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Inside this issue:

page 1:

Ken Heiser Named Recipient of Directors Award

St. Croix EDC Names Top Businesses for 2009

page 2:

Commerce Announces Appointment of Area Development Manager

page 3:

Governor Doyle Awards Tax Credits to NELA

Representative Rhoades Applauds Reciprocity Withholding Changes

page 4:

Recovery Zone Bonds Available in St. Croix County

page 5:

Momentum West Schedules Branding Session for February 22nd in Baldwin

Bankers Association: Fewer Businesses Seek Loans, Say Wisconsin Bank CEOs

page 6:

Governor Doyle Asks U.S. Treasury to Help Free Up Credit for Small Businesses

page 7:

St. Croix County's Unemployment Rate Rises in December

Ken Heiser Named Recipient of Directors Award

Ken Heiser, a Hudson, Wisconsin banker, has been named the inaugural recipient of St. Croix EDC's Directors Award. The award was created by the EDC's board of directors and is intended to honor an individual or organization that has championed economic development through innovative actions, making St. Croix County a better place to live, work, play, and learn.



Ken Heiser

Heiser was instrumental in forming St. Croix Economic Development Corporation in the early 1990s. He formed a committee that included people from around the county and county supervisors. After the EDC was formed, he served on the board of directors and was the first board president. He was also active in many civic organizations, including the Hudson Area Chamber of Commerce and Hudson Hospital board. Heiser was the president of First National Bank of Hudson, and remained there following its sale to Associated Bank.

More information about Ken and the Directors Award will be shared at the February 25th Business of the Year banquet.

St. Croix EDC Names Top Businesses for 2009

February 25 Banquet Will Honor Winners

On January 13th, Patti Robertson, president of St. Croix Economic Development Corporation, announced the EDC's selection of the following companies as recipients of the 2009 business of the year awards in St. Croix County, Wisconsin:

NCCM Company (River Falls) as 2009 Emerging Business of the Year (based in St. Croix County and in business for five or fewer years)

Baldwin Telecom, Inc. (Baldwin) as 2009 Small Business of the Year (29 or fewer employees)

Scientific Molding Corporation – SMC Ltd. (Somerset) as 2009 Business of the Year (30 or more employees)



2008 Business of the Year winners (l to r) Bill Derrick, Jr., Derrick Companies; Ben Hanke, BOH Electronics; and Mike Kasun, K-Sun Corporation

"The 2009 winners share many common traits," said Patti Robertson. "They are pioneers and innovators in their respective fields. They are high-tech businesses that adapt to changing markets and conditions. They are bright stars in St. Croix County and Wisconsin."

The companies will be honored at an awards banquet on Thursday, February 25, 2010 at the University Center Ballroom, on the campus at UW-River Falls (River Falls, Wisconsin). Events start at 5:30 p.m. registration, with networking and cash bar; 6:30 p.m. dinner; and 7:30 p.m. awards program. Comedian ***C. Willi Myles*** will entertain guests after the awards presentation. The cost of the banquet is \$30.00. The banquet is open to the public but reservations through the EDC are required at (715) 381-4383 or an ***invitation*** and ***meal reservation card*** are available online.

About the 2009 Winners

NCCM Company was formed in 2008 by Brent Niccum, who serves as the president and chief executive officer. Niccum's business partner is Mike Tasker, who is vice president of business development. In January 2009, NCCM announced it purchased the leading technological solution for the mill roll business from 3M Company of Maplewood, Minnesota. The mill rolls are used in industrial operations such as continuous coil or sheet processing lines involving wringer, oiler, tension/bridle, or support roll applications. According to the terms of the acquisition, 3M agreed to a long-term, exclusive sourcing and licensing agreement with NCCM. The mill roll from NCCM is sold to 30 value-added resellers around the world. The mill rolls are manufactured at the River Falls Industrial Center, where NCCM leases office and production space. Niccum and Tasker bring 30 years of combined 3M business experience to NCCM Company.

Baldwin Telecom, Inc. (BTI) was founded in 1900 as a locally-owned and operated telephone company. It initially provided phone service to customers in the Baldwin-Woodville area of St. Croix County. In 1982, BTI's board of directors approved the addition of cable television services to Baldwin and Woodville. The inclusion of high speed internet and cable television extended BTI's services to Hammond, Knapp, Roberts, and the Town of Hudson. In 2002, Baldwin Telecom was recognized as the first independent telephone company in Wisconsin to deploy fiber-to-the-home technology. Today, BTI is St. Croix County's largest local provider of phone, internet, and cable services. BTI has grown to be more than a telephone company. It is a broadband company that provides all the latest technologies to businesses and homes. Larry Knegeford is BTI's general manager and has led the company through its expanded service offerings. Knegeford served multiple terms as the village president of Woodville, Wisconsin, and is active in the Wisconsin State Telecommunications Association (WSTA).

SMC Ltd. was founded in 1988. SMC has over 20 years of experience in design, prototyping, material recommendations, molding, subassembly, finishing, and packaging for leading medical device, pharmaceutical, and instrument companies. The company's first molding press was installed in a red barn near Houlton, Wisconsin (Town of St. Joseph). SMC quickly outgrew the barn and moved into a modern manufacturing facility in Somerset, Wisconsin. In 1996, a second manufacturing facility was added in Somerset. Today, that facility represents SMC's global headquarters as its footprint crosses the United States from Massachusetts to California and extends to India. In Wisconsin, SMC has a highly automated manufacturing facility in Amery (Polk County) and another production facility was added in Woodville (St. Croix County). SMC's northeast operations are located in Sterling and Leominster, Massachusetts. Its west location is in Santa Rosa, California, and its product testing center is in Hudson, Ohio. Its Asia operations are in Bangalore, India. SMC is ISO 9001 and 13485 certified, and possesses Class 7, Class 8, and white room molding and assembly environments. It offers leadership in liquid silicone and thermoplastic injection molding, as well as medical micro molding, with part sizes starting at 0.003 cubic inches (0.045 grams) and smaller. Chetan N. Patel is the president and ceo of SMC.

This is the 16th annual business recognition program for St. Croix EDC. The EDC was established in 1993 as a private, non-for-profit organization that operates as the independent economic development of St. Croix County, Wisconsin. Reflective activities include business retention, expansion, recruitment, new business start-ups, and legislative advocacy.

Commerce Announces Appointment of Area Development Manager

New Appointment Fills Vacancy; will Assist with Economic Development Efforts

On January 19th, Secretary of Commerce Richard Leinenkugel announced the appointment of Dagmar Beckel-Machyckova as Commerce's Area Development Manager (ADM) for west central and northwest Wisconsin.

Beckel-Machyckova comes to Commerce after serving as the Business Assistant Specialist for the City of Eau Claire Economic Development Division. Her office is located in the NanoRite Center of Chippewa Valley Technical College, Eau Claire, Wisconsin.

According to Secretary Leinenkugel, Dagmar will bring the enthusiasm, skills, and local area experience to this important role to assist business expansions, promote business retention, and help local development organizations in their respective territories.

Area Development Managers use their knowledge of federal, state, and regional resources to provide a variety of information to expanding or relocating firms. They also mobilize resources to help struggling businesses. Local economic development practitioners can turn to area development managers for assistance with long-term marketing and planning strategies.

St. Croix EDC welcomes Dagmar to her new position with Commerce.



Dagmar Beckel-Machyckova, Area Development Manager, Wisconsin Department of Commerce

Governor Doyle Awards Tax Credits to NELA

On January 28th, Governor Jim Doyle awarded NELA USA of River Falls, Wisconsin an economic development tax credit allocation totaling \$108,000 from the Wisconsin Department of Commerce. Secretary of Commerce Richard J. Leinenkugel made the tax credit award at NELA's facility in the Whitetail Ridge Corporate Park. He presented an oversized, ceremonial check to company officials.

"This announcement is further evidence that Wisconsin has some of the strongest economic development tools in the country," Governor Doyle said. "I am proud to welcome NELA to our state, and we will continue to work hard to make sure companies know that Wisconsin is definitely open for business."

"We are very thankful to the State of Wisconsin, the Governor and all of the parties that made the economic development tax credits possible," stated David Klein, president of NELA's operations in the United States. "We will use it to promote manufacturing employment in the River Falls-Hudson area. Additionally, we are very happy to have located in River Falls, as we believe it is a great community and environment in which to grow a business."

NELA's project includes the purchase and remodel of an existing 53,000 square foot production facility in Whitetail Ridge, estimated at \$1.85 million. The project is expected to create 20 new jobs in Wisconsin along with the retention of over 60 jobs that were moved from NELA's previous location in Oakdale, Minnesota.

The tax credit announcement coincided with the company's open house. Frank Neumeister, NELA's general manager from Germany, traveled to River Falls for the open house to participate in the tax credit award presentation. Neumeister stated, "I am proud to be here this afternoon to officially open the new NELA plant here in River Falls. This is a very special day for all of us in the U.S. as well as in Germany. Representing the third generation of a family owned business, I can truly state that this is a historic moment in our company history as we have invested in several business over the last years, but it is the first time ever that we took ownership of a building and real estate outside Europe."

Last July, NELA announced its relocation to River Falls. The company's engineering, production, and customer service functions were moved to River Falls following the purchase and remodel of the facility at 610 Whitetail Boulevard.

NELA is the largest technologist and state-of-the art manufacturer of plate automation and register systems in the world. Their systems are used by commercial printers and newspapers. NELA is headquartered in Germany and the operations in River Falls will serve North and South America. NELA's systems have been installed at over 250 locations, including the New York Times, Chicago Tribune, Atlanta Journal-Constitution, Houston Chronicle, Dow Jones & Company, Zero Hora, and O Globo (both located in Brazil).

NELA's parent company is NELA Brueder Neumeister GmbH, located in the Black Forest region of Lahr, Germany.



Secretary Richard Leinenkugel, Wisconsin Department of Commerce (center), presented a ceremonial check to Frank Neumeister (left), the general manager of NELA (Lahr, Germany) and David Klein (right), the president of NELA USA.

Representative Rhoades Applauds Reciprocity Withholding Changes

Wisconsin residents who commute to Minnesota for work will not be required to file Wisconsin withholding taxes according to State Representative Kitty Rhoades, of Hudson in January 20th statement.

"With the economy continuing to struggle, many families are living off of strict budgets. Hearing that the family paycheck has been cut because of 'double withholding' was not acceptable," Rhoades said. "Fortunately, the new rules from the Department of Revenue should simplify the system, and stop families from seeing a dramatic cut in their incomes because reciprocity was killed."

Rhoades said that her office has received a dramatic increase in contacts from constituents on the termination of the Income Tax Reciprocity Agreement. She said that one of the most common issues facing employees was fear that taxes would be withheld from both Minnesota and Wisconsin.



Kitty Rhoades

Rhoades said that the change was posted on the Department of Revenue's website and reads:

The Secretary of Revenue has authorized a special withholding arrangement for employers of Wisconsin residents working in Minnesota.

Wisconsin residents working in Minnesota are subject to withholding of Minnesota income tax from their wages. However, if the employer also does business in Wisconsin (has nexus in Wisconsin), under Wisconsin law the employer would also be required to withhold Wisconsin income tax from the same wages that are subject to the Minnesota withholding.

Based on recent contacts with employers and employees, this causes a hardship for those employees who have both Minnesota and Wisconsin income tax withheld. To alleviate this problem and pursuant to sec. 71.64(7), Wis. Stats., the Department of Revenue Secretary authorized a special withholding arrangement in which Wisconsin withholding will not be required under the following circumstances:

The employee is a legal resident of Wisconsin (i.e., domiciled in Wisconsin) when the wages are earned in Minnesota, and

The same wages earned by the Wisconsin resident and subject to the withholding of Minnesota income tax would also be subject to the withholding of Wisconsin income tax.

Note: Employees who do not have Wisconsin income tax withheld from the wages earned in Minnesota will be required to make regular estimated tax payments if they expect to owe \$200 or more with their Wisconsin income tax return for the year. Employers may want to inform their employees of this requirement.

The Department of Revenue established a Frequently Asked Questions page on its website concerning the tax reciprocity matter and withholdings. It can be found at <http://www.revenue.wi.gov/faqs/ise/mnrecipro.html>.

Recovery Zone Bonds Available in St. Croix County

Interested Parties May Contact St. Croix EDC For Details

Under the provisions of the American Recovery and Reinvestment Act, many counties in the U.S. received an allocation of special bonding authority from the federal government called Recovery Zone Facility Bonds (RZFBs). St. Croix County received an allocation of Recovery Bonds totaling \$5,040,000. They are intended to promote economic development and job creation.

The bonds may be used for depreciable property (i.e. land, building, equipment) located within a designated recovery zone. On September 22, 2009 the St. Croix County Board of Supervisors designated the entire county as a recovery zone.

The bonds are very similar to Industrial Revenue Bonds (IRBs), but provide for a broader range of uses. Limitations include residential rental housing, private or commercial golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, racetracks or other facilities used for gambling, or liquor sales for consumption off premises.

The benefits of RZFBs include access to long-term, fixed-rate financing at tax-exempt interest rates. The tax-exempt rates are ultimately determined by the purchaser of the RZFBs, based on the credit worthiness of the private borrower.

Time is of the essence for utilizing RZFBs. They need to be issued and closed before January 1, 2011.

At their January meeting, the St. Croix County Board of Supervisors approved a Resolution that established an agreement with St. Croix EDC. The agreement authorizes the EDC to review requests for RZFBs on behalf of the county. Using generally accepted loan underwriting guidelines, the EDC will make recommendations to the county finance committee and county board for final action. The resolution also authorizes the EDC to access a reasonable application fee for each RZFB request, not to exceed one-tenth of one percent.

Persons or businesses with a possible project in mind are asked to contact St. Croix EDC at (715) 381-4383 about the applicability of RZFBs.

Momentum West Schedules Branding Session for February 22nd in Baldwin

Please join the staff and directors of Momentum West on Monday, February 22, 2010 from 9:00 to 11:00 a.m. at the St. Croix County Ag and Education Center in gathering input for a regional branding study.

Momentum West (M.W.) was organized in 2008 as a 10-county external marketing and collaborative economic development organization in west central and northwest Wisconsin. In addition to St. Croix, the counties aligned with M.W. are Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, and Rusk.

M.W. spent 2008-09 getting organized with a new board of directors that includes substantial representation from the private sector as well as the 10 county-wide EDCs in its service area.

In late 2009 M.W. received a regional marketing grant from the Wisconsin Department of Commerce. The grant supplements private funds for a variety of activities, including a branding study for the 10-county region. The study will allow M.W. to develop a brand and establish brand-related materials to reach targeted markets.

Work has commenced on this project. A series of four (4), 2-hour input sessions have been scheduled, including one on:

Monday, February 22, 2010, 9:00 to 11:00 o'clock a.m.

St. Croix County Ag Service and Education Center – Main Conference Room
1960 Eighth Avenue, Baldwin, Wisconsin 54002

About half of the session is intended as an educational opportunity as a way for the attendees to learn more about M.W. The remaining time will be used to solicit input for inclusion into the branding study and its final recommendations.

Your attendance is important to a successful study. Please confirm your attendance by contacting St. Croix EDC at jacki@stcroixedc.com or (715) 381-4383 by the end of business on Thursday, February 18, 2010.

Bankers Association: Fewer Businesses Seek Loans, Say Wisconsin Bank CEOs

Tax Credits, Low Interest Rates will Stimulate Home Sales in First Half of 2010

According to the latest Wisconsin Bank CEO Economic Conditions Survey, demand for business loans is weak throughout Wisconsin and is expected to stay that way through the first six months of the New Year. On the bright side, bank leaders predict that interest rates will remain low during the first half of 2010 and fewer think the Wisconsin economy is still weakening compared to their responses six months ago.

Eighty-eight percent of the 118 bank CEOs who completed the biannual survey, conducted by the Wisconsin Bankers Association (WBA), rated current demand for business loans in the market(s) they serve as “fair” (40.8%) or “poor” (47.8%). Just 11 percent said demand is “good” and no one completing the survey rated demand as “excellent.” WBA’s survey was released on January 6th.

When asked to predict business loan demand for the first six months of 2010, 69 percent said it would stay the same, 21 percent said demand would rise and 9.6 percent said it would drop.

The three biggest obstacles to business lending, bankers say, are (1) low demand, (2) regulatory pressure on banks and (3) fewer qualified borrowers. “Customers are not borrowing funds right now and [bank] regulators are being much more critical of our underwriting decisions than they have been in the past,” according to one banker who completed the survey. Another said, “It is very hard to lend when [borrower] cash flows are so hard to predict and profits are nearly non-existent.”

Bankers used words like “overzealous,” “excessive,” and “unnecessarily aggressive” to describe regulators in the survey.

Yet another banker comment summed up the overriding sentiment of the bank leaders who completed the survey: “The regulators are causing the contractions in the banking industry at a time when customers need their banks most.”

Wisconsin bankers are clearly frustrated by the mixed messages they are getting from different arms of government, explained Kurt R.

Bauer, WBA president/CEO. “On the one hand, you have elected officials scolding banks for not lending enough. On the other, you have regulators threatening costly penalties if banks make anything but the safest loans.”

Bauer speculated that much of the populist rhetoric coming from elected officials was intended to deflect attention and blame for high unemployment and a slow economic recovery away from politicians.

Although demand for residential mortgage loans is flat as well, nearly 60 percent of bank CEOs say the extension of the \$8,000 first time homebuyer tax credit and the new \$6,500 tax credit for existing homeowners will stimulate home sales in the first half of the year. The same percentage also believes that long-term interest rates will stay low during the same period.

“The combination of the tax credits, historically low interest rates and the large inventory of homes for sale makes now perhaps the best time in 50-plus years to be a homebuyer,” said Bauer. However, he warned that interest rates will almost certainly rise in the second half of 2010.

The survey also reveals that more Wisconsin homeowners are stressed. During the last six months, 66 percent of bankers report increased customer bankruptcy filings, 55 percent say home foreclosures have increased and 64 percent say “past dues” for residential mortgage payments have increased.

While 95.6 percent of the survey participants rate the current health of the overall Wisconsin economy as either “fair” (69.8%) or “poor” (27.8%), the number of bank CEOs who believe the economy is still weakening dropped from 70 percent six months ago to 59 percent today. Just 4 percent rated the Wisconsin economy as “good” and none rated it as “excellent.”

The employment outlook continues to improve from a year ago when 54 percent of survey participants said local businesses would lay off workers. That percentage dropped to 38 percent in June and dropped again to 19 percent in the most recent survey.

Governor Doyle Asks U.S. Treasury to Help Free Up Credit for Small Businesses

He Joins Other Midwest Governors in Urging Quick Federal Action

On January 15th, Governor Jim Doyle joined Governors Jennifer Granholm (MI), Ted Strickland (OH), Ed Rendell (PA) and Pat Quinn (IL) in sending a letter to U.S. Treasury Secretary Timothy Geithner urging quick federal action to help manufacturers and small businesses get access to much needed credit, stabilizing their businesses and protecting jobs. The Governors asked Secretary Geithner to schedule a conference call or meeting to discuss a specific proposal from the Governors as well as other options.

“Through President Obama’s leadership we have brought our national economy back from the brink,” Governor Doyle said. “But we need to ensure manufacturers and small businesses have access to credit as our economy recovers and they look to expand and create jobs. The inability for small businesses to access credit is a real obstacle to a national economic recovery, and it is something we must work together to overcome.”

Despite economic progress, many businesses – particularly manufacturers and small businesses – are still having difficulty accessing credit from financial institutions. Due to the credit freeze, businesses are experiencing reduced cash flows and undervalued collateral.

The Governors proposed making federal funds available to leverage private loans for businesses from financial institutions. Through a partnership with states, financial institutions would be able to identify manufacturers or small businesses they would like to be in business with, perform the appropriate underwriting and due diligence, and then access needed resources from state-level intermediaries. This would mitigate risk and increase lending, helping preserve and create jobs in manufacturing and small business.

“It is clear that while recovery will not happen overnight, we as a nation are coming back from the brink of disaster,” the letter reads, in part. “But we cannot fully recover if manufacturing does not regain its place in the U.S. economy as the employer of the great American middle class. The United States cannot fall behind as other countries who invest in manufacturing gain an advantage in critical emerging sectors like energy systems and medical device manufacturing. To ensure the long-term strength of this bedrock, job-providing sector of our economy and to prevent further job loss, we strongly urge that we work together to identify ways to solve the credit access issues our manufacturers currently face.”

St. Croix County's Unemployment Rate Rises in December

On January 27th, the Wisconsin Department of Workforce Development (DWD) released the December unemployment rates for Wisconsin's 72 counties. St. Croix's rate was estimated at 7.3%. It is up from the November rate of 7.0%. A year ago, the county's unemployment rate was estimated at 5.6%.

Seventeen counties had unemployment rates lower than St. Croix in December.

Unemployment rates from November to December decreased in two Wisconsin counties, remained the same in one, and increased in the remaining 69 counties. Dane County recorded the lowest rate at 5.4%. Menominee County had the highest rate in December at 12.2.% and Rock was at 12.1%.

The adjusted unemployment rate for Wisconsin in December was estimated at 8.7% which is higher than the November rate of 8.2% and the October rate of 8.4%. The state's rate was 5.9% one year ago.

The U.S. unemployment rate was estimated at 10.0% which is the same as the November rate. One year ago the U.S. rate was estimated at 7.4%.

<i>County</i>	<i>December 2009 Unemployment Rate</i>	<i>Rank</i>	<i>Rate One Year Ago</i>	<i>County</i>	<i>December 2009 Unemployment Rate</i>	<i>Rank</i>	<i>Rate One Year Ago</i>
Barron	8.7%	41	7.3%	Pepin	7.6%	54	5.9%
Chippewa	8.3%	48	6.8%	Pierce	6.4%	70	5.4%
Clark	10.2%	23	6.7%	Polk	10.2%	9	8.1%
Dunn	6.5%	69	5.0%	Rusk	11.8%	3	9.0%
Eau Claire	6.1%	72	4.7%	St. Croix	7.3%	55	5.6%

Source: Wisconsin Department of Workforce Development; St. Croix Economic Development Corp.

Note: The 10 counties of western, west central, & northwest Wisconsin comprise Momentum West, a regional economic development & marketing organization