



Chicano Latino
Affairs Council
State of Minnesota

CLAC Fact Sheets Series ECONOMIC DEVELOPMENT 2011

Latino Business Development

Despite dire economic news, Latinos remain an important part of Minnesota's economy. The role of minority-owned business has been considered foundational for the next wave of economic development in Minnesota. There is a strong interest in reviving entrepreneurial activity, which includes making sure that minority and immigrant entrepreneurs and their business plans have access to venture capital.

The U.S. Census Bureau's Survey of Business Owners (2010) indicates that in 2007, the last year for available data, there were 5,011 Latino-owned firms in Minnesota, a 25.8% increase from the 3,984 Latino-owned firms reported in 2002. In 2007, these firms sales and receipts of more than \$1.6 billion, a striking 248.1% increase from \$462,777,000 in 2002!¹ These Latino businesses make up about 16% of all minority-owned firms in the state, but only about 1% of the total number of firms of all ethnic groups in Minnesota.

In 2009, Latino buying power in Minnesota totaled \$4.8 billion, an increase of 843.7% since 1990.²

Latino Economic Development Assets

Aside from direct monetary revenue, Latino business development has proven to have other positive social and economic benefits for the Latino community and Minnesota as a whole.

Latino business development has played a strong and positive role in the revitalizing of neighborhoods that had become economically stagnant.³ Within the past decade, neighborhoods like Minneapolis' Lake Street and Saint Paul's West Side have been completely transformed into bustling centers of economic activity. Lake Street's Mercado Central, a small Latino strip mall, alone is estimated to have produced over \$12 million in sales in 2009. Investment in such cultural corridors not only generates monetary revenue but also eases the ability to both create jobs and bring new entrepreneurs into the economy.

Latino Business Development Barriers

Despite successful Latino business models, there are still barriers for Latino businesses and entrepreneurs. Through its community forums, CLAC has determined what some of these barriers are.

Many new Latino entrepreneurs have little knowledge of or have difficulties understanding and communicating with the state and city structures necessary for opening a business. Examples include the need for a federal and state tax ID, registration forms, and property taxes.⁴ This is due partially to the large proportion of immigrants and poor in the Latino community.

Also, many Latino entrepreneurs have limited experience with effective business sustainability practices. Limited knowledge in fields like accounting, commercial bank accounts and credit history poses a major roadblock for

¹ U.S. Census Bureau. "2007 Hispanic Table of Percent Changes by State." Survey of Business Owners, 2010

² Immigration Policy Center. "New Americans in the North Star State" The Political and Economic Power of Immigrants, Latinos, and Asians in Minnesota." *Immigration Policy Center*. 2010.

³ CLAC. "A Closer Look at Minnesota Latino Workforce and Business Development: Findings of CLAC's 2009 Community Visits."

⁴ Ibid.



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businesses that would otherwise be of great contribution to Minnesota's general economy.⁵ The educational achievement gap among Latino students is one of the highest, with only 48% of Latino students graduating from high school. This area, then, needs to be addressed as well in order to tap optimally the potential of Latino contributions to Minnesota's economy.

Poverty

According to the 2007 American Community Survey, 22% of Latinos are below the poverty level in Minnesota, a stark contrast to the 6.3% from the white population.⁶ More specifically, Latinas (women in the Latino community) have been seriously affected by the economic crisis; 23% of Latinas reported to be living below the poverty line.⁷

⁵ Ibid.

⁶ 2007 American Community Survey. "Minnesota: Employment Status." www.factfinders.census.gov

⁷ *Race and Recession*. Applied Research Center. 2009.