job growth of the proposed major projects across the region.

## Residential Real Estate

The average price of non-waterfront real estate properties sold in 2007 showed a moderate increase over 2006. The average price of waterfront property sold dropped by 5% over 2006 and is the first time in five years that there has not been an increase in that segment. On December 31, 2003 a total of 568 properties were actively on the market; on December 31, 2007 a total of 1161 properties were listed on the market. These numbers reflect all property on the market which includes townhouses, lots, acreage, commercial, and multi-family properties.



## New Taxable Construction

The assessed value of new construction in Itasca County that was not tax exempt reached \$69 million in 2007. The new Wal-Mart store, the Target remodeling project and the new Timberlake Lodge Hotel were three of the major building construction projects contributing to the increase to Itasca County's property tax base in 2007.

## Estimated Annual Property Market Growth

Annual growth reflects the increase in total estimated market value from year to year. The annual growth of Itasca county property market values includes new taxable construction and increases in the assessed market value of pre-existing properties. The increase was lower than in the previous four years.

