

News & Views: Economic Development

An Informational Resource

No Results—No Development \$

In New York, anyone who wants state money to help create jobs must first demonstrate that they can create them; so says a new state grants mandate.

Despite billions in tax breaks and subsidies, some of which went to projects that did not meet expectations, the state had little to show for it according to a study by the Citizens Budget

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Alcoa & Microsoft Incentivized to Create Jobs

Iowa gave Alcoa \$3 million in tax incentives to create 150 permanent jobs, save 200 jobs and add 150 temporary construction jobs. The money will help Alcoa pay for its \$300 million plant expansion in Davenport, an advanced manufacturing facility that will make high-tech aluminum used in more fuel-efficient cars and in aircraft for Alcoa's \$34 billion aerospace business.

Carmakers are expected to double their use of aluminum to make vehicles by 2025 because of the fuel-efficiency requirements. Aluminum is expected to account for 16 percent of the overall materials used to make vehicles in that time.

Meanwhile, the state gave Micro-



soft Corp. tax credits to help the software company double its investment in its new West Des Moines data center. This \$200 million building construction project is expected to add at least 10 jobs. While the Microsoft jobs will pay about \$23/hour, the Alcoa positions will pay slightly less.

To help attract companies like Alcoa and Microsoft, Iowa will likely create a new economic development fund in the next legislative session to replace the one that was recently depleted.

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Funds to Help Create Manufacturing Jobs



In Iowa, the Clearwater Economic Development Association will use a new federal grant of \$2.5 million to help it win military manufacturing contracts.

A half a million dollars a year are earmarked annually for five years to employ four people who are charged with

winning at least 3 bids in the first year and increasing in each succeeding year through the fifth year when 22 successful manufacturing bids are required.

Key elements of the program are to provide technical assistance that is not readily available to the manufacturers; to match large, compatible procurement opportunities for the region's manufacturers; and to help manufacturers partner when necessary to win bids.

Millions Earmarked for Small Business

In Houston, a new Community Based Development Organization Agreement will provide almost \$125 million to fund economic development among small businesses there for the next three years.

The Community Based Development Organization (CBDO) will have greater autonomy and fewer local restrictions than in the past. The CBDO promotes lending through new alternative capital sources and public/private partnerships.

Next year, the U.S. Treasury Department will allocate \$4.5 billion in tax credits to eligible community development entities in an effort to stimulate economic growth in underserved, low-income communities.

The aims are to provide investment capital, in underserved communities, to small and minority businesses. This alternative source of capital will help promote business development and economic revitalization strategies throughout Houston and surrounding areas.

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Commission (CBC). In fact, the CBC reported that the state lost over 130,000 jobs in the last decade while spending almost \$7 billion a year to create jobs.

As a result, the CBC advised the state to streamline jobs programs, implement metrics to enforce accountability and make subsidies performance-based.

Tax Credits Build St. Louis Air Cargo Traffic

Missouri legislators have reconsidered tax proposals aimed at making the city's airport a hub for international trade. They listened to detractors who said that it would be unwise to pour hundreds of millions of tax dollars into the construction of warehouses without a guaranteed return on investment (ROI).



The incentives were designed to help transform the airport into a

hub for Chinese cargo planes and other international trade. While the \$60 million earmarked for companies that handle the logistics of exports remains in the bill, the \$300 million for the construction of warehouses and manufacturing facilities near the Lambert-St. Louis International Airport was eliminated.

As a result, those who would have benefitted from the \$300 million will have to apply for incentives through other state tax credit programs that require the creation of a minimum number of jobs. Luring cargo flights from Chicago and other hubs in the Midwest is the immediate goal.

Online business Databases

In Michigan, the St. Clair County Economic Development alliance is launching two new online business-centered databases to help entrepreneurs

grow small businesses.

The first, an employment database, will launch in October to list available job openings and post resumes of job hunters. Another, which will go live in November, is a business-to-business portal that will encourage businesses to engage in local partnerships and local purchases of goods and services.

They will consolidate access to small business resources in one location to help develop an entrepreneurial environment in that community to create needed jobs.



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