



Issue Brief

Contact: [Madeleine Bayard](#)

Phone: 202/624-5332

Enhancing Competitiveness: A Review of Recent State Economic Development Initiatives

Executive Summary

States launched a variety of economic development initiatives over the last year, despite limited resources available for new programs. Most initiatives aimed to improve job growth and job quality. With no new money to spend on development grants, tax incentives, or infrastructure improvements that might spur short-term employment, governors turned to strategies to build the skills of the workforce, improve the innovative capacity of their regions, and enhance their states' ability to compete in the world marketplace over the long term.

Although the average monthly unemployment rate hovered around 5.7 percent over the period from September 2003 through September 2004, job growth was weak. By the end of September 2004, there were 1.3 million fewer jobs than in 2001, the peak year of the recent economic expansion. At the same time, states faced an exceptionally tight fiscal situation, hampering their ability to respond to the weak job market. State revenue growth averaged just 1.4 percent in fiscal year 2004, causing many states to enact negative growth budgets.

Most of the major new economic development initiatives enacted by states from September 2003 through September 2004 focused on enhancing state and regional "clusters of innovation" — fast-growing groups of businesses that share markets, labor, new ideas, and products. To enhance these clusters and exploit the unique advantages of the region's labor pool, educational resources, and research capacity, most development initiatives emphasized one or more of the following strategies.

- Building a skilled workforce, by providing training and education to meet industry needs.
- Promoting research and development at local universities and in the private sector, by leveraging public funds and encouraging partnerships.
- Supporting local entrepreneurs by providing venture capital funds and incentives for job creation.
- Developing rural areas, by supporting innovations in agriculture and supporting small business development.

- Supporting tourism and cultural activities, through state funding and programs.
- Improving business attraction through revitalization activities and quality of life initiatives.
- Marketing the state through outreach campaigns and international missions and offices.

Laying a Foundation for Quality Job Growth

Concerns about job growth and job quality drove state economic development initiatives launched over the last year (as measured from September 2003 through September 2004). Despite a modest average monthly unemployment rate of about 5.7 percent, the economy supported 1.3 million fewer jobs in September 2004 than it did during the height of the economic expansion in 2001.ⁱ Job growth, which began to recover in April 2003, remained anemic, averaging just over 110,000 net jobs per month through September 2004.ⁱⁱ

States could do little to quickly create jobs over the last two years because they faced an exceptionally tight fiscal situation. State revenue growth averaged just 1.4 percent in fiscal 2003 and 3 percent in fiscal 2004, and many states enacted year-to-year budget cuts.ⁱⁱⁱ In fiscal 2003, 21 states enacted negative growth budgets (as measured by the states' general fund spending), and in fiscal 2004, 13 states enacted negative growth budgets.^{iv} In addition, 40 states reduced their enacted budgets in 2003, and 15 states reduced enacted budgets in 2004.^v This level of spending was not sufficient to meet the growing demands of Medicaid and education, much less fund new programs that could quickly create jobs.

With little money to spend on grants, tax incentives, or infrastructure improvements that might create a temporary job boost, governors instead focused on creating quality jobs over the long-run and boosting the economic competitiveness of their states. They used the economic development strategies that proved to be effective in the 1990s: building workforce skills through education and training; spurring innovation by supporting targeted R&D; and aiding new business development, since small businesses are the major source of job growth. (See NGA Center for Best Practices *New Economy* Web site for more information. *)

Most initiatives focused on regional business clusters, which are geographically bounded concentrations of similar, related, or complementary businesses that have common opportunities and threats. Business clusters tend to form peer networks, share transactions, information, specialized labor markets, and specialized infrastructure. Business clusters that received noteworthy attention from states last year included biotechnology, life sciences, advanced manufacturing, and renewable energy.

Cluster-based strategies try to align as many economic development tools as possible in a manner that aids the clusters. These tools include state university systems (including research institutions and community colleges), workforce training systems, and regulatory and tax policies. In addition, states often establish programs to enhance the availability of venture funds, award small research grants, provide infrastructure and assistance to startup firms, and create business

* [NGA Center for Best Practices *New Economy* Web site](#) and [State Strategies for the New Economy](#) (2000).

councils to inform government policy. All of these efforts can improve the long-term competitiveness of the state.

This issue brief reviews the major new economic development initiatives enacted by states from September 2003 through September 2004, including a mix of legislative actions and changes implemented by governors without legislation. It does not cover every economic initiative, but tries to capture the major new ones implemented by governors. Successful initiatives that were already underway and promising proposals yet to be implemented are not addressed.

The economic development programs reviewed in this paper are broken down into the following actions:

- Building a skilled workforce;
- Promoting private sector and university R&D;
- Supporting local entrepreneurs and new businesses;
- Developing rural areas;
- Supporting tourism and cultural activities;
- Improving business attraction through quality of life initiatives; and
- Marketing the state.

While most states focused on one or two of the above actions, a few states rolled out comprehensive economic packages that incorporated most of the above actions in one major initiative.

A comprehensive list of all programs reviewed can be found in Appendix A.

Building a Skilled Workforce

A skilled workforce is the most important foundation for long-term state competitiveness. State governments have a large role in making sure training and education are aligned with the skills needed for business clusters. Outside the private sector, state government is the largest provider of training and support services for new and incumbent workers, displaced workers, and low-income individuals.

Last year, governors implemented policy changes to improve their workforce development systems, such as organizing workforce development around industry clusters, promoting experiential learning opportunities, assisting with job placement, and awarding college credit or loans to students in particular fields. To link skilled workers to available jobs, governors created job centers as well as online career and job-matching Web sites.

Several governors launched training initiatives to build workers' skills and keep them up to date with technological advancements. **New York** Gov. George Pataki created the New York Skilled Manufacturing Resource Training (NY SMART) program, a \$19.5 million program that provides new job training assistance to help manufacturing firms to upgrade the skills of new and incumbent workers. NY SMART grants, available to manufacturing firms employing 100 or more workers, support worker training initiatives, including traditional classroom instruction,

distance learning, in-house courses, and computer-based lessons. The funds supporting the training are provided from state-level funds under the Federal Workforce Investment Act administered by the New York Department of Labor.

Indiana launched *Indiana@Work*, a program that merges the training efforts of the Indiana Department of Workforce Development and Commerce. The program provides individual skills assessments and access to the state's job-matching system; and organizes job fairs, advertising and local WorkOne Centers; and assists with employee recruitment.

States also created innovative means to award college credit and certification for technical, on-the-job experience. In **New Jersey**, apprentices in the state's building and construction trades are eligible to receive college credit for their experience, subject to review of the apprenticeship program's curriculum, teaching objectives, and assessment tools. The credits can be applied to associate's degrees in applied science degrees from state community colleges, and bachelor's degrees from colleges and universities.

Some states focused on encouraging individuals to develop skills in science and engineering. In **Missouri**, up to \$10,000 in student loans are forgiven for students who pursue a math or science degree and take a job with a life sciences company based in the state. Funding comes from interest on a portion of tax-exempt bonds allocated to the Missouri Higher Education Loan Authority. **Ohio** Gov. Taft funded an internship program for students studying math, science, and engineering, providing \$4 million supported over 1,300 internship opportunities in high-tech firms.

In addition to training workers, states helped link skilled workers to employers. **Oregon** Gov. Ted Kulongoski launched the *iMatchSkills* system, an electronic program that matches employers with qualified workers based on their skills instead of previous job titles. Employees can identify gaps in their skill sets to access needed training and educational services.

A number of governors worked to consolidate state government agencies to better coordinate workforce development. In **Alabama, Colorado, Idaho, Kansas, and New Jersey**, governors combined workforce training and unemployment support programs from several state agencies into one department focused on workforce development. **Texas** Gov. Rick Perry created new regional economic development offices in metropolitan areas to create jobs and attract businesses.

Promoting Private Sector and University R&D

By strengthening existing clusters, investing in specialized research, and catalyzing technology commercialization, states can build their science and technology capacity to grow the economy. A number of governors' economic development strategies focused on commercializing research, attracting and providing incentives for innovative firms, and supporting specific industries such as life sciences and technology. Many efforts involved partnerships with or investments in state higher education systems.

Strategies frequently encourage interaction between the state university system and industry. **Georgia** Gov. Sonny Perdue launched a collaborative agriculture research hub as one of his

Centers of Innovation. This public-private partnership fosters innovations and competitiveness for state agriculture. Through the hub, researchers from universities collaborate with corporate sponsors to give practical evaluations to agribusiness solutions and entrepreneur outreach specialists provide technical assistance and access to state resources. In another approach, the Keystone Innovation Zone (KIZ) program in **Pennsylvania** designates zones in college and university communities that will foster innovation. The program offers \$25 million per year in tax credits for companies and made \$10 million available for companies to create or enhance technology transfer programs at the universities. KIZs support technology innovation by facilitating technology transfer and commercializing technologies, new products and processes evolving from R&D.

Other states invested directly in their university systems to boost R&D and the technical skills of graduates. **South Dakota** Gov. Mike Rounds provided nearly \$2.8 million in state funds to four university-based research centers, in the departments of veterinary science, cardiovascular research, materials and metallurgical engineering, and chemistry. **Washington** allocated funding for the development of the Washington State University Vancouver Engineering and Science Institute, which offers science and technical degrees. The Institute was created in response to the needs of high-tech industry leaders in southwest Washington as well as students seeking degrees in high-demand fields.

In **Texas**, a state business recruitment and retention fund helps enhance university programs and build new facilities for technology companies. Gov. Rick Perry created the \$295-million Texas Enterprise Fund, which makes investments in universities to enhance life sciences and technology centers. The fund also invests in companies for new facilities, including manufacturing plants, tourism attractions, and research centers. **North Dakota** Gov. John Hoeven created the Centers of Excellence Fund to enhance instruction and research that support job creation. The initiative applies \$50 million in state funds to leverage additional private and federal investment for research and commercialization of new products and services at state colleges and universities. The centers were created to serve as regional hubs of research and development so business clusters could gain access to new technology and a high quality workforce.

Governors also targeted R&D support to specific industries, including life sciences, energy production, manufacturing, aeronautics, nanotechnology, plastics, and the automotive industry. **Minnesota** Gov. Tim Pawlenty created bioscience and health science zones to cluster existing and start-up companies close to university and clinical researchers. Bioscience companies in the zone receive tax exemptions from the corporate franchise tax, sales tax on business purchases, and property taxes, and credits for employment taxes for high-paying jobs and research and development taxes. In **Ohio**, the Biomedical Research and Technology Transfer Partnership Awards provide grants to support biomedical and biotechnology research leading to commercialization and long-term health improvements in the state. Awardees include collaborations among Ohio higher education institutions, non-profit research organizations, and Ohio companies in the areas of human genetics and genomics, structural biology, biomedical engineering, computational biology, plant biology and environmental biology.

States also use tax incentives to promote R&D facilities and investments. In an effort to create more jobs, **Washington** extended tax incentives for research in specific technology areas and

construction of research facilities. The incentives include sales tax deferrals and exemptions for qualified investments in R&D facilities, and a business-and-occupation (B&O) tax credit for qualified R&D expenses. For the first time, the legislation granted a sales tax deferral to research facilities built by the universities and eliminated the B&O tax on federal research grants to small businesses.

Supporting Local Entrepreneurs and New Businesses

For many years, states have offered financial and non-financial assistance to entrepreneurs and new, growing businesses that are a major source of jobs. Between 1999 and 2000, small businesses represented 75 percent of net employment growth.^{vi} As the global economy becomes more competitive and technological innovations rapidly increase, states are offering tailored services to entrepreneurs and new businesses, such as legal assistance on starting an enterprise and access to venture capital. Seed and venture capital are crucial for growing firms, particularly when investment size and risk limit the resources available from traditional lending sources. States also provide technical assistance through small business development centers, economic development agencies, technology development corporations, and incubation centers. In addition, governments can aid entrepreneurs by consolidating government services for business and streamlining licensing and registration procedures.

Last year, a number of states increased access to financial resources and venture capital. Some states provided help to all small firms, while others created more targeted investment aid, such as funding for biotech and life sciences development. **South Dakota's** High Opportunity Fund was created to address the needs of entrepreneurial businesses at various stages of development. State funds provide up to \$12 million for qualified capital investment entities, which can be either venture capital firms or organizations providing seed capital. The capital investment entities then re-loan the funds to small businesses on various levels throughout the state. Gov. Bill Owens created the **Colorado** Venture Capital Authority, which approves venture capital funds and provides tax credits to companies who invest in the funds. The authority is expected to make \$50 million in capital available for businesses.

States also supported new businesses by providing entrepreneurship training. Gov. Michael Easley established the Institute for Rural Entrepreneurship in **North Carolina** to stimulate and support small business development and entrepreneurship. The Institute also administers the New Opportunities for Workers program to help dislocated manufacturing workers in 28 counties to create jobs for themselves through small business start-ups. The state also enacted a \$600,000-entrepreneurship demonstration program to provide grants to communities for economic development projects. Projects funded in 2004 include an incubator facility focusing on natural resource-based infrastructure, technical assistance for a regional partnership in western North Carolina, and seminars for entrepreneurs in the tourism industry.

New Hampshire launched a business incubator network in 2003, which assists startups by providing access to affordable rent, shared Internet services and phone lines, educational programs, business planning services, and contact to various advisors, investors, and specialists. The state also held entrepreneurship workshops and a startup business plan competition.

Many governors have focused on reengineering their processes to simplify, expedite, and support business development. **Tennessee** Governor Phil Bredesen created the office of diversity business enterprise, to provide a central point of contact for minority, women-owned, and small businesses and increase procurement opportunities. The state also created Web-based resources for employees and employers to streamline and facilitate doing business and securing employment. Gov. Phil Bredesen also signed an executive order creating the Business Fasttrack, a new multi-agency service designed to streamline services for existing or prospective Tennessee businesses seeking to expand or invest in Tennessee jobs. The organization provides a resource office for small businesses and technology information to support business growth. The **Ohio** Business Gateway provides businesses with one-stop, Web site transactions with the departments of taxation, job and family services, commerce, and workers' compensation to simplify businesses' tax reporting and payment relationships with state agencies.

Several states supported entrepreneurs and new businesses by facilitating and expediting license and registration procedures. **Michigan** created a one-stop shop for permit applications. The Michigan Timely Application and Permit Service assists applicants with Web-based tools to guide them through the application process and monitor the status of their permits or licenses. **North Carolina** Gov. Michael Easley streamlined environmental permitting through express permitting, in which applicants pay supplemental fees for accelerated permit reviews. The process promises a money-back guarantee if the permit is not processed in the time allotted. Agencies are required to perform a preliminary review in order to inform applicants of any incomplete or incorrect information. **Oregon** implemented a virtual permitting process in several counties. Landowners and developers are now able to obtain conditional use, siting, and building permits online. This program is supported by the Governor's Economic Revitalization Team and the departments of land conservation and development and consumer and business service.

Several states provided incentives and technical assistance for small firms and new businesses in targeted industries. In **Nebraska**, several ethanol plants were constructed because of the state's low electric rates and incentive programs, including an ethanol tax credit program. **Virginia** Gov. Mark Warner created the first-ever strategic plan for the wine industry. The strategic plan is the work of the Virginia Wine Study Work Group, an initiative established to develop strategies for the improvement and expansion of Virginia's wine industry. The plan addresses local and state policy affecting Virginia's wine industry, marketing strategies, research/extension programs and the development of new financial tools to support entrepreneurs entering or expanding in the industry.

States also rewarded firms that created jobs. For example, **New Mexico** Gov. Bill Richardson signed legislation giving companies a 10 percent refundable credit for each new high-wage job created. **Massachusetts** Gov. Mitt Romney's economic development bill provides tax rebates to companies in the life sciences, biotechnology, and medical-device industries that create 10 or more manufacturing jobs. Under the plan, eligible companies receive 50 percent of the state income tax they withhold for the new employees. **Maine** Gov. John Baldacci's Pine Tree Development Zone Program provides several tax credits for targeted industries, including manufacturing, financial services, biotechnology, and information technology. Qualified new and

expanding businesses will be offered tax credits for job creation, corporate income tax and insurance premium tax, project financing, and construction materials and equipment purchases.

Developing Rural Areas

Rural regions often need significant support and creative solutions for economic development. Successful programs in rural areas build on the demonstrated strengths of the region. In the last year, states targeted industries were tourism, agriculture, healthcare and manufacturing. Several rural development strategies focused on infrastructure development, such as extending broadband to rural areas. States also provided emergency funding, tax incentives, loans, purchasing alliances, and resource clearinghouses for rural needs.

A number of governors targeted state agriculture programs. **Missouri** recently expanded value-added production and processing opportunities for the state's farmers and ranchers by modifying the product business loan guarantee program and providing additional entrepreneur capital. Value-added farming creates processes that convert raw materials to products on site — for example, converting grain into cereal or grapes to wine. Converting raw commodities into more valuable processed products allows farmers to reap greater profit.

New York Gov. George Pataki provided grants, through the Grow New York Food and Agriculture Industry Development Program to support innovative approaches in the state's research, development, production, processing, marketing and distribution of agricultural and food products. Matching funds were provided to public and private agencies, businesses, educational institutions, local governments, and individuals who submitted successful proposals. Seventeen projects received \$557,000 for activities such as encouraging schools to purchase New York-grown fruits and vegetables, promoting public awareness of the health benefits of the wine and grape industry, and researching dairy production to improve milk quality.

Other states worked to build tourism in rural areas. **Nevada** created a rural grants program to promote activities that attract visitors in rural communities with populations of less than 100,000. Grants are provided to chambers of commerce, convention and visitor bureaus, local governments, tribal organizations, and organizers of special events. Grants must be matched by the local community in cash or in-kind contributions such as labor and materials.

In some cases, states provide technical assistance to rural entrepreneurs. Gov. Dirk Kempthorne created the Rural **Idaho** Initiative, to assist rural communities in economic expansion and diversification. Almost \$4 million has been invested to provide technical assistance to rural communities. The Gem Community Program awards communities for facility upgrades for new businesses. Technical assistance is also provided by economic development specialists who live and work in rural areas. Programs such as the North Carolina Entrepreneurship Institute also provide technical assistance and grants to rural entrepreneurs. (See previous section on supporting local entrepreneurs.)

Supporting Tourism and Cultural Activities

Tourism is a substantial contributor to states' economies, generating billions of dollars in state and local tax revenues, and wages. Last year, job creation and retention was strongest in metropolitan areas that experienced a robust recovery in tourism, along with population growth and other factors.^{vii} Governors worked to develop tourism in their states through financial support for specific activities and regions, marketing campaigns, and training for employees in the hospitality and tourism industry.

In **Iowa**, the community attraction and tourism grant program has funded entertainment attractions, event centers, riverwalks, and other cultural and recreational opportunities in 116 communities in the state. In Amana, for example, the program provided about half of the funding for historic revitalization project that includes a new visitor center, festival hall, green spaces, retail space for craftspeople, a conference center, and outdoor dining and entertainment venues.

Many states targeted specific regions and tourism activities. **New Jersey** established a dedicated source of funding for tourism and invested significantly in the shore area, in particular the boardwalk and casinos in Atlantic City. Through the department of labor's job training and literacy grants the state has invested more than \$3 million to ensure the shore communities have a skilled workforce. **Wisconsin** Gov. Jim Doyle awarded state tourism grants to spur brewery, winery, and gallery tours on the shores of Lake Superior. The grants were used to raise awareness of auto tours, fall color viewing, seasonal festival, and arts fairs.

Improving Business Attraction through Quality of Life Initiatives

Many businesses in today's economy choose to locate in cities and states with appealing physical environments, diverse recreational opportunities, cultural amenities, and vibrant urban centers that attract highly skilled workers. States can influence quality-of-life improvements through revitalization efforts, transportation planning, land use planning, infrastructure improvements, and coordination of regional growth. Several governors' economic development activities from September 2003 through 2004 focused on attracting businesses and workers to their state through investments in urban areas, smart growth policies, and preserving open space.

Michigan Gov. Jennifer Granholm created the Cool Cities Initiative, a major urban revitalization program designed to retain and attract urban pioneers and young knowledge workers to the state's cities. Twenty Cool Cities pilot projects received grants of up to \$100,000 and have access to more than \$100 million in state grants, loans, and other resources. Programs that have been funded include an art district open house, youth entrepreneurship training, and a waterfall park in Bay City.

Governors also addressed transportation and community issues in order to improve the quality of life in their states. **Massachusetts** Gov. Mitt Romney's new transit-oriented development policy was created to encourage pedestrian districts, the use of public transit, and the development of residences and workplaces in close proximity to transit services. State departments and the

transportation authority coordinate efforts to develop state-owned property surrounding transit stations. The 2004 Transportation Bond Bill makes \$30 million available to promote transit-oriented development through grants and loans for construction, site preparation, and the development of brownfield sites. Similarly, **California** provides transportation funding and other financial incentives for establishing housing and businesses near public transportation to develop transit villages.

Grant programs for community development were offered in several states. **Indiana** offered Community Comeback Grants to help local communities undertake economic development projects such as marketing, implementing technology, or other efforts to help draw businesses to the community. Communities negatively affected by trade receive the grants. Areas must demonstrate that either the current employment rate is in the bottom 20 percent of all Indiana counties or that the job dislocation rate over the past five years is in the top 20 percent of all counties.

Many states continued to implement downtown revitalization programs. **New York** Gov. George Pataki created a \$20 million state-funded Main Street Program to stimulate downtown revitalization by funding building renovations, streetscape enhancements, and downtown business or cultural anchors. The program also created a community resource center to coordinate agency efforts to renovate and enhance downtown areas. **Pennsylvania**'s Redevelopment Assistance and Capital Program offers \$640 million in grants for the acquisition and construction of improvement projects. Projects include structural and cosmetic repairs to buildings, street blocks, and local parks.

Marketing the State

States compete in a global economy against other countries for firms, qualified workers, and jobs. Governors can promote business activity in their states by acting as advocates for international development, serving as trade ambassadors to foreign countries and companies, and helping businesses gain access to state resources for trade services. States can employ marketing strategies to attract firms, workers, and tourism dollars.

Last year, governors focused on marketing their state by establishing foreign offices and working with businesses to help them gain access to resources for trade services. Through the Export **Alabama** pilot program, the state is teaching owners and managers of small and medium-sized businesses how to compete internationally, with a particular focus on South America. Gov. Bob Riley also opened the Alabama Development Office's European headquarters in Heidelberg, Germany to promote the state as a prime business location for European companies looking to locate plants in the United States and to assist Alabama companies seeking business opportunities in Europe.

Virginia assists exporters that have firmly established domestic operations and are committed to international exporting as an expansion strategy. Businesses participating in the Leaders in Export Trade Program are eligible to receive services from experienced, private-sector international service providers, including attorneys, Web designers, bankers, translators, and

freight-forwarders. Firms can also receive \$10,000 toward export-related expenses, \$10,000 in professional services, and strategic planning guidance and resource coordination.

In addition, several governors launched marketing campaigns for their states, including branding campaigns. For example, Gov. Ted Kulongoski appointed a citizen advisory board for the Brand **Oregon** Initiative. The Brand Oregon work plan for 2004-2005 focuses on tourism, business recruitment and agriculture, as well as coordinating external marketing among state agencies. The **Kentucky** Division of Tourism recently launched a branding campaign, based on a theme selected by citizens called “Unbridled Spirit”. The brand will be placed on state advertising, signs, stationery, brochures, Web sites and other information that comes from the Commonwealth.

Launching Comprehensive Strategies

Several governors launched major, comprehensive strategies to boost long-term competitiveness and create jobs. These strategies combined several of the economic development initiatives described in previous sections, including:

- recognizing existing state strengths or clusters;
- focusing workforce development actions on industry clusters;
- investing in R&D and universities to prepare a skilled workforce and spur innovation;
- providing technical and financial support to new businesses; and
- assisting businesses and entrepreneurs in accessing capital.

In **Delaware**, Gov. Ruth Ann Minner implemented a cluster-based economic development strategy, using a market-driven approach to growing small, medium, emerging and industry-related support businesses. In concert with this economic development strategy, she also launched the New Economy Initiative, which focuses on clusters of innovation through venture capital, technology development, retention and expansion of manufacturing facilities, and clean-energy research. The initiative created a competitiveness fund, which makes investments to modernize manufacturing facilities. The initiative also established a partnership with a bank to match the competitiveness fund dollar-for-dollar in low-interest loan money.

Through the New Economy Initiative, Delaware will invest in private venture capital funds which will invest in Delaware companies. The seed capital program will provide seed funding to technology-based small business. The Virtual Emerging Technologies Incubator will provide general legal advice, accounting, marketing, financial, patent and trademark services to technology based business that are selected to join the Incubator. Clean energy was also a focus of the initiative. Clean-energy performance grants are available for manufacturers of clean-energy equipment and to recruit of clean-energy companies, and a research center was established to focus on fuel-cell research. Last year, Gov. Minner made progress on several of these steps through legislation, by creating loans and matching funds and investing in job creation, relocation, and expansion.

Kansas Gov. Kathleen Sebelius signed the Economic Growth Act in April 2004, targeting entrepreneurship, bioscience and rural investment. Through a suite of bills to increase the state's

ability to create jobs, Kansas enacted a bioscience authority, emerging industry investment fund, entrepreneurship center and fund, investor tax credit program, rural business development program, downtown redevelopment program, and the modernization of workforce development initiative. The legislation was based on a series of prosperity summits the Governor held across the state in 2003.

Pennsylvania Gov. Ed Rendell introduced an economic stimulus package, A New Day for Pennsylvania's Economy, that will leverage \$2.3 billion in grants, loans, and guarantees over the next three years to generate private investment and start new businesses. The stimulus program focused on venture capital, business clusters around universities, and the two primary industries of the state—tourism and agriculture. Programs include infrastructure and facilities improvement programs, Keystone Innovation Zones, venture capital investment programs, the redevelopment capital assistance program, a research and development tax credit, the tourism development fund, and the agriculture expansion fund. Loans and grants are also available for municipalities to attract business and the development of real estate.

The Grow **Wisconsin** plan is Gov. Jim Doyle's strategy for job creation. Major initiatives include investing in infrastructure and workforce training, creating a venture capital fund, and providing seed funding and tax credits for businesses. Gov. Doyle has made progress on several "Grow Wisconsin" Initiatives, including creating tax credits for startup companies; opening an office to provide grants and technical assistance to entrepreneurs; and establishing manufacturing extension programs. The Harbor Assistance Program, which provides grants to improve access to state waterways for commerce and recreation, has been expanded. Grant funding is available to publicly owned ports and docks, and businesses to improve their port facilities. Two tax credit programs were created to encourage investment in startup companies, and a new program in the commerce department provides funding and technical assistance to entrepreneurs. The state also funded manufacturing extension programs to help small manufacturers modernize to stay competitive and create new jobs.

Conclusion

Constrained by the recent economic downturn and the states' fiscal crises, many governors have created economic development plans to address long-term competitiveness. Governors focused on economic development strategies used in the 1990s and found new ways to train, employ, and retain workers in their states. By supporting new business development, workforce skill building, and targeted research and development, states can improve their long-term competitiveness.

To compete in the global economy, states are making strategic investments and recognizing the importance of regional business "clusters". Successful economic strategies address economic development holistically by investing in employers and entrepreneurs, employees and workforce development, and appealing physical environments that attract and retaining both employers and skilled workers. By promoting innovation and recruiting and retaining firms, this proactive, holistic approach to economic development builds strong business environments that foster long-term economic growth.

APPENDIX A*

Building a Skilled Workforce

Training Programs

Alabama: Focused Industry Training Program

Gov. Bob Riley launched an initiative that helps train adults for existing jobs that become vacant when workers leave them for employment in Alabama's growing automotive industry. The Focused Industry Training (FIT) program will provide training and job placement services at sites across the state, concentrated in areas around Alabama's automotive manufacturing plants. Training will be conducted by personnel from Alabama's two-year community and technical colleges. The program is funded through the federal Workforce Investment Act and the two-year college system. The FIT program was created through a partnership between the Alabama college system, the [Alabama Department of Economic and Community Affairs](#), and the Alabama Office of Workforce Development.

Massachusetts: Hiring Incentive Training

Gov. Mitt Romney launched the Hiring Incentive Training program in March 2004. The program provides companies that hire individuals who have been without a job for at least a year up to \$2,000 for each new employee. The bonus—up to \$30,000 annually for each company—will be used to train the newly hired workers.

New York: Skilled Manufacturing Resource Training Program

Gov. George Pataki created the \$19.5-million New York Skilled Manufacturing Resource Training (NY SMART) program, which will provide new job training assistance to help manufacturing firms to upgrade the skills of new and incumbent workers. NY SMART grants are available to assist manufacturing firms employing 100 or more workers. The grants are designed to aid manufacturing firms with worker training initiatives. Training may take the form of traditional classroom instruction, distance learning, in-house courses, and computer-based lessons. The funds supporting the training will be provided from state-level funds under the Federal Workforce Investment Act administered by the [New York Department of Labor](#).

North Carolina: Training Investments in Biotechnology

Over \$60 million was allocated this year for a biomanufacturing training initiative at North Carolina's universities and community colleges. Gov. Michael Easley is enhancing incentives, infrastructure, low business costs and a skilled work force to attract biotechnology to the state.

Oregon: WorkSource Oregon Training Grants

During fiscal 2004, regional workforce response teams, in cooperation with local and regional workforce investment boards and WorkSource Oregon partners, awarded [89 grants](#) totaling over \$3 million to Oregon businesses to enhance the skills of their current work force, retain and grow jobs, and increase company competitiveness. As a result of the grants, over 5,000 Oregon workers will receive training in their work places in skills ranging from welding to information

* *The economic development initiatives outlined in this Appendix are linked in most cases. In some cases, relevant Web sites are no longer available.*

technology to high-performance processes. Employers must provide matching resources and retain jobs or create new jobs as a result of the training. WorkSource Oregon is a network of public and private partners statewide, established by the Governor in partnership with the [Oregon Workforce Investment Board](#).

Pennsylvania: Manufacturing Training Grants

Gov. Ed Rendell launched a new \$5-million state and federal manufacturing incumbent worker training program to help employers upgrade workers' skills. Funds will be awarded to industry partnerships made up of a consortium of employer representatives, and, where possible, employee associations and/or representatives of the workforce. The program aims to promote collaborations for specific clusters of manufacturers, such as such as biomedical, pharmaceuticals, and medical equipment; chemical, rubber, and plastics; electronics; and metals and metal fabrication.

Job Placement Programs

Colorado: Web-Based Employment System

The new job-vacancy system created by Gov. Bill Owens identifies job vacancies by region, sorted by occupation, industry, county, and zip code. The program aims to help employers become more competitive in recruiting and help employees locate jobs.

Indiana: Indiana@Work

Indiana@Work merges the training efforts of the Indiana [Department of Workforce Development and Commerce](#). The program provides individual skills assessments, WorkKeys skills assessments to determine and categorize skills necessary for a specific job, and the state's job-matching system, [CS3](#), which matches the individual with jobs at appropriate skill levels. Indiana@Work also organizes job fairs, advertising and local WorkOne Centers, and assistance in recruiting employees.

Oregon: iMatchSkills System

Gov. Ted Kulongoski launched the iMatchSkills system, an electronic program that matches employers with qualified workers based on their skills rather than previous job titles. Instead of a relying on resumes to find qualified employees, the iMatchSkills system provides the match to employers' indications of skills required for specific jobs. Employees will also be able to easily identify gaps in their skill sets to access needed training and educational services. The iMatchSkills system is administered by the [Oregon Employment Department](#).

Utah: Online State Recruiting

Utah officially launched the state's most comprehensive school-to retirement career-related Web site, a new interactive tool called [Careers.utah.gov](#). The site was developed by the Workforce and Education Development Alliance, a partnership comprised of the Utah Department of Workforce Services, Utah State Office of Education, Utah System of Higher Education, Utah State Office of Rehabilitation and Utah Interactive.

Higher Education Programs

Missouri: Forgiveness of Life Science Employee Student Loans

Missouri has launched a program that will forgive up to \$10,000 in student loans for students who pursue a math or science degree and take a job with a life-sciences company based in the state. The Missouri Advantage Repayment Incentive Option, offers up to \$2,500 in loan forgiveness every year for up to four years that a student is employed at an eligible company. Funding comes from interest on a portion of tax-exempt bonds, which Gov. Holden decided to allocate to the [Missouri Higher Education Loan Authority](#).

New Jersey: College Credit for Apprenticeships

Apprentices in New Jersey's building and construction trades will be eligible to receive college credit for the knowledge and skills they build on the job. Apprenticeships are applicable in seven trades, where more than 5,000 people are active apprentices and thousands of others are journeymen. At New Jersey's community colleges, the credits will be applied to associate's degrees. At senior colleges and universities, they will apply to bachelor's degrees. Each apprenticeship program will be subject to a rigorous evaluation of its curriculum, teaching objectives, and assessment tools, conducted by the American Council on Education's college credit recommendation service.

New Jersey: Community Colleges Compact

The New Jersey Community Colleges Compact, created by executive order, is a new statewide partnership between the state of New Jersey and its 19 community colleges. The compact empowers New Jersey's community colleges as centers for not only educational endeavors, but also for workforce development and business attraction programs. The compact calls for the colleges to work in cooperation with the state department of labor on customized training, workforce literacy and self-employment assistance. The colleges will also work with the New Jersey Commerce and Economic Growth Commission on business attraction and development programs, urban enterprise zones and small business development centers. The Compact enables the colleges to work with the department of education on career academies throughout the state and the 12th grade option, which enables seniors to begin preparing for high-paying jobs before they even leave high school.

Ohio: Internship Funding for High-tech Fields

As part of the [Third Frontier Project](#), a \$1.1-billion job-creation program to transition Ohio into the knowledge economy, funding from the Workforce Investment Act provides internships for students studying math, science, and engineering. The first round of funding in 2003 resulted in \$4 million for over 1,300 internship opportunities in high-tech firms.

Consolidating State Offices to Improve Workforce Development

Alabama: Office of Workforce Development

Gov. Bob Riley created the office of workforce development in February, 2004 to increase accountability, streamline services, provide universal access, and empower individuals to select their own training and providers.

Colorado: Office of Workforce Development and Technology Alliance

Gov. Bill Owens launched the Colorado Technology Alliance to promote Colorado's technology industries and established the office of workforce development to provide training, outreach, and unemployment support.

Idaho: Consolidation for Workforce Development

Gov. Dirk Kempthorne combined the departments of labor, which housed most workforce programs, and commerce, which contained most business attraction and retention programs. The consolidation was completed with legislation and the new office will focus on development.

Kansas: Employment Services Combined in Departments of Commerce

Gov. Kathleen Sebelius authorized the shift of most federally funded employment and training programs from the Kansas Department of Human Resources to the department of commerce. The Governor's executive order brings together a range of programs focused on employment services, job training, job creation, business attraction, and business retention.

Kentucky: Life Sciences / Biosciences Consortium

Gov. Ernie Fletcher formed an advisory group in July 2004 comprised of government, industry, and education representatives to develop an economic model to attract additional life-sciences companies to Kentucky. The Governor will develop incentive packages to enable Kentucky to compete with other states that are also trying to attract such businesses. The objective of the consortium is to boost the development of the industry through technology transfer and commercialization of new ideas and discoveries. In addition, the consortium will focus on attracting technology-related venture capital to Kentucky. This new initiative will capitalize on Kentucky's existing within the private-sector expertise, as well as the office of the new economy, the cabinet for economic development, and the commerce cabinet.

Maine: Created a Workforce Cabinet

Gov. John Baldacci created a workforce cabinet to bring together seven state departments and agencies to work collaboratively to address workforce issues. The cabinet was designed to expand business awareness and foster greater responsiveness of economic development, education, and workforce providers to the needs of business.

Missouri: Consolidating Workforce Development

As part of the Managing for Results Initiative, workforce development services were consolidated in the [Missouri Department of Economic Development](#).

New Jersey: Created Department of Labor and Workforce Development

Programs from the New Jersey Departments of Education and Human Services, representing about \$150 million in funding used locally for job training, were moved to the New Jersey [Department of Labor and Workforce Development](#) to make job training more convenient and available for workers and businesses.

Tennessee: Diversity Business Enterprise Office

Gov. Phil Bredesen created the office of diversity business enterprise in December 2003. The office is the central point of contact for minority, women-owned, and small businesses. The departments of finance and administration, economic and community development, general

services, and transportation, and the state building commission have partnered with the office to coordinate and implement initiatives.

Texas: Regional Economic Development Offices

Gov. Rick Perry created new regional economic development offices in Houston and Arlington designed to work with local leaders and companies to create jobs and attract businesses to the area. He plans to open offices in San Antonio, East Texas, West Texas, the Rio Grande Valley and El Paso.

Washington: Competitiveness Council

Gov. Gary Locke convened the Washington Competitiveness Council and adopted a number of the council's key recommendations regarding higher education, taxes, and infrastructure for improving Washington's business climate.

Miscellaneous Workforce Initiatives

Ohio: Workforce Guarantee Program

Gov. Bob Taft of Ohio signed a new [jobs bill](#) creating the Ohio workforce guarantee program, which is designed to help recruit, screen, and train employees for companies that are creating 100 or more jobs in Ohio. The bill also redirects funding to job-training programs and expands the job creation tax credit and Ohio enterprise zone program.

Kansas: Business Education Partnership

Gov. Kathleen Sebelius created a business education partnership for Kansas to build support for public education and advise the Governor and other policy-makers on education policies that are responsive to business priorities and needs. Consisting of a nonpartisan group of Kansas business leaders, the partnership is charged with educating Kansans about the important connections between strong schools and a strong economy; strengthening connections between education and workforce development; and advising the Governor on education initiatives and their intersections with state business and workforce priorities.

Michigan: Regional Skills Alliances

To resolve worker and skills shortages, employee recruitment and retention issues, and other challenges, Gov. Jennifer Granholm established Michigan Regional Skills Alliances (MiRSAs)—locally managed partnerships to address strategic workforce issues affecting groups of firms operating in the same industry in a specific region. Through the support of the [Charles Stewart Mott Foundation](#), the Michigan [Department of Labor and Economic Growth](#) (DLEG) will provide one-year start-up grants totaling \$1.05 million for 12 MiRSAs across the state. The state's objective for the MiRSA initiative is to assist local areas in developing industry-based partnerships that will promote the economic health and welfare of area businesses and workers.

Promoting Private Sector and University R & D

Incentives for the Private Sector/Facilitating Commercialization of New Ideas

California: Stem Cell Research Funding

Voters in California passed Proposition 71, one of the largest state bonds ever proposed, granting \$3 billion in state funds to stem-cell researchers for the next 10 years. Proposition 71 created the California Institute for Regenerative Medicine and the Independent Citizens Oversight Committee. The 27-member committee will oversee funding of research on stem cell techniques to explore potential cures for 700 diseases and debilitating conditions.

Florida: Biomedical Research and Commercialization Funding

In addition to research funded at universities, Gov. Jeb Bush has invested in the Florida's biotechnology and biomedical cluster through research grants for scientists and commercialization. Funding has been secured for longer-term biomedical research projects and training new scientists. The program is administered through the Florida [Department of Health](#).

Georgia: Centers of Innovation Strategy

Gov. Sonny Perdue hopes to create new jobs, increase investment, and ensure long-term economic opportunity through this public-private-university partnership. Georgia's centers of innovation strategy focuses on the development of centers of excellence in the areas of aerospace, biosciences, digital media, logistics, medical technology, precision agriculture, and transaction processing. In addition to the centers' research function, entrepreneur-outreach specialists will provide technical expertise and access to state resources. The Governor launched the program in coordination with universities, private corporate sponsors, and the [Department of Economic Development](#) and the Department of Industry, [Trade](#) and [Tourism](#).

Iowa: Commercialization of Biotech Research

Gov. Tom Vilsack directed the Iowa [Department of Economic Development](#) to commission third-party research to identify opportunities in the state for biosciences. In particular, the resulting recommendations focused on commercializing of biotech R&D and encouraging growth and sustainability of bioscience firms.

Maine: Jobs Bond Invests in R&D

Gov. John Baldacci launched an initiative to issue \$60 million in bonds financed research and development, primarily by investing in research infrastructure. The bonds were allocated for nonprofit biomedical research facilities; the creation of a marine sciences educational hall by marine and fisheries research laboratories; and infrastructure improvements at technology development centers and several research centers in the University of Maine system.

New Jersey: Stem Cell Research Institute

By investing in the New Jersey Stem Cell Research Institute, the state became the first to use its own funds for stem cell research. An initial \$6.5 million will be used to plan and recruit top researchers from around the world. The state expects to attract more than \$50 million in private funding in the institute's first five years.

North Dakota: Centers of Excellence Fund

Gov. John Hoeven created the Centers of Excellence Fund, bringing expertise, quality instruction, and research to help stimulate quality jobs and new educational opportunities through the state's colleges and universities. The centers for excellence initiative uses \$50 million in state funds to leverage additional private and federal investment for research and commercialization of new products and services. The centers are envisioned as regional hubs of research and development around which dynamic and innovative new businesses can cluster and gain access to new technology and a high-quality workforce.

Ohio: Biomedical Research and Technology Transfer Partnership Awards

Ohio's Biomedical Research and Technology Transfer Partnership Awards provide grants to support biomedical and biotechnology research leading to Ohio commercialization and long-term health improvements in the state. Projects receiving awards are collaborations among Ohio higher education institutions, nonprofit research organizations, and Ohio companies in the areas of human genetics and genomics, structural biology, biomedical engineering, computational biology, plant biology and environmental biology. The awards are part of Gov. Bob Taft's [Third Frontier Project](#).

Pennsylvania: Technology R&D Tax Credits

Gov. Ed Rendell created a tradable R&D tax credit for first-time technology-oriented businesses. Young companies will have the opportunity to sell unused tax credits for capital to buyers who will use the purchased tax credits to offset up to 75 percent of their own tax liability. Companies can apply for a credit equal to 10 percent of the growth of qualified R&D expenditures from one tax year to the next. The state increased the credits from \$15 million to \$30 million in 2005.

South Dakota: Homestake Underground Laboratory

The Homestake Mine was designated by the National Science Foundation as an ideal location for a deep underground laboratory. The conversion project has been a priority for Gov. Mike Rounds. South Dakota hopes the laboratory will bring the world's best physicists to the Black Hills to conduct advanced experiments.

Washington: R&D Tax Credits and Deferrals

Gov. Gary Locke signed a bill extending tax incentives for research in specific technology areas and construction of research facilities in an effort to create more jobs. The incentives include sales tax deferrals and exemptions for qualified investments in R&D facilities, and a business-and-occupation (B&O) tax credit for qualified R&D expenses. For the first time, the legislation grants a sales tax deferral to research facilities built by the universities and eliminates the B&O tax on federal research grants to small businesses.

Targeted University Funding

Georgia: Public-Private-University Partnerships

Gov. Sonny Perdue's centers of innovation strategy launched the Agriculture Center of Innovation, where researchers from universities will collaborate to develop new solutions for agribusiness. Private corporate sponsors who join the center will be able to leverage that research and work with local farmers to give these solutions practical evaluations. In addition to the center's research function, a dedicated entrepreneur-outreach specialist with expertise in small

business and agribusiness will work throughout the region to provide technical expertise and access to state resources. The [Georgia Department of Economic Development](#) is working to recruit member companies to the center and create the collaborative environment that will drive technology research and development.

Minnesota: BioScience Cluster and Life Science Corridors

Gov. Tim Pawlenty has created growth and expansion zones for the state's biotechnology and health sciences industries. The bioscience zone facilitates research and development activities and promotes bioscience business development near the University of Minnesota's Minneapolis and St. Paul campuses, in a life-science corridor in South Minneapolis, and near the Mayo Clinic in Rochester. The goal is to cluster existing and start-up bioscience companies and help them gain access to University of Minnesota and Mayo Clinic researchers and to provide tax incentives to help them lower their overall costs and facilitate their growth. The bioscience zones are a program of the Minnesota [Department of Employment and Economic Development](#).

New York: University Research Grants

As part of a new comprehensive initiative to spur technology-based applied research and economic development, Gov. George Pataki awarded colleges with grants from the New York [Office of Science, Technology and Academic Research's](#) College Applied Research and Technology. The grants will be used to encourage applied research collaboration and innovation with industry, promote workforce development, and better leverage State funds with investments by the federal government, industry, foundations, and nonprofit economic development organizations

Pennsylvania: Keystone Innovation Zones

The Keystone Innovation Zone (KIZ) program, a cornerstone of Gov. Ed Rendell's economic-stimulus initiative, designates zones in college and university communities that will foster innovation and create entrepreneurial opportunities to keep young, talented graduates in Pennsylvania. As part of the KIZ program, each year \$25 million in tax credits will be available for companies. As an incentive to universities that are involved in a KIZ partnership, \$10 million will be available over the next three years to create or enhance technology-transfer programs at the universities for the benefit of entrepreneurs.

South Dakota: University Research Centers

Gov. Mike Rounds announced that four university-based research centers will receive nearly \$2.8 million in state funds in a first-ever initiative aimed at growing the state's economy by targeting investments in specialized research at South Dakota public universities. The centers are housed in the departments of veterinary science, cardiovascular research, materials and metallurgical engineering, and chemistry.

South Dakota: Entrepreneurial Studies Established as an Undergraduate Discipline

The South Dakota Board of Regents created an undergraduate minor in entrepreneurial studies to be offered beginning in spring 2005. Interest in the new 19-hour program is high, especially among nonbusiness majors.

Washington: Engineering and Science Institute

Washington allocated funding for the development of the new Washington State University Vancouver Engineering and Science Institute. Starting in the fall of 2005, the institute will offer students in southwest Washington a unique educational opportunity to complete bachelor's degrees in biology or computer science, as well as bachelor's or master's degrees in mechanical engineering. The institute was created in response to the needs of high-tech industry leaders in southwest Washington as well as students seeking degrees in high-demand fields.

Supporting Local Entrepreneurs and New Businesses

Venture Capital

Colorado: Venture Capital Authority

Gov. Bill Owens created the Colorado Venture Capital Authority (VCA), which will provide \$50 million in capital for businesses throughout the state. The VCA will sell premium tax credits to insurance companies and make the proceeds available to one or more venture capital fund managers to be selected by the VCA. The selected fund managers, in turn, will make investments in eligible Colorado small businesses. The [Colorado Office of Economic Development & International Trade](#) is responsible for administering these tax credits.

Hawaii: State Private Investment Fund

Gov. Linda Lingle initiated legislation that established a State Private Investment Fund to create additional venture capital for technology and other growth companies. However, the Hawaii State Legislature delayed implementation of the program by failing to appropriate any contingent tax credits for the fund in fiscal 2005.

Kansas: BioScience Authority

Gov. Kathleen Sebelius' [Economic Growth Act of 2004](#) created a BioScience Authority and Emerging Industry Investment Fund to develop the industry cluster in Kansas.

Michigan: Venture Michigan Fund

The Venture Michigan Fund is designed to give Michigan technology startup companies access to the venture capital needed to become successful job-producing businesses. The fund is expected to raise capital through the sale of debt instruments to Michigan-based banks, insurance companies and other corporations. The capital will be invested in venture capital firms with a significant Michigan presence. The Venture Michigan Fund has been established as a Michigan nonprofit corporation governed by a seven-member board.

New Jersey: The Biotech / Life Sciences Venture Fund

New Jersey's state economic development authority has set up a \$10-million fund to attract and seed life-sciences companies within the state and drive economic growth. Known as the Garden State Life Sciences Venture Fund, it will draw money from the state's residual Business Employment Incentive Program, as well as an additional \$30 million over 10 years from Philadelphia-based venture capital firm Quaker BioVentures, which has invested \$275 million invested in life-sciences companies.

Ohio: Validation Fund & Seed Fund

The Validation Fund & Seed Fund Initiative provides grants to increase the availability of professionally managed capital and associated services to accelerate the growth of early-stage Ohio technology companies. The awards are part of Gov. Bob Taft's [Third Frontier Project](#).

South Dakota: High Opportunity Fund

South Dakota's High Opportunity Fund was created by [Senate Bill 202](#) to address the needs of entrepreneurial businesses at various stages of development. The state's Revolving Economic Development Initiative Fund will allocate up to \$12 million to this new program for qualified capital investment entities. These may be venture-capital firms or organizations providing seed capital. The capital investment entities will re-loan the funds to small businesses on various levels throughout the state.

Wisconsin: Venture Capital and Entrepreneurship Grants

Gov. Jim Doyle called on the legislature to pass a venture-capital bill in his 2004 state-of-the-state address. [Senate Bill 261](#) aims to encourage high-tech industry and entrepreneurship in the state, offering an investment tax credit of 25 percent over a two-year period for investments made directly in qualifying new businesses; an early-stage seed investment tax credit for investments in startups certified by the state department of commerce; and \$2.6 million for one year of grants and loans for the technology and commercialization program, which would provide early-stage planning, matching, bridge, venture capital, entrepreneurial, and technology transfer center grants and loans.

Entrepreneurship Programs and Grants

Kansas: Entrepreneurship Center and Fund

The Economic Growth Act of 2004 created the Entrepreneurship Center and Fund. Both are targeted to rural and low-income communities. The Center will work with entrepreneur organizations, providing a resource center and clearinghouse and overseeing collaboration with government and assistance organizations. The fund will provide seed capital to economic development agencies for entrepreneurs.

Mississippi: Make a Job Impact Centers

Make-A-Job Impact Center (MAJIC) grants are awarded to Mississippi communities to stimulate small business and rural entrepreneurial growth. The MAJIC awards, a new [Mississippi Development Authority](#) sponsored project, provide planning monies to communities and colleges to develop shared-use centers that will stimulate and nurture clusters of small businesses.

New Hampshire: Entrepreneur Workshops and Business Incubator Network

New Hampshire is promoting entrepreneurship by holding workshops, such as "Starting & Growing Your Business". The New Hampshire Business Incubator Network is a program launched by Gov. Craig Benson in 2003. Business incubators offer companies access to affordable rent, shared Internet services and phone lines, educational programs, business planning services, and contact to various advisors, investors, and specialists. To date, over 75 percent of all new startups enrolled in an incubator program are successful. The state also held a [Start Up New Hampshire business plan competition](#), with the following categories: best biomedical/life

sciences plan, best financial/financial services plan, and best New Hampshire north country business plan.

North Carolina: Rural Economic Growth Initiative

Gov. Michael Easley established the [Institute for Rural Entrepreneurship](#) to stimulate and support small-business development and entrepreneurship in the state's 85 rural counties and a \$600,000-entrepreneurship demonstration program to provide grants to communities and for economic development projects. The institute will also administer the New Opportunities for Workers (NOW) program to help dislocated manufacturing workers in 28 counties to create jobs for themselves through small business start-ups. NOW will provide \$100,000 for entrepreneurship training and technical assistance and \$1 million in loans from the center's microenterprise loan program. Funding for NOW is provided by the state department of commerce and community college system, North Carolina REAL Enterprises and the rural center's workforce development program.

Texas: Texas Enterprise Fund

Gov. Rick Perry created the \$295-million Texas Enterprise Fund, a state business-recruitment and retention fund for infrastructure development, community development, and job-training programs, and assistance with business development. Projects funded so far include Baylor College of Medicine's study of the bovine genome, University of Texas at Dallas's effort to secure a Texas Instruments plant, and University of Texas Health Science Center's establishment of a new center for diagnostic imaging.

Wisconsin: Entrepreneurs' Network and Assistance Centers

Gov. Jim Doyle has formed an entrepreneurs' network to provide assistance to in all stages of development through four new regional centers and a network of new intake centers. Assistance includes consulting services, workshops, and information on accessing capital. Businesses will be assessed at intake centers to determine their needs, and those with strong potential for growth will be referred to regional centers for further services. The Wisconsin [Department of Commerce](#) is providing \$1 million to fund the statewide network.

Streamlining for Business Activities

Louisiana: Regulation Reform for River Pilots and Foreign Banks

Gov. Kathleen Babineaux Blanco reformed regulations, creating a single fee commission and oversight board for river pilots, making state ports more competitive for shipping. She also signed legislation reforming banking laws to encourage international investment.

Michigan: Timely Application and Permit Service

Michigan Timely Application and Permit Service will provide a one-stop shop for businesses to determine what permits are needed to do business in Michigan, regardless of the authorizing department or agency.

[New Jersey: Expediting Smart Growth Permits](#)

New Jersey passed [S1368](#), providing regulatory relief for development and redevelopment in smart growth areas. The act speeds permit processing in smart growth areas without changing the standards for approving or denying permits.

[North Carolina: Expedited Environmental Permits](#)

Gov. Michael Easley streamlined environmental permitting through express permitting, for which applicants pay supplemental fees. The process promises a money-back guarantee if the permit is not processed in the standard time. Agencies are required to perform a preliminary review in order to inform applicants of any incomplete or incorrect information.

[Ohio: One-Stop Business Website](#)

The Ohio Business Gateway, which won a national Innovations Award, provides thousands of businesses with one-stop, Web-site returns to the Ohio Departments of Taxation, Job and Family Services, Commerce, and Workers' Compensation.

[Oregon: Virtual Industrial Land Use Permits](#)

Oregon has implemented a virtual permitting process that allows a landowner or developer to obtain all the conditional use permits, siting permits, and building permits needed to construct a hypothetical building on a site.

[South Dakota: Intellectual Property Policy Changes](#)

In response to Gov. Mike Rounds' economic development plan, the South Dakota Board of Regents changed its intellectual property policy, increasing the financial incentives to protect results of university research and encourage its commercialization.

[South Dakota: Support for Oil and Gas Development](#)

Gov. Mike Rounds is working to encourage oil and gas exploration, production and development. HB1014 reduces the percentage of owners required to ratify an oil and gas unit. New rules contained in Administrative Rules of South Dakota (ARSD) [74:10:18:01 to 74:10:18:06](#) were adopted by the board of minerals and Environment to standardize the amount of risk compensation to be paid to an oil and gas operator who finances an operation in cases of compulsory pooling and compulsory unitization, and will become a part of the existing state rules regulating oil and gas exploration, production, and development.

[Tennessee: Business FastTrack](#)

Gov. Phil Bredesen signed an [executive order](#) creating a new multi-agency service designed to cut government red tape for existing or prospective Tennessee businesses seeking to expand or invest in Tennessee jobs. He created the new state service—Business FastTrack—in response to the demand for a more simplified and timely process for handling inquiries from businesses seeking to invest in Tennessee jobs.

Targeted Industry Incentives

[Alaska: Incentives for Oil and Gas Industries](#)

Gov. Frank Murkowski has provided incentives for new oil fields and markets and worked to facilitate exploration of oil and gas fields. Tax credits, royalty reductions, and exploration incentives have been provided for natural gas exploration.

Florida: Entertainment Industry Incentives

Gov. Jeb Bush launched a \$2.4-million entertainment industry financial incentive fund to attract more film and television production to Florida. Money will be available to qualified production companies that apply and are approved by the [Gov.'s Office of Film and Entertainment](#) via the Florida Office of Tourism, Trade and Economic Development.

Illinois: Renewable Energy Grants and Ethanol Production Tax Credits

Gov. Rod Blagojevich awarded renewable energy grants, funded by the [Renewable Fuels Development Program](#) of the Illinois Department of Commerce and Economic Opportunity. An energy company received an award to build a new ethanol production facility, and the Governor extended tax credits to ethanol producers.

Louisiana: Online Forestry Resource

Gov. Kathleen Babineaux Blanco launched a Web site, titled [Louisiana Forest Products Community](#), designed to facilitate and promote forest-sector economic development in Louisiana. Any company fitting the product-line criteria can input its company specifics to be included in the directory and use the RFP tool that facilitates targeted product-buying and selling. Once in the directory, the company listing is accessible worldwide to anyone searching for various product descriptions. Louisiana manufacturers can also use the community to search for raw-materials suppliers and equipment to support their companies. Louisiana Economic Development and the Louisiana Forest Products Development Center, part of the Louisiana State University AgCenter, developed the Web site with collaboration and input from key institutions in industry, government, and academia.

Missouri: Fostering Ethanol Production

The [Missouri Department of Economic Development](#) provided development tax credits to facilitate the construction of a new producer-owned ethanol production facility. The Missouri Development Tax Credit Program offers state tax credits of up to 50 percent of a donation to eligible donors who contribute to a nonprofit corporation. The corporation then uses the donation to purchase certain assets and lease them to a business.

Nebraska: Promoting Ethanol Production

In Nebraska, several ethanol plants are under construction because of the state's low electric rates, abundance of corn, availability of livestock to consume ethanol byproducts, and incentive programs. Nebraska offers an ethanol tax credit program ([LB-536](#)) and a withholding tax program ([LB-620](#)).

New Jersey: Casino Industry Incentives

New Jersey passed legislation to eliminate the complementary tax on casinos, and a separate bill that will channel \$62 million in casino reinvestment funds into Atlantic City construction projects. The bill authorizes the casino reinvestment development authority to approve five new entertainment-hotel districts in Atlantic City. The fund will finance revitalization projects for Atlantic City's Boardwalk.

New York: Hydrogen Research

Gov. George Pataki awarded grants to projects that will assist the state in creating a hydrogen roadmap to guide hydrogen research and development efforts in New York and allow for public outreach and education about hydrogen-related energy. The initiative is being funded through a collaborative effort among the New York State Energy Research and Development Authority, the Long Island Power Authority, and the New York Power Authority.

Ohio: Fuel Cell Roadmap

As part of Gov. Bob Taft's Third Frontier Project, Ohio has a strategic guide to maximizing the involvement of Ohio companies in the fuel cell industry, including supporting research and development and commercialization.

Oregon: Film Production and Technology Recruitment

Gov. Ted Kulongoski made a trip to California to promote the film production environment in Oregon. He met with the executives of several major film companies to promote corporate benefits for locating in Oregon.

Pennsylvania: Energy Harvest Program

The state launched a second \$5-million grant round for the Pennsylvania Energy Harvest program to provide financing for clean and renewable energy projects to be built in Pennsylvania from sources such as biomass, wind, solar, small-scale hydroelectric, landfill methane, coal-bed methane, and waste-coal.

Virginia: Wine Industry Plan

Gov. Mark R. Warner announced the first-ever strategic plan for the Virginia wine industry, [Vision 2015](#). The strategic plan is the work of the Virginia Wine Study Work Group, an initiative established to develop strategies to improve and expand Virginia's wine industry. The plan addresses local and state policy affecting Virginia's wine industry, marketing strategies, research and extension programs, and the development of new financial tools to support entrepreneurs entering or expanding in the industry.

West Virginia: Energy Village

West Virginia secured funding for Energy Village—the state's energy and environmental technology cluster, with a focus on energy and environmental technology to establish the business cluster. The funding will help Energy Village implement its strategic plan for the growth of energy and environmental technology businesses in the state. Energy Village was developed as an outgrowth of the Energy Task Force created by Gov. Bob Wise, which produced a 20-year energy roadmap for the state.

Tax Credit Programs

Maine: Pine Tree Development Zone Program

Gov. John Baldacci introduced legislation creating the Pine Tree Development Zone Program in 2003 for targeted industries, including manufacturing, financial services, biotechnology, and

information technology. The program uses a combination of tax incentives to spur economic development in targeted areas where unemployment is relatively high and wages are relatively low. Qualified new and expanding businesses will be offered 80 percent employment tax increment financing reimbursement of payroll taxes for new jobs. Also available are: a 100 percent refund of corporate income tax and insurance premium tax; a local option tax increment financing to help pay project costs over multiple years; and a 100 percent sales and use tax exemption for construction materials and equipment purchases.

Massachusetts: Tax Credits for Jobs in Life Sciences and Biotech Industries

Gov. Mitt Romney's economic development bill provides tax rebates to companies in the life-sciences, biotechnology and medical-device industries that create 10 or more manufacturing jobs. Under the plan, eligible companies will receive 50 percent of the state income tax they pay for the new employees.

New Mexico: High Wage Jobs Tax Credit

Gov. Bill Richardson signed [Senate Bill 28](#) creating the high-wage jobs tax credit in February, 2004. The credit gives companies a 10 percent refundable credit for each high-wage job created.

Workers Compensation Reforms

Oregon: Employer Fees and Assessment Rates Reduced

Gov. Ted Kulongoski announced that one of the state business fees that pays for workers' compensation and workplace safety programs will be reduced next year, saving Oregon businesses \$2.6 million. On average, employers in Oregon can expect to pay about the same amount for their workers' compensation insurance premiums in 2005 as they did in 2004. State analysts have recommended that the workers' compensation premium assessment rate be reduced from 7.0 percent to 6.8 percent for 2005, a reduction of nearly 3 percent on the total assessment that brings it to its lowest level in eight years.

Tennessee: Reducing Workers' Compensation Costs

[Senate Bill 3424](#), signed by Gov. Phil Bredesen in June 2004, addresses rising workers-compensation costs. The multiplier used to determine the base benefit for permanent partial disability has been reduced for workers who return to the same employer. SB 3424 requires the state to develop a medical-services fee schedule and takes steps toward eliminating the court-based dispute system by requiring that all parties participate in a benefit-review conference before filing claims in court. SB 3424 requires that carriers reflect actual cost savings resulting from the legislation in their premiums within 15 months of the bill's effective date of July 1, 2004, which is estimated to reduce costs by three to eight percent.

Developing Rural Areas

Agriculture Programs

Iowa: Funding and Facilities for Agriculture and Manufacturing

As part of the Iowa Values Fund, Gov. Tom Vilsack has provided university funding for multi-use, goods-manufacturing processes; protein-purification facilities for plant, animal, and chemical manufactured proteins; upgrading food and drug administration drug approval laboratories in Iowa City to a larger multiclient, goods manufacturing processes facility; and crop and animal livestock facilities for the purposes of growing transgenic crops and livestock.

Missouri: Initiatives for Farmers and Ranchers

Missouri passed several bills related to rural economic development, including an expansion of value-added production and processing opportunities for Missouri's farmers and ranchers. Value-added enterprises convert raw materials to products on site. Building processing capabilities allow producers to add profit to their operations, and revenue into the local economy, by converting raw commodities into more valuable processed products. [Senate Bill 740](#) modifies the value-added [Agricultural Product Business Loan Guarantee Program](#), increasing the state first-loss guarantee from 25 percent to 50 percent. This change, coupled with a change in the fiscal 2005 budget, will allow for additional entrepreneurs to secure capital.

New York: Agriculture Development Grants

Gov. George Pataki announced grants for 17 projects across New York that support innovative approaches to the research, development, production, processing, marketing, and distribution of agricultural and food products in New York. The grants are being awarded as part of the [Grow New York](#) food and agriculture industry development program. Matching funds were provided to public and private agencies, businesses, educational institutions, local governments, and individuals who submitted proposals. Seventeen projects were selected and received \$557,000 to encourage schools to purchase New York grown fruits and vegetables, promote public awareness of the health benefits of the wine and grape industry, and researching dairy production to improve milk quality.

Pennsylvania: First Industries Fund

The First Industries Fund is named for tourism and agriculture, Pennsylvania's largest industries. The fund provides \$150 million in planning grants, loans and loan guarantees for tourism development and agriculture expansion. The fund is a program of Gov. Ed Rendell's economic stimulus package and plan, A New Day for Pennsylvania's Economy. The Commonwealth Financing Authority administers the program.

Broadband Initiatives

Kentucky: Rural Broadband Initiative

Gov. Ernie Fletcher's rural broadband initiative includes measures that are designed to create regulatory parity among competing broadband providers. This incentive is expected to lead to an expansion of broadband service to rural Kentucky.

Maryland: networkMaryland

Maryland is accelerating its digital communication backbone, networkMaryland, by establishing a point of presence in every jurisdiction by early 2005. On October 31, 2003, DSL broadband service was extended to 26 Eastern Shore communities as part of a larger strategy to extend DSL coverage in other rural areas of the state. Gov. Bob Ehrlich not only brought broadband service to Maryland's rural counties, but also negotiated the elimination of the cost penalty imposed on rural

businesses. These actions will allow rural Maryland businesses to receive broadband service at the same costs as urban Maryland businesses.

Virginia: Broadband Investment Initiative

Gov. Mark Warner invested \$12 million in broadband technology called the Regional Backbone/Roots of Progress Initiative (RBI). The initiative will create 700 miles of new fiber-optic cable that will connect five cities, 20 counties and 56 industrial parks, and provide high-speed Internet access to nearly 700,000 citizens and more than 19,000 businesses throughout Virginia at a 20 percent reduction in high-speed Internet access costs.

Other Rural Initiatives

Georgia: Equity Fund

The OneGeorgia Authority provides over \$12.5 million in grant and loan awards to spur economic development in rural Georgia communities. The equity fund awards grants and loans to help communities and regions build the necessary infrastructure to support economic development. The program's flexibility provides financial assistance to enhance publicly-owned tourism initiatives, workforce-development opportunities, and downtown revitalization projects. In addition, loan funds are available through the equity revolving loan fund to assist small-business owners with business growth and expansion opportunities.

Idaho: Rural Idaho Initiative

Gov. Dirk Kempthorne's Rural Idaho Initiative includes economic development projects, which generally funding for public facilities; [Gem Community](#) grants for rural communities receiving technical assistance; and the employment of 12 rural economic-development specialists throughout Idaho. The initiative was restored in 2004 by [Senate Bill 1405](#) and made grants to attract [the aeronautic and technology industries](#) to the state. Recent projects include a property for a constructing a new hangar and office space for airline maintenance, an industrial building, and a semiconductor company.

Illinois: Team Illinois

Team Illinois, an unprecedented state initiative that pools resources to address the needs of the state's poorest communities, incorporates customized training for businesses, infrastructure development for roads and water, a technology-learning center, and a strategic credit union expansion into less developed areas.

Kansas: Economic Growth Act

The Kansas Economic Growth Act established the [Kansas Center for Entrepreneurship](#), the Kansas Community Entrepreneurship Fund for rural areas, and the Rural Business Development Program, which offers tax credits for investors in specific regions of the state.

Maine: Rural Pharmacy Purchasing Alliance

Gov. John Baldacci announced an agreement between the state and rural pharmacies to develop a purchasing alliance for independent pharmacies and a pilot program supporting sole-community rural pharmacies to assure that they continue to provide services to Maine's rural population. The state is working to create the state purchasing alliance under the direction of a [task force](#).

Minnesota: Rural Economic Development Initiative, JOBZ

Job Opportunities Building Zones (JOBZ) is a program of the Minnesota [Department of Employment and Economic Development](#). By scoring zones based on demonstrate need and likelihood for success, JOBZ will be created and industrial sites identified. An administrator will oversee program incentives and proposals, including a number of tax exemptions for investors, corporations, and individuals.

Nevada: Rural Tourism Grants Program

Nevada's rural tourism grants program helps promote activities that attract visitors to rural communities with populations under 100,000. Funding is awarded to nonprofit organizations such as chambers of commerce, convention and visitor bureaus, local governments, tribal organizations, Nevada's designated tourism territories and special events. Each grant must be matched equally in cash or in-kind contributions such as labor and materials.

Washington: Tax Exemption for Manufacturing and Research Facilities in Rural Areas

Washington passed legislation to extend the sales-tax exemption on construction of manufacturing and research facilities in rural areas as well as the B&O tax jobs credit to 2010. The legislation will also continue the B&O tax credit for help-desk enterprises in rural areas.

Virginia: Rural Development Initiative

Gov. Mark Warner launched Virginia Works, a \$20-million rural economic-development program focusing on existing businesses and industries, including agriculture and tourism. Investments will be made in tourism through a new rails to trails network and the promotion of local hand-made arts and crafts. Advanced manufacturing will be targeted through training programs and centers at community colleges and universities and by expanding the export assistance program that is targeted to large manufacturers for smaller firms. A new community development bank, the use of new-market tax credits, and funding for the redevelopment of commercial sites will also be employed. Funding for Virginia Works comes from a combination of existing program assets, new-market tax credits, state funding, and matching federal funds.

Supporting Tourism

Iowa: Tourism Grants

The Community Attraction and Tourism (CAT) grant program is part of the Iowa Shines program, which identifies and rewards communities that have made commitments to improvements. The CAT programs have funded community attractions, event centers, riverwalks, libraries, and other cultural and recreational opportunities in 116 Iowa communities. In Amana, for example, the program provided about half the funding for a historic revitalization project that includes a new visitor center, festival hall, green spaces, retail space for craftspeople, a conference center, and outdoor dining and entertainment venues.

Nebraska: Tourism and Weather Kiosks for Travelers

Gov. Mike Johanns established the N-View Program, which provides tourism attraction and weather information for travelers at kiosks across the state.

New Jersey: Tourism Fund

New Jersey has established a dedicated source of funding for tourism and invested significantly in the Shore area, in particular the boardwalk and casinos in Atlantic City. In addition the New Jersey [Department of Community Affairs](#) has made major investments in the New Jersey's Shore communities. Through the New Jersey [Department of Labor's](#) job training and literacy grants, the state has invested more than \$3 million to ensure the state's Shore communities have a ready, willing and highly skilled workforce.

Pennsylvania Heritage Marketing Tourism Grants

Gov. Ed Rendell and [the Pennsylvania Tourism Office](#) awarded \$100,000-grants to organizations to help market heritage tourism, the state's second-largest industry. The goal of the grants is to increase the quality, length and number of visits; boost visitor spending; spur economic growth, including new jobs; and encourage the preservation of Pennsylvania's historical assets by making them economically productive.

Rhode Island: Tourism Campaign

Gov. Donald Carcieri announced the launch of the Rhode Island Tourism Division's advertising campaign, featuring a tourism television advertising campaign and the 2004 Official Rhode Island Travel Guide.

South Dakota: Hospitality Workshops, Events and Tour Operator Resources

A refresher course in customer service is available to employees in the hospitality industry from the [South Dakota Office of Tourism](#). Topics include best practices in developing positive relationships with guests and tools for working as a team with coworkers. The Office of Tourism is promoting the Great Shoulder Events campaign to boost attendance at South Dakota events during the off-peak travel season and to increase economic impact in host communities. SD Office of Tourism Group tour operators in South Dakota have access to a number of resources, including the [Tours South Dakota Web site](#), which provides research resources, itinerary suggestions, motorcoach regulations to accommodations, and restaurants and attractions that can accommodate motorcoach groups. The Web site also offers information on receptive operators and transportation, gaming, and major attractions.

Virginia: Heritage Music Trail

Gov. Mark R. Warner signed legislation to create Virginia's Heritage Music Trail. The legislation links Virginia's significant bluegrass and country music venues along several state and interstate highways together to attract tourists to southwest Virginia.

Wisconsin: Tourism Grants

Gov. Jim Doyle awarded state tourism grants to implement [brewery, winery, and gallery tours on the shores of Lake Superior](#), as well as fall tours to target travelers in Wisconsin and Illinois by raising awareness of the recreational opportunities, such as auto tours, fall color viewing, seasonal festival, and arts fairs. The grants are offered from the department of tourism's Joint Effort Marketing grant program.

Improving Business Attraction through Quality of Life Initiatives

Smart Growth Programs

California: Transit Village Development

Gov. Arnold Schwarzenegger signed a law to provide incentives for creating transit villages—clusters of homes and businesses around public transportation. Transit villages are eligible for transportation funding and other financial incentives and can use an expedited permit process to spur development. The law also expands the definition of a transit village to include developments around a ferry terminal, bus hub, or bus transfer station as well as a rail station.

Maryland: Priority Places

Gov. Bob. Ehrlich launched Priority Places, an initiative to build on Maryland’s smart-growth efforts by providing state assistance to designated development projects and planning efforts in existing communities. The Priority Places strategy marshals state resources to promote revitalization, redevelopment, and well-planned new development in designated communities throughout Maryland.

Massachusetts: Transit-Oriented Development Initiative

Gov. Mitt Romney’s new transit-oriented development policy, nicknamed Take it to the T, will encourage the use of public transit, the development of residences and workplaces in proximity to transit and the creation of active pedestrian districts around transportation hubs. The Metropolitan Boston Transit Authority—the second-largest landowner in the Commonwealth—will demonstrate these practices through development on its own property and by offering certain communities strategic assistance for this kind of development.

New Hampshire: Smart Growth Initiative

New Hampshire launched a smart growth initiative and Web site, to be led by an advisory committee, which will support the work of the [Office of Energy and Planning](#).

Utah: Quality Growth Communities Program

The Quality Growth Communities Program, an effort to encourage and reward quality growth planning in Utah, was created by [executive order](#). Cities, towns, counties, special districts, transit authorities and other service providers are eligible for the program, which is sponsored by the Utah Quality Growth Commission.

Revitalization Programs

Indiana: Community Comeback Grants

Indiana invited applications for Community Comeback Grants to help local communities undertake economic development projects such as marketing, implementing technology, or other efforts to help attract businesses. Communities negatively affected by trade will receive the grants. They must demonstrate that either the current employment rate is in the bottom 20 percent of all Indiana counties or that the job dislocation rate over the past five years is in the top 20 percent of all counties.

Michigan: Cool Cities Program

Gov. Jennifer Granholm's Cool Cities Initiative was designed to retain and attract more people—including urban pioneers and young knowledge workers—to its cities. Twenty Cool Cities pilot projects will receive catalyst grants of up to \$100,000 and gain access to more than \$100 million in state grants, loans, and other resources. Designed to help foster the development of vibrant, attractive cities and urban centers, the initiative is part of Gov. Granholm's economic development plan for Michigan. Programs that have been funded include an art hop, youth entrepreneurship training, a waterfall park, and initiatives to improve tolerance and diversity in Michigan's communities.

New York: Main Street Program

Gov. George E. Pataki created \$20-million "New York Main Street Program" that will stimulate downtown revitalization by providing funding for building renovations, streetscape enhancements, and downtown business or cultural anchors. The program, which will be administered by the Housing Trust Fund Corporation and the New York State [Division of Housing and Community Renewal](#), will also create a community resource center to coordinate efforts between the various state agencies that administer main street revitalization resources and provide communities with needed technical assistance.

Pennsylvania: Redevelopment Assistance Capital Program

The Redevelopment Assistance Capital Program (RACP) provides development grants from the Pennsylvania [Office of the Budget](#) for the acquisition and construction of regional economic, cultural, civic, and historical improvement projects. The \$640 million in RACP funding approved by the state legislature in July is a component of [Gov. Ed Rendell's economic-stimulus package](#), which leverages \$2.3 billion in grants, loans and guarantees over the next three years to generate an anticipated \$5 billion in private-sector investment to help start and expand Pennsylvania businesses.

Marketing the State

International Offices and Programs

Alabama: European Development Office

Gov. Bob Riley opened the Alabama Development Office's European headquarters in Heidelberg, Germany, to promote the state as a prime business location for European companies looking to locate plants in the United States and to assist Alabama companies seeking business opportunities in Europe.

Virginia: Economic Development Offices in China

Gov. Mark Warner opened Virginia's first local economic development office in China. The [Henrico County Economic Development Authority](#) has opened an office in Shanghai, China, in efforts to recruit Chinese companies and encourage partnerships between Chinese firms and Henrico businesses. In addition, Virginia operates several offices that directly target China's economy. The Virginia Economic Development Partnership has an international trade office in Hong Kong as well as trade and investment offices in Tokyo, Japan, and Seoul, Korea. The

Virginia Port Authority operates offices in Hong Kong; Singapore; Tokyo, Japan; and Seoul, Korea. The Virginia Department of Agriculture and Consumer Services has an office in Hong Kong.

Marketing Campaigns

California: Marketing Campaign to Businesses

Gov. Arnold Schwarzenegger unveiled a national billboard advertising campaign to attract businesses from other states. Sponsored by the [California Jobs and Economic Growth Commission](#), the billboards feature an image of the Gov. and declare that "California Wants Your Business".

Kentucky: Open for Business Campaign and Branding Kentucky Campaign

Gov. Ernie Fletcher's Open for Business campaign works cooperatively with businesses seeking to locate and expand in Kentucky. The Branding Kentucky campaign called on citizens to become involved in a Web site survey to decide how to use marketing dollars to promote the commonwealth. The theme of "[Unbridled Spirit](#)" was announced in November, 2004. The brand will be placed on state advertising, signs, stationery, brochures, Web sites and other information that comes from the Commonwealth. Gov. Fletcher also unveiled a new Web site, www.KentuckyUnbridledSpirit.com, which will feature branding news, showcase how the brand may be used and offer logo merchandise for sale.

New York: ILOVENEWYORK Campaign

Gov. George Pataki kicked off of the 2004 I LOVE NEW YORK fall program with the state department of tourism to promote travel, including the availability of the free 2004 I LOVE NEW YORK Autumn Vacation Guide and the launch of the state's popular fall foliage reports.

Oregon: Brand Oregon Initiative

Gov. Ted Kulongoski appointed a citizen advisory board for the Brand Oregon Initiative to unify and expand marketing efforts focused on Oregon products and destinations. With the Governor, the board will develop industry-marketing partnerships to advance the initiative. The 2004-2005 Brand Oregon work plan includes a focus on tourism, business recruitment, and agriculture, as well as coordinating external marketing among state agencies.

Texas: "Gone to Texas" and "Texas One" Campaigns

The Gone to Texas campaign is a marketing strategy to attract businesses to the state, highlighting recent tort reform, school systems, workforce, transportation, and resource advantages of the state. Gov. Rick Perry also announced a \$5-million marketing campaign called Texas One to promote job creation.

Vermont: Businesses Recruitment Advertising Campaign

The Vermont Department of Tourism and Marketing has launched a business-recruitment campaign, which has run ads in the *Wall Street Journal*, trade shows and conferences for

corporate real estate professionals, and its own publications, and published articles in *Vermont Life* magazine.

Virginia: Marketing Nationally and Internationally

Gov. Mark Warner has been personally involved in aggressively marketing Virginia as a business location and trading partner, conducting business recruitment meetings with companies in Detroit, New York, San Francisco, Washington, D.C., and Western Europe. He returned from his first trade mission to Mexico where he promoted Virginia exports, agricultural products, and tourism.

Washington: “From the Heart of Washington” Campaign

Recent legislation authorized the [Washington Department of Agriculture](#) to create a non-profit corporation to carry forward the From the Heart of Washington campaign, which is currently in its third year of funding from a one-time federal grant. The program markets Washington’s agricultural products and building consumer support through TV, radio and print articles, and advertisements.

Trade Assistance

Alabama: Export Alabama

Through the Export Alabama pilot program on trade with Chile and Brazil, the state is beginning to teach owners and managers of small and medium-sized businesses how to compete internationally. The pilot is funded through the U.S. Department of Commerce, the National Chamber of Commerce, the Alabama Development Office, and business sponsors.

Illinois: Buy Illinois

As part of Gov. Rod Blagojevich’s [Opportunity Returns](#) economic development plan, he launched the Buy Illinois program in the Illinois Department of Agriculture and released a Web site to promote the agriculture industry.

Virginia: Leaders in Export Trade Program

Virginia assists exporters that have firmly established domestic operations and are committed to international exporting as an expansion strategy. Participating businesses may receive services from experienced, private-sector international service providers, including attorneys, web designers, bankers, translators and freight-forwarders. Firms can also receive \$10,000 toward export-related expenses; \$10,000 in professional services; and strategic planning guidance and resource coordination.

Launching Comprehensive Strategies

Alaska: Charting Alaska’s Future: Plan for Alaska 2004-2006

Gov. Frank Murkowski laid out a plan for the state focused on economic and natural resource development. The Governor is working to develop infrastructure and affordable power for mines. To support the oil and gas industries, the administration is providing incentives for exploration and making mature oil fields profitable. One of the Governor’s priorities is providing infrastructure, including building roads, ports, airports, and ferries, and developing a natural gas line. The administration has worked with the U.S. Forest Service to redevelop the timber industry and create a land management plan. For the fishing industry, Congress provided individual and

matching economic development grants, and the Governor's trade mission to Asia resulted in increased exports.

Delaware: New Economy Initiative

Gov. Ruth Ann Minner's New Economy Initiative, launched in 2003, incorporates eight components:

- 1) Delaware Competitiveness Fund, which makes investments in Delaware companies to modernize facilities, such as implementing new manufacturing processes, bringing in new product lines, and expanding R&D operations.
- 2) Venture capital investment fund.
- 3) Technology-based small business seed funds.
- 4) Virtual emerging technologies incubator, which provides general legal advice and accounting, marketing, financial, patent, and trademark services.
- 5) Clean energy research center, focusing on fuel-cell research.
- 6) Clean energy performance grants to attract manufacturers.
- 7) Experimental Program to Stimulate Competitive Research, a National Science Foundation program that provides states with a two-to-one match of funds invested to stimulate research, which is conducted at colleges and universities on biotechnology research.
- 8) Continued investment in the strategic fund to create and retain jobs.

Launched in 2003, Gov. Minner has made progress in [creating loans and matching funds](#) and [investing in job creation, relocation and expansion](#). The Governor's smart growth programs—Livable Delaware and Smart Commute—have moved forward as well. The New Economy Initiative was funded through [Bond Bill – House #550](#).

Illinois: Opportunity Returns

Opportunity Returns is Gov. Rod Blagojevich's comprehensive plan for restoring economic opportunity to Illinois by creating regional partnerships, leveraging resources, and integrating government services. Regional plans were created with input from local leaders, and include areas for job creation: manufacturing, entrepreneurship, education and workforce, access to capital, infrastructure, and energy components. State agencies will designate senior staff to serve as the economic development liaison, participating in interagency meetings and working with the regional teams. Programs include the creation of a manufacturing research and technology center, transportation investments, and a critical skills shortage fund to provide training grants to businesses. The Illinois [Department of Commerce and Economic Opportunity](#) oversees this program, with implementation support from local elected officials, chambers of commerce, planning commissions, tourism and convention bureaus, transportation agencies, and business and labor leaders. Opportunity Returns is funded by \$10 million in discretionary workforce funding.

Kansas: Economic Growth Act

In April 2004, Gov. Kathleen Sebelius signed the Economic Growth Act, a suite of bills to increase the state's ability to invest in new job creation programs. The act created a bioscience authority, emerging industry investment fund, entrepreneurship center and fund, investor tax-

credit program, rural business development program, downtown redevelopment program, and the modernization of workforce development initiative.

Minnesota: Rural Economic Development Initiative, JOBZ

Minnesota's Job Opportunities Building Zones (JOBZ), creates zones and identifies industrial sites based on demonstrate need and likelihood for success. An administrator oversees program incentives and proposals for the zones, including a number of tax exemptions for investors, corporations, and individuals. JOBZ was funded by the [Omnibus Tax Finance Bill](#) in the Minnesota [Department of Employment and Economic Development](#).

Missouri: Jobs Now

Missouri's [Senate Bill 1155](#) created the Jobs Now economic development program to create more jobs. Jobs Now calls for enhanced enterprise zones to provide tax incentives and state tax refunds to new businesses in low-income communities. Jobs Now increases the cap for the BUILD enterprise zone program to \$15 million to offer incentives to job creation in manufacturing or office settings. The legislation redirects outdated tax credits to pay for workforce training and critical infrastructure. Existing workers may be retrained through a \$15-million fund to keep up with technology upgrades. Jobs Now provides up to \$12 million to cities and counties for grants, or low or no-interest loans for public infrastructure projects.

Pennsylvania: A New Day for Pennsylvania's Economy

Gov. Ed Rendell worked to compose a bipartisan economic stimulus package, A New Day for Pennsylvania's Economy, which will leverage \$2.3 billion in grants, loans, and guarantees over the next three years to generate private investment and help start new businesses. Programs include infrastructure and facilities-improvement programs, Keystone Innovation Zones, community revitalization programs, venture-capital investment programs, the redevelopment capital assistance program, the research and development tax credit, the tourism development fund, and the agriculture expansion fund. Loans and grants are also available for municipalities to attract business and develop real estate.

Wisconsin: Grow Wisconsin

The Grow Wisconsin plan lays out Gov. Jim Doyle's strategy for job creation. The major initiatives of this program are to:

- Create a competitive business climate by adopting a single-factor sales tax, investing in long-term infrastructure plans, streamlining and offering incentives to help site energy plants and transmission lines, and creating an urban venture capital fund.
- Invest in people by providing \$50 million workforce training, expanding job-training programs, funding a youth apprenticeship program, facilitating transfers between technical and state college systems, and raising the minimum wage.
- Invest in businesses by generating \$300 million in seed and venture capital funds, \$200 million through New Markets tax credits, targeting clusters through workforce development, investing in research to win federal grants research and commercialize research, and creating entrepreneur programs.

- Reform regulations and make government responsive by expediting processes, developing environmental market incentives, making permits and tracking systems available online, and simplifying permits.

Gov. Doyle has made progress on several Grow Wisconsin initiatives, including [creating tax credits for startup companies, an office to provide grants and technical assistance to entrepreneurs, and manufacturing extension programs](#), as well as an [expansion of the Harbor Assistance Program](#). [Senate Bill 261](#) creates two tax-credit programs to encourage investment in startup companies, and creates a new program at the department of commerce that will provide funding and technical assistance to entrepreneurs. [Assembly Bill 859](#) provides funding to manufacturing extension programs in Wisconsin that will help small manufacturers modernize to stay competitive and create jobs.

Endnotes

ⁱ Bureau of Labor Statistics. *Employment and Unemployment Data: Labor Force Statistics from the Current Population Survey*, <<http://www.bls.gov/data/home.htm>> (October 13, 2004).

ⁱⁱ Ibid.

ⁱⁱⁱ National Governors Association and National Association of State Budget Officers, *The Fiscal Survey of States 2003* <<http://www.nasbo.org/Publications/fiscsurv/fsfall2003.pdf>> p.ix, (23 November 2004) and *The Fiscal Survey of States 2004* <<http://www.nasbo.org/Publications/fiscalsurvey/fsfall2004.pdf>> p.1, (16 December 2004).

^{iv} Ibid.

^v Ibid.

^{vi} US Small Business Administration, Office of Advocacy. *2003 State Small Business Profile: United States*, <<http://www.sba.gov/advo/stats/profiles/03us.pdf>> p.1 (December 6, 2004).

^{vii} DeVol, Ross and Lorna Wallace. *Best Performing Cities: Where America's Jobs Are Created and Sustained*, Santa Monica, CA: Milken Institute, November 2004.