ENTERPRISING STATES

CREATING JOBS, ECONOMIC DEVELOPMENT, AND PROSPERITY IN CHALLENGING TIMES

A Project of the U.S. Chamber of Commerce and the National Chamber Foundation
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About the Report
The report was prepared by Praxis Strategy Group and Joel Kotkin. Authors from the Praxis team include Delore Zimmerman, Mark Schill, Doug McDonald, Matthew Leiphon, and Dave Roby. Bret Swanson authored parts of the report. Zina Klapper provided editing and additional research. Praxis Strategy Group is an economic research and development strategy company that works with leaders and innovators in business, education and government to create new economic opportunities. Joel Kotkin is an internationally recognized authority on global, economic, political and social trends. His book The Next 100 Million: America in 2050 explores how the nation will evolve in the next four decades.

About the U.S. Chamber of Commerce
The U.S. Chamber of Commerce is the world’s largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

About the National Chamber Foundation
The National Chamber Foundation (NCF), a nonprofit affiliate of the U.S. Chamber of Commerce, is dedicated to identifying and fostering public debate on emerging critical issues. We provide business and government leaders with insight and resources to address tomorrow’s challenges.

About American Free Enterprise. Dream Big.
NCF has partnered with the American Free Enterprise. Dream Big. campaign to spur the creation of 20 million jobs over the next decade – restoring the 7 million jobs lost to the current recession, and creating the 13 million new jobs that our growing nation will need in the next 10 years. It is a comprehensive, multiyear campaign to support free enterprise through national advertising; grassroots advocacy; citizen, community, and youth engagement; and research and ideas leadership.

The opinions and conclusions expressed or implied in the report are those of the research agency. They are not necessarily those of the National Chamber Foundation and the U.S. Chamber of Commerce.

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May 3, 2010

Dear Colleague,

The National Chamber Foundation has partnered with the American Free Enterprise. Dream Big. campaign to spur the creation of 20 million jobs in the next decade – restoring the 7 million jobs lost to the current recession, and creating the 13 million new jobs that our growing nation will need in the next 10 years.

Each individual state will play a pivotal role in achieving this goal by creating the conditions for competition, innovation, and productivity through a focus on education and training, science and technology and infrastructure. Enterprise-friendly policies at the state level can facilitate local job growth by championing entrepreneurship and mobilizing effective partnerships for improving the conditions for business and job growth.

Our study connects the success of free enterprise to our nation’s economy by correlating key policy inputs and best practices in state-driven economic development with job creation and other substantive economic outputs. Brief case studies of each state highlight policies and strategies that work. From the interviews we conducted for these case studies, it is clear that the states are making job creation a high priority, and are implementing meaningful changes in their approaches to job creation. While this varies by state, there is a renewed focus on creating more favorable conditions for business growth.

As you will soon see, some common themes emerge such as the streamlining of regulatory and permitting processes, analysis of current tax policies, an increased attention on business creation and support for existing companies, and a strong emphasis on incentivizing private sector investors primarily with tax credits. Science and technology-based economic development and clean-tech initiatives are proliferating in virtually all of the states. Productivity and competitiveness initiatives, while not necessarily job creating, are being used aggressively to strengthen and retain strong companies who already anchor state economies. There is widespread support for doubling exports but there are also states that have made significant headway using strategies for foreign direct investment (FDI).

We hope you’ll find this study to be interesting and useful in understanding what is going on at the state level to create jobs and economic growth. At the Chamber, we are more committed than ever to promoting jobs through free enterprise and education. Learn more at FreeEnterprise.com.

Sincerely,

Margaret Spellings
Executive Vice President
National Chamber Foundation
The message of Enterprising States is that the 50 “little Republics” matter. State policies matter. Governors, state legislators, and local officials matter. Although the Federal government has been driving stabilization policy during the recent recession, it is the states [and territories] that will lead a crucial new growth strategy in the next decade. The nation needs an economic revival sufficiently robust to create 20 million jobs over the next decade—restoring the 7 million jobs lost to the current recession, and creating the 13 million new jobs that our growing nation will need in the next 10 years. And while the Federal government will affect the situation on the ground in broad strokes and from a distance, Governors and state and local government will drive the types of new, experimental, flexible job-growth strategies that can match the speed of the global economy and achieve this growth imperative.

Fiscal challenges can force important policy choices about taxation and spending priorities, and states must balance those decisions against the need to retain and attract private enterprise. In fact, many states have shown that fiscal prudence and bipartisan pragmatism are more likely to be achieved outside of Washington. The findings of Enterprising States are likely to surprise and prove powerful examples for the next wave of state-level policy innovation.

Consider: the State of North Dakota, perhaps an afterthought to some, was a national leader in job growth over the last decade. Montana, meanwhile, leads in many measures of entrepreneurship, Tennessee in several measures of taxes and regulation, and Minnesota on workforce development and training. Some states, like Texas and Utah, are strong across the board in both economic policies—and economic results. And despite a Midwestern manufacturing meltdown, a State like Indiana remained afloat because of sensible tax, budget, and regulatory policies, proving it can be done.

“America is a vast country made up of hundreds of diverse economies,” writes study co-author Joel Kotkin. The flexibility to match local strengths with global needs will be paramount. It is local knowledge and local energy—among local officials and individual businesspeople and entrepreneurs—that will make the difference. Washington can focus on a few overriding national priorities, but most of the new ideas, new companies, and new jobs will come from local initiative.

As Kotkin writes, “This enterprising spirit reflects a broad, long-term American trend. U.S. employment has been shifting not to mega corporations but to individuals and smaller units; between 1980 and 2000, the number of self-employed individuals expanded tenfold to comprise 16 percent of the workforce.”

In the coming decades, the U.S. will enjoy a “demographic dividend” of more immigration and higher birthrates compared to most developed nations. This dividend of human capital could be a chief U.S. economic advantage in a global economy. But only if we match this demographic dividend with a “jobs dividend.”

Enterprising States finds:

- States are much more active than the Federal government on the job creation and economic development front. While the policies vary by state there is renewed focus nationwide on creating more favorable conditions for business growth.
- State priorities vary considerably. Some are strong in innovation. Others in exports or workforce development. Some have weathered tough times with relative success. Others were not prepared for an extended downturn. The recent recession, however, leaves a number of important lessons and gives all states a chance to reassess, reboot, and adopt proven strategies for the future.
- High tax rates do not lead to either healthy economies or budgets. On the contrary, many states with the highest tax rates and most onerous regulatory regimes
have experienced the worst budget crises. Taxpayers and businesses are leaving these states. States with more favorable tax and regulatory climates did not experience budget problems nearly as severe.

• Many states have implemented initiatives for streamlining red tape to help businesses sort through the many layers of government regulation and have incentivized private-sector investors primarily with tax credits.

• Targeted investments in infrastructure projects at the state-level can create growth-friendly environments in communities.

• Science- and technology-based economic development and clean-tech initiatives are proliferating amongst virtually all of the states.

• Productivity and competitiveness initiatives, while not necessarily job creating, are being used aggressively to strengthen and retain strong companies who already anchor state economies.

• There is widespread support for doubling exports but there are also states who have made significant headway using strategies for foreign direct investment (FDI).

• Cultivating people through workforce development and training will drive economic development at the state-level.

• Regional cultural variety could account for differences in entrepreneurial strength. For example, entrepreneurship is notably strong in the West and Northeast-Mid-Atlantic regions. Which begs the question: How might we translate this culture of entrepreneurship to other regions?

Enterprising States is a beginning, not an end. It is an in-depth look at the vast and complex network of economies we call the 50 states and territories. It is an attempt to find some of the most important regional and policy differences that can yield new information to local leaders and lawmakers. Studying the differences among the states should help them learn from one another. What works? What doesn’t? By sharing these success stories and lessons learned we hope to create a roadmap to economic resilience and an ongoing dialogue that makes every state stronger.
In the coming decades, the United States will enjoy an enormous demographic advantage over its primary competitors in both Europe and East Asia. As countries such as Germany, France, Japan, South Korea and even China will experience declining workforce growth and rapid aging, by 2050 the pool of people aged 14 to 64 in the United States is expected to grow by more than 40%, compared to what it was in 2000. In contrast, China’s workforce will fall by 15%, Europe’s will decline by 25%, and that of Japan will plunge by 44%.¹

This growth represents an unprecedented opportunity for free enterprise in America, but it also poses a tremendous challenge. What the United States does with its “demographic dividend”—that is, its relatively young working-age population—will largely depend on whether or not the private sector can generate growth in jobs and wealth to help meet the needs of a larger aging population.

Government, too—particularly at the state and local levels—will need to play a role with policies that spur the private sector. Government can facilitate long-term job growth by establishing smart approaches to education, immigration, health care, energy, infrastructure, and tax and regulatory policies.

A University of Kentucky report prepared for the U.S. Chamber of Commerce has calculated the total number of new jobs needed “to return the economy to our pre-recession level of employment and provide jobs for all the expected new entrants.” It concluded, “The national total is nearly 23 million workers. Almost forty percent of these additional jobs are concentrated in California, Florida, and Texas, three states that comprise 26 percent of the population as of 2008.” Each of the three states that are predicted to need fewer positions since the start of the recession has fewer than 850,000 people. In these states, North Dakota, South Dakota, and Wyoming, the number of workers affected by the recession is more than offset by slower population growth projected by the Census.²

And simply to keep pace with population growth in 2010, the New America Foundation estimates, the country needs to add more than 125,000 jobs a month.³

The employment imperative is particularly critical today, with over fifteen million unemployed. Even if we reach the administration’s goal of providing 95,000 jobs a month this year, 190,000 monthly next year, and 250,000 in 2012, our overall unemployment rate is expected to remain over 8% by 2012. According to estimates by the Economic Policy Institute, it could take until 2013 or even 2014 to get back to the unemployment levels of before the recession.⁴

The most critical need is to create jobs for middle and working class people, and for the young, with the teen unemployment rate now over 24% compared to under 15%.

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**Figure 1.** Source: U.S. Census International Database
These groups have borne the brunt of the recession—particularly in areas such as construction, where employment has contracted by two million jobs since 2006. The nature of the federal stimulus, which focused more on the social safety net than on infrastructure, appears to have largely missed this heavily male, blue collar segment.

Many have been out of work for a long time. Nearly 6.3 million Americans have been unemployed for over six months, the largest number since the federal government started keeping track in 1948. The average duration of unemployment—28.5 weeks—is the highest since the end of the Second World War. According to the labor department, right now there are roughly 6.1 unemployed people for every job, four times the rate in December 2007.

**Needed: An American Approach to Job Creation**

More than a year after the passage of the federal stimulus, much more work needs to be done to strengthen of our free enterprise system. Some analysts suggest that we take our lead from the example of European societies, and use tax dollars to stimulate and preserve employment as well as expand social protections. Others argue that adopting European models of shorter hours and more leisure might benefit the economy. Yet these are not rational choices for the United States, since virtually all these societies are aging rapidly, and few have been growing rapidly.

Indeed, many of these societies still have higher rates of youth unemployment than the United States. By the end of 2009, unemployment for those under the age of 25 stood at 21% in the European Union (EU), with some countries—Sweden (27%) and Spain (44%)—at extraordinarily high levels.

Overall, the core European countries have not grown as quickly as the United States over the past forty years, and seem to be lagging in the current early stages of the recovery. This is a long term trend. The core EU fifteen countries’ share of the world economy has shrunk considerably, while that of the United States has remained remarkably stable. For EU countries, expansive social protection has not been paired with rapid growth.

The United States will need to find its own means to address its unique jobs imperative. Clearly, the expansion and preservation of government employment has proven stimulative, but private sector employment continues to be a struggle in most of America.

One third of the stimulus was directed to local government, and public employment has barely dropped. Even so, there is increasing stress on state and local government, due to the declines in the private sector economy. The limited efficacy of a government-centered approach can be seen in the states—which, after all, cannot print their own money to cover their deficits—with extremely stressed budgets and the inevitability of large cutbacks in public employment.

Another misplaced approach to job creation is the widely embraced notion—both at the federal and the local levels—that government regulations tied to a “green” economy could create a large new employment source. Various studies in countries that have created massive incentives for such employment—Spain, Germany, Denmark—find that the employment-stimulating impact of such policies can be more than off-set by the negative consequences of resulting high energy prices. When cap and trade mandates raise energy taxes and the cost of doing business, they ultimately inhibit job growth. In the long run new jobs in energy sectors will be created by the creation and production of new technologies.

Expanding our production of all energy sources could be a major source of jobs. But the experience in some

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**Figure 2.** Source: U.S. Bureau of Labor Statistics, Current Employment Survey.
European countries makes clear that green jobs on their own cannot be a fundamental driver of future job creation. Indeed, literature suggests that much of the job growth in green industries has occurred in China and other countries. To date, the actual impact of green jobs seems to be less than expected.\textsuperscript{12}

The one likely way to expand green jobs, notes a series of studies, would be through greater economic growth. Most new green jobs depend on the expansion of other key sectors, notably housing, manufacturing, warehousing and agriculture. As these industries expand, they will be the prime markets for new, environmentally responsible technologies and techniques.\textsuperscript{13}

The only sustainable way for the United States to create jobs lies in a rapid expansion of the private sector economy, including in the construction, manufacturing, and energy sectors. A ‘green’ economy cannot be created at the expense of the rest of the economy as a whole. Unreasonable constrictions on manufacturing and construction inhibit job growth. And roadblocks to energy development—including to renewable energy projects—from environmental legislation, as well as from environmentalists and NIMBYs, are also harmful to job growth. Improving the quality of the environment should be a primary concern here, of course, as well. But without robust economic growth, the United States simply will have to accept a massive decline in living standards.

The growing divergence between advanced countries should not be viewed as a matter of right or wrong, better or worse. Rather, it signifies how societies of different heritages, faced with different prospects, cope with their evolving futures.

What Is the Best Role for the Federal Government In Job Creation?

The best role for the federal government is to fund national priorities like energy, physical infrastructure, and the national defense, and to set basic health and safety regulatory guidelines that are carefully balanced against the need to maintain low barriers to entry into the market. But, for the most part, the primary mission for economic development went to the states, and, more importantly, the private sector economy.

The mounting federal initiatives to wrest environmental, wage, and benefit concessions from private companies are examples of a centralization of government power over both states and private businesses that could take us in the wrong direction. Although certain times do call for increased federal activity—legitimate threats to national security or economic emergencies, such as the Great Depression or the recent financial crisis—we may be approaching a critical juncture where Washington’s power may be reaching beyond its effectiveness.

The current impulse to create a high-employment economy by imposing federal restrictions—such as the proposal that private firms that do not raise wages will be bullied into doing so by the manipulation of federal contract awards—marks a departure from our free-market traditions. Similarly, possible federal control over local zoning decisions—through such organizations as the EPA—also mark a crossing of the regulatory Rubicon.

States and localities are far better positioned than the federal government to foster strategic investment, regulations, taxes and incentives that encourage private sector prosperity. In large part, this is because they are more responsive to local conditions. Many academic planners, policy gurus, and national media have tended to favor large government units as the best way to regulate and plan for the future. But central planners consistently seek to reduce the influence exercised by the plethora of villages, towns, and cities in the United States: well over 65,000 general-purpose governments. With so many “small towns,” the average local jurisdiction population in the United States is 6,200, small enough that nonprofessional politicians can have a serious

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**Share of World Gross Domestic Product, 1969-2009**

![Graph showing the share of world gross domestic product from 1969 to 2009 for EU15, United States, Asia/Oceania, Latin America, and Middle East/Africa.](source)

Figure 3. Source: USDA Economic Research Service. World Bank World Development Indicators, International Financial Statistics of the IMF, Global Insight, and Oxford Economic Forecasting, as well as estimated and projected values developed by the Economic Research Service all converted to a 2005 base year.
impact on local issues. The American preference for solving problems at the state or local level should be central to the government role in job creation. One size determined in Washington will not fit all. South Dakotans and Californians will prefer to address employment problems in different ways. Within the limits of constitutional rights, we should let them try their hand, and let everyone else learn from their success or improve upon their policies.

Indeed, many Americans on both the right and left are instinctive decentralists. Our economic evolution mirrors this trend. America’s entrepreneurial urge, in contrast to developments elsewhere, has actually strengthened. In 2008, 28% of Americans said they had considered starting a business—more than twice the rate for French or Germans. Self-employment, particularly among younger workers, has been growing at twice the rate of the mid-1990s.

For this reason, supporting new businesses—and small and medium-sized firms—by ensuring that they can get the credit they need is an essential piece of the job-creation picture. For jobs to grow, these businesses must thrive.

**Innovation and Entrepreneurship Are the Key to Solving the Jobs Imperative**

America will depend on its emerging population of younger workers to keep expanding its economy. In the 1970s, when the coming-of-age of the boomers began to impact the labor market, labor force growth created a period of higher unemployment. Now, we could see a reoccurrence as the large millennial generation starts to seek employment. Yet now, as then, predictions of a long-term labor glut could well change as these workers find and develop new opportunities.

This happened to the boomers in the late 1980s, when talk of long-term high unemployment was replaced with concerns over a labor shortage. The growth of new industries tied to the use of computers, and later of the internet, created a surge in demand for skilled workers. As boomers integrated into the workforce and were replaced by less numerous generation “X”-ers at the entry level, companies fretted increasingly about a diminishing pool of workers.

The opportunities for employment created by the rise of new industries, and by the innovative expansion of established businesses, cannot be underestimated. Such innovation has long been the source of new growth for the American economy, although the exact nature of that innovation is impossible to predict. Much of the pioneering

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**Middle Class Job Growth, 2002-2009**

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<thead>
<tr>
<th>State</th>
<th>Job Growth</th>
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<tbody>
<tr>
<td>Utah</td>
<td>16%</td>
</tr>
<tr>
<td>Nevada</td>
<td>15%</td>
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<tr>
<td>Wyoming</td>
<td>15%</td>
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<tr>
<td>Hawaii</td>
<td>14%</td>
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<tr>
<td>Texas</td>
<td>14%</td>
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<tr>
<td>North Dakota</td>
<td>13%</td>
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<tr>
<td>Alaska</td>
<td>12%</td>
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<td>Arizona</td>
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<td>New Mexico</td>
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<td>Washington</td>
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<td>Idaho</td>
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<td>Florida</td>
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<td>Maryland</td>
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<td>Montana</td>
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<td>Oklahoma</td>
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<td>Georgia</td>
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<td>Colorado</td>
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<td>New Hampshire</td>
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<tr>
<td>South Dakota</td>
<td>8%</td>
</tr>
<tr>
<td>Virginia</td>
<td>8%</td>
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</tbody>
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Figure 4. Source: EMSI Complete Employment, 1st Quarter 2010. Middle class defined by education level required. Includes: all jobs requiring long term on the job training, related work experience, post secondary certificate, or associate’s degree. Excludes real estate sales agents and brokers.
will likely come from skilled immigrants, who are estimated to have started a quarter of all venture-backed public companies between 1990 and 2005.17

This enterprising spirit reflects a broad, long-term American trend. U.S. employment has been shifting not to mega corporations, but to individuals and smaller units; between 1980 and 2000, the number of self-employed individuals expanded tenfold to comprise 16 percent of the workforce.

The smallest businesses—the so-called microenterprises—have enjoyed the fastest rate of growth. By 2006 there were some twenty million such businesses, one for every six private-sector worker. Hard economic times could slow this trend, but historically, recessions have served as incubators of innovation and entrepreneurship. Many of the individuals starting new firms will be those who have recently voluntarily left or been laid off by bigger companies.18

The Vital Role of Infrastructure and Basic Industries

To succeed in the mid-21st century, Americans also will need to pay more attention to the country's basic industries. Some assume that the American future can be built around high-end “creative” jobs, without ever reviving the industrial economy or rebuilding our physical infrastructure. In the America envisioned by advocates of “the creative economy,” our productive facilities would serve mainly as tourist attractions, much as we now visit restored pioneer villages.19

Such an approach assumes that our rising competitors, notably China and India, will surrender high value activities such as media, finance and engineering. This is a dangerous and historically ill-considered assumption. In the 1980s, Japanese firms that were widely written off as “copycats” became primary innovators, particularly in automobiles, semiconductors, and computer games. In the coming decades, Chinese, Indian, and Brazilian companies—to name a few—will seek to move from low-wage work to more specialized, innovative kinds of products. The enormous revenues generated from the less trumpeted activities will provide the funds to invest in their move into ever higher-end activities.

Americans can create a more prosperous future, but only if we focus on maintaining the physical infrastructure necessary for basic production and transportation, as well as on developing the intellectual prowess of our citizenry. America’s unique demographics require the country to pay attention not only to high-tech industries or financial services, but also to the basics: construction, manufacturing, agriculture, and energy.

These critical industries underpin our prosperity and employ our expanding blue-collar workforce. They can provide new opportunities for the majority of workers who do not possess four year or advanced college degrees. In 2005, the National Association of Manufacturers, the Manufacturing Institute, and Deloitte Consulting surveyed eight hundred U.S. manufacturing firms: More than 80% reported that they were “experiencing a shortage of qualified workers overall.” Nine in ten firms stated that they faced a “moderate-to-severe shortfall” of qualified technicians. By 2020 this shortage could grow to 13 million workers. A resurgent manufacturing sector would also boost the country’s technological workforce. By 2007, industry employed about a quarter of the nation’s scientists and related technicians.20

This revived focus on production would help large swaths of the country. The Great Plains area, which is still profiting from industrial and agricultural expansion, would benefit, as would the Great Lakes, which has weathered so many challenges in recent decades. Historically neglected regions such as Appalachia would also profit.

The Critical Role of States

America is a vast country made up of hundreds of diverse economies. From early on, very different industries clustered in different places. There has been wide divergence in the skills and abilities of local populations. Although federal intervention is necessary in certain areas—for example, in creating national research institutions or interstate transportation—it is often at the state or local level that the best policies for a particular region can be developed.

The need to tailor economic development to local needs has been a critical aspect of the success of our federal system. By giving a state wide leeway to develop its own solutions to the jobs imperative, we would be providing the other states with potential role models—as well as a warning system of policies to avoid—in their own strategies. The states are described in the famous opinion issued by Supreme Court Justice Louis Brandeis as places that “serve as a laboratory” where the nation can “try novel social and economic experiments without risk to the rest of the country.”21

States have often been leaders in fashioning progressive
approaches to economic development. Private and state-sponsored development created the initial network of roads, canals, and steamboats that knit together regional economies. When President James Madison vetoed federal funding for the Erie Canal in 1817, the New York legislature used its own tax and credit resources to complete the 363 mile system eight years later. Eventually the canal helped assure the Empire State’s national preeminence. Other states, including Pennsylvania, Ohio, Indiana, Illinois, Maryland and Virginia, followed suit with their own canal-building projects.

In the 1920s and 1930s states—and some municipalities—also invested heavily in wealth-creating infrastructure, including highways and water and power systems. These investments supplemented significant new underwriting of projects from private corporations. States continued to make these investments throughout the 1950s. At the time, no state was more successful at developing its economy than California. Under both Republican and Democratic Governors, California developed what has become a widely accepted model of local economic development based on the expansion of traditional infrastructure—roads, bridges, water and energy systems—matched by massive investments in “human capital”, including a master plan for higher education that spanned the elite universities to the community colleges.

California’s state investment and business promotion policies inspired other states, notably Texas and North Carolina. This state role was also embraced by the young Governor of Arkansas, Bill Clinton. Faced with the issues of a poor, racially divided state, Clinton recognized that, given the deep divisions in Washington, “There is no alternative to continued intense state efforts to deal with our most pressing domestic problems.”

Although unemployment dropped, there remained problems relating to national competitiveness and declining middle class wages, Clinton argued. But he continued to believe in the exercise of local power. “In a country as complex and diverse as ours, in which most job growth is generated by small business,” he noted, “many of these [economic] issues will almost have to be dealt with at the state level.”

In David Osborne’s landmark work, Laboratories of Democracy, he described how the late 1980s and early 1990s saw the emergence of a whole host of innovative Governors. The “first agenda” of these Governors, Osborne noted, was “creating economic growth”, a notion Governor Clinton later used effectively in his campaign for the Presidency.

In today’s federal-level climate, states could potentially play a more significant role than they did in the ‘80s and ‘90s. Chuck McCutcheon, co-editor of Politics in America at CQ-Roll Call Group, suggests that continued DC “political gridlock” makes the states better suited to deal with major policy issues. At the state and local levels, he suggests, politicians are more likely than their highly polarized federal counterparts to “get along” with each other.

**Conclusion: The Power of the States to Lead the Jobs Imperative**

Ultimately, states and localities are best qualified to meet the jobs imperative. As Alexis De Tocqueville observed, it is natural that citizens of a state or locality are more solicitous about “the increasing prosperity of his own district,” and this serves “to stir men more readily than the general interests of the country and the glory of the nation.”

As our country grows, reaching 400 million people by 2050, the differences between our various states and communities will grow. We will have more diverse regional economies, demographics and cultures. We need to look at these local sources—what Thomas Jefferson called “our little Republics”—to lead the jobs imperative. It is an imperative upon which depends the future success of our entire nation.
States throughout American history have done everything they can to cultivate, attract, retain, and grow the businesses that comprise the most fundamental building blocks of their economy. Even in today’s volatile global economy states with severe unemployment and budget woes can point to policies, programs, and investments that foster new economic opportunities and create jobs.

Many state economic development organizations were originally established with business recruitment and attraction as their primary focus. But today’s mix of state approaches to economic development has moved well beyond earlier, sometimes singularly focused attempts to lure footloose businesses with huge financial incentives and/or by offering a business climate based on cheap labor, low taxes, and lenient regulations.

States, nonetheless, still compete with each other for companies in “traded sectors” and jobs in the global economy, either directly or by virtue of unique assets and resources, and this sometimes involves financial incentives and tax abatements. But there is growing momentum among governors and state legislatures to grow their economies from within by creating a new set of competitive advantages that include building human capital through workforce development and training, harnessing the power of science and technology assets, making strategic investments in infrastructure, reaching out to global markets, developing opportunities related to energy and the environment, and spurring entrepreneurship and innovation.

Generally, state economic development efforts include an interrelated array of policies, programs and investments, falling into three major categories: (1) an entrepreneurial approach focusing on new business and technology-based development, oftentimes with a focus on bolstering productivity and innovation; (2) recruitment, expansion, and retention strategies emphasizing financial incentives or investments and other programs, including international trade and export promotion; and (3) “fertile soil” policies that create the conditions for growth that will benefit almost any type of business by streamlining governmental regulation, optimizing taxes, investing in infrastructure, and/or by providing a better-educated, more highly skilled workforce.

This study looks at five specific policy strategies that states have used and are using now to accelerate growth and create jobs:
- Entrepreneurship and Innovation,
- Exports and International Trade,
- Infrastructure Investment,
- Workforce Development and Training, and
- Taxes and Regulation.

While it is up to state governors and legislators to set the environment for development to flourish, ultimately economic development success is defined by execution at the local and regional level. With well designed state-implemented development tools, effective workforce development and skills training systems, and strong infrastructure, states can give local economic developers the power to assist the growing businesses, to broker the key partnerships, and to lead the key initiatives that create the jobs needed to sustain our growing population.

Most of all, states must carefully weigh policy to refrain from constructing barriers to private enterprise growth. Many of the most effective economic development initiatives start from grassroots efforts or private sector business leaders, so supporting these efforts from the state level is imperative.

Measuring the States: A List of the Top Performers

A primary goal of any state economic development program is not only to increase the number of jobs in the state, but to improve the quality of jobs and the overall prosperity of the state’s residents.

This study combines metrics for each economic development policy area to measure overall high performers in each policy topic area. States are compared in each metric and top states are determined by a composite comparison of all metrics in overall performance and in each policy area. For a full description of all metrics and results for each state, see the Metrics section on page 25.

To establish the overall best performers we combined:
- Job growth rate since 2000 and since 2007
- Gross State Product (GSP) measures: real GSP growth since 2000, GSP per job 2008, Growth in GSP per job
Top Overall Growth Performers

1. **North Dakota** – While North Dakota’s low unemployment and recession resistance is often attributed to healthy agriculture and energy sectors, its construction and manufacturing sectors are relatively healthy and the state has seen 42% job growth in professional and technical services and 36% in management of companies since 2002. North Dakota is the top job performer since the 2007 peak and is fifth since 2000. The state also places first in growth in GSP per job (productivity increase), second in GSP growth and third in per capita income growth. Recent investments in research and development (R&D) infrastructure are beginning to pay off as the state is the fastest growing in science, technology, engineering, and mathematics (STEM) job growth.

2. **Virginia** – Already a professional and technical services powerhouse in 2002, Virginia added another 135,000 jobs in that sector since that time, fueled by 90,000 new jobs in computer systems design and management and technical consulting services. The state’s high incomes and slightly below average cost of living placed it first on our cost of living adjusted family income measure.

3. **South Dakota** - South Dakota is a strong overall performer, doing best in productivity and output measures. Partly due to an enterprise-friendly regulatory structure, the state has 30% more finance industry employment than the national norm and has added 18% growth in finance employment since 2002. The state’s manufacturing sector actually gained jobs since 2002, led by growth in signs, chemicals, communications equipment, and construction equipment, all averaging more than $43,000 in earnings per worker.

4. **Maryland** – Maryland landed in the top 20 or better on all seven performance metrics. Maryland saw strong growth in technical consulting and computer systems design, but especially private scientific research and design services, a sector more than 2.5 times as concentrated in Maryland than the nation as a whole and paying nearly $95,000 in earnings per worker.

5. **Wyoming** – Wyoming’s growth is powered by a rapidly expanding energy cluster, which added more than 18,000 jobs since 2002 and now holds 30% of all employment in the state. The energy growth has spilled over into business services sectors such as environmental consulting, surveying and mapping, and testing laboratories. Its overall manufacturing supersector also gained jobs, seeing the fabricated metal and electrical equipment clusters begin to emerge.

6. **New York** – While New York saw average job growth through the beginning of the decade, it has weathered the recession better than most other states, and its high productivity and productivity gains help place it among our top performers. Accounting for about 8% of all jobs in the state, the professional and technical services sector added more than 115,000 jobs for 15% growth.

7. **Texas** – Texas has seen strong job growth this decade and has weathered the recession well, fueled by 20% expansion of a now 1.1 million job energy cluster. Recently machinery manufacturing and transportation equipment manufacturing clusters are emerging, both growing to more than 90,000 jobs. This has helped stimulate a 15% expansion in transportation and logistics including warehousing and storage and many freight and specialized trucking sectors.

8. **Iowa** – A solid performer across most of our metrics Iowa’s strength is perhaps in its stability. The state’s largest cluster, agribusiness, food processing and technology, grew at a 1% rate since 2002, significantly better performing than the same group of industries nationally. Iowa’s other most competitive clusters include machinery manufacturing (farm and construction equipment, refrigeration and heating systems, and other commercial equipment) transportation and logistics, and advanced materials (search and navigation equipment and machine shops).

9. **Nebraska** – Nebraska has added 15,000 jobs to its business and financial services cluster since 2002, led by management and technical consulting, management of enterprises, and credit intermediation, all adding at least 3,000 jobs and averaging $55,000 to $90,000 in earnings per worker. The state’s railroads and support industries and freight trucking support a strong transportation and warehousing cluster, and the state has seen a boom in marketing consulting and market research sectors.

10. **Montana** – While Montana’s energy and mining clusters added a combined 8,400 high-paying jobs to the state since 2002, Montana’s greatest source of national dominance came from the collection of
arts, entertainment, recreation, and visitor industries, perhaps a sign that the rest of the nation is beginning to discover the Big Sky country. Montana is also beginning to see the emergence of smaller clusters in chemicals, apparel and textiles, and fabricated metal products.

**Growing Jobs: How Do They Do It?**

A review of which states are high performing shows a diverse group—some big, some small; some rural, some urban; some inland, some coastal—but a closer examination shows a shared pattern of policies by these high performers.

There is no such thing as single a silver bullet strategy for job creation. Among our top ten performers, all ten have seen at least 4% job growth since 2002 in mid-level jobs requiring at least long term on-the-job training but less than a four-year degree. Five of the ten states increased those jobs more than 10%. At the same time all ten increased science, technology, engineering, and mathematics (STEM) jobs by at least 4% over the same period, with 7 of 10 growing STEM jobs at least 14%.29

An assessment of top performing states, regardless of by what measure, eventually gets down to a state’s ability to execute successful initiatives. Aside from minding the basics of primary education and supportive infrastructure, success begins with an understanding of a state’s economy and demographics, including its strong points and its gaps. States that can mobilize the relevant partners to put together the strategic networks to build upon those strengths while addressing the weaknesses will be winners in the long run.

Adequately financing any initiative is paramount to its success. Top performing states have come up with winning formulas often based on combining state funding with federal programs and private sources. As regional workforce skills gaps become more acute, non-governmental agencies and private enterprises more are willing to join new collaborative development projects.

Programs such as Kentucky’s “Bucks for Brains” which requires universities to match state funds with donations from philanthropists, corporations, foundations, and other non-profit agencies, or Florida’s use of American Recovery and Reinvestment Act (ARRA) funding in combination with existing state funds to tackle major infrastructure programs illustrate unique solutions to sufficiently financing winning initiatives.

Examples of strong partnerships featuring open communication are especially evident in high performing export states. Export programs are based upon effective communication between the importing country, the exporting manufacturer or business, and the state program helping to facilitate the connection.

The TexasOne program creates promotional materials to market the state and its manufacturers to importing countries and leads trade missions to importing countries and hosts reverse trade missions to the state. Nevada works with a network of trade representatives in targeted markets throughout Asia, North America and Europe, focused on cultivating distribution channels and facilitating opportunities for foreign direct investment in Nevada enterprises.

Many high performing states offer an array of corporate, manufacturing, and land tax programs. So too, many states are shying away from direct subsidies for promised job growth in favor of highly targeted tax credit programs that require direct investment by the firm or venture investors wherein the tax benefits are only realized after new jobs are in place. Other credit programs target historically underdeveloped geographical regions.

Other states such as North Dakota, Florida, and Mississippi have turned to comprehensive tort reform as another key element enterprise-friendliness. Whether these reforms are specific to a particular industry or issue, they ultimately help businesses, large and small, remain competitive and free of excessive burdens from excessive litigation.

Private sector and academic collaboration is one of the most readily identifiable attributes of high performing states across all measures. Whether it is successful innovation and entrepreneur programs such as Montana’s TechRanch, Oregon’s Innovation Council, Rhode Island’s Center for Innovation and Entrepreneurship, or job creation and economic development initiatives such as Momentum Mississippi, these private and academic partners are providing critical input, oversight, and resources to bolster the effectiveness of state efforts.

Many states are locating business incubators adjacent to universities in partnership with the schools while others are building laboratory spaces and other specialized infrastructure to offer to growing companies on an a la carte basis. In either case, this business and scientific infrastructure can reduce start-up costs for new enterprises and provide students the chance for
experiential learning while earning their degrees.

While there are obviously other policies or initiatives that high performing states share there are some commonalities: building on momentum; delivering adequate funding for initiatives; developing strong relationships and communication strategies; enterprise-friendly tax and regulation systems; and vigorous collaboration between business, government, and education institutions.

**Entrepreneurship and Innovation**

Entrepreneurial and innovation policies intend to stimulate the creation and expansion of businesses. Several non-mutually exclusive approaches are being implemented by states that involve working with individual businesses as well as working with industry clusters and networks that involve business, government and education.

1. **New Business Development** – by providing financial, technical and managerial assistance and training to individual businesses; incubators are often used to help start-up companies get traction in the early stages of the business lifecycle.

2. **Technology-based Development** – focuses on creating an environment where businesses can constantly innovate and maximize the use of technology based on the following key elements:

   • An intellectual infrastructure, i.e. universities and public or private research laboratories that generate new knowledge and discoveries;
   • Mechanisms for transferring knowledge from one individual to another or from one company to another;
   • Physical infrastructure that includes high quality telecommunications systems and affordable high speed Internet connections;
   • Highly skilled technical workforce; and
   • Sources of risk capital.

3. **Industry-cluster Development** – focusing on geographical concentrations of similar, related or complementary businesses with active channels for business transactions, communications and dialogue. Clusters share specialized infrastructure, labor markets and services, and are faced with common opportunities and threats.

State research and development (R&D) expenditures varied from $618 per million GSP to $9 per million GSP in 2007, indicating wide variation in approach to each state’s role in funding R&D. However, state investments tended to be highest in traditionally underperforming research states (as designated by the federal Experimental Program to Stimulate Competitive Research program), indicating strong state-level initiatives to complement federal research support.

**Top Entrepreneurship and Innovation Performers**

Measurements of innovation and entrepreneurship include growth and concentration of science, technology, engineering and mathematics (STEM) jobs; total research and development activity in the state; state investments in research and development; and two measures of entrepreneurial activity: high-tech business starts and the Kauffman index of entrepreneurial activity.

1. **Montana** – the state places first in overall business start-up activity led by Bozeman-based TechRanch, an organization formed uniquely by private business leaders to coordinate entrepreneur support activities in the state. Montana places in the top in state investment in R&D, built upon the state’s Board of Research and Commercialization Technology, created by the legislature in 1999 to provide a stable and predictable funding source for research activities.

2. **Maryland** – The state is home to 50 federal facilities and major research universities, Maryland scores in the top 10 in concentration of science, technology, engineering, and mathematics (STEM) jobs and intensity of R&D in the economy. A STEM task force commissioned by state leaders recently released a plan to improve technology transfer and enhance STEM education programs to ensure the state’s education system can meet future demands of the R&D activities in the state. The Maryland Technology Enterprise Institute (Mtech) focuses on three primary goals: educating the next generation of technology entrepreneurs, creating successful technology ventures, and connecting state companies with university resources to help them succeed. Mtech offers programs, courses, workshops, and competitions to help aspiring entrepreneurs learn how to commercialize their ideas and products.

3. **Washington** – Washington is the number 4 state in concentrations of STEM jobs and R&D activity, but still places in the top 10 in STEM job growth. Most of the state’s STEM job growth since 2002 has come from the private sector. The state added more than 22,000 STEM jobs in software publishing, computer systems design, engineering services, computer facilities management, and scientific research sectors.
4. **Alaska** – Alaska placed in the top ten in overall entrepreneurship activity and high-tech business starts. While research is not yet a major part of the state’s economy, leaders have turned to state funds to stimulate activity—including a proposed $109 million University of Alaska fisheries and biology research center—and the state has the sixth highest STEM job growth rate. Alaska’s Technology Research and Development Center provides small businesses support in pursuing Small Business Innovation Research (SBIR) awards to aid their development of innovative new products and services, providing “phase zero” grants and application support. Since program adoption, application success rates in Alaska have increased.

5. **New Mexico** – Partly due to the presence of federal research labs, R&D activities account for more of the New Mexico economy than any other state and the state houses a high concentration of STEM jobs to support this activity. In order to better capitalize on these activities, the legislature passed a Research Applications act to establish a research center to more readily move technologies developed at the state’s federal labs into the marketplace. The New Mexico Private Equity Program invests the state’s severance tax permanent fund in qualifying private equity and venture capital firms, who then invest in New Mexico’s innovative companies. The state investment requires a private match to the state allocation, allowing New Mexico to leverage its resources while providing private capital access to innovative local firms.

6. **Arizona** – The state and several counties in southern Arizona have led the charge to leverage federal resources to strengthen the state’s innovation economy, creating Innovation Frontier Arizona, a science, technology, engineering, and mathematics (STEM) focused workforce training initiative. The Science Foundation Arizona has also focused efforts on creating a highly trained workforce to aid innovation in the state using its STEM education initiatives and grant programs.

7. **California** – The iHub initiative modernizes the state’s national and global competitiveness by stimulating partnerships, economic development, and job creation around specific research clusters through State-designated iHubs. The iHubs leverage assets such as research parks, technology incubators, universities, and federal laboratories to provide an innovation platform for startup companies, economic development organizations, business groups, and venture capitalists.

8. **Utah** - In order to better facilitate technology transfer from the state’s universities to the private sector, Utah
has implemented a system of licensee grants through its Centers of Excellence program. Since 2007, private sector businesses, including startups, have received grants from the state to aid them in bringing technology developed at the state’s universities to market, creating new products, companies, and spurring job creation in the technology sector. The state has rolled out aggressive tax credits focusing on reducing risk for investments in research and start-up companies.

9. **Colorado** - A major focus of Colorado’s innovation agenda has been the development of a “New Energy Economy” — to spur research innovation, Colorado has adopted an Innovation Investment Tax Credit pilot program that provides an income tax credit of up to 15% for qualified investments in small businesses involved in research and development.

10. **Virginia** - The Virginia Innovation Program (VIP) is a $2 million innovation program launched by the state to fund translational research. The Commonwealth provides $1 million in funding with the additional $1 million representing the funds or assets each institution commits to each specific project in a 1-1 match. The intent is to increase licensing opportunities and to encourage corporate partnerships and sponsored research opportunities.

### Exports and International Trade

More than 50 million American workers are employed by businesses that export, according to the U.S. Department of the Treasury. One in four manufacturing jobs depends on exports, and one in every three acres on American farms is planted for export markets. Whether businesses are large or small, studies show that firms that export tend to grow faster, hire more, and pay better wages than those that do not.

Our neighbors in the Americas—Canada, Latin America, and the Caribbean—purchase over 42 percent of U.S. exports, and Europe and East Asia each account for a 25 percent share. Capital goods have historically been the largest category of U.S. exports, including automobiles, engines, parts, and industrial equipment. Exports to China of management, consulting, and public relations services increased by 36 fold from 2002 to 2008. Our exports to India in construction, architectural, and engineering services increased 39 fold over the same period.

More than a quarter million of America’s small businesses export, and they account for nearly a third of U.S. merchandise exports, but that’s just one of every 100 companies. There is ample opportunity to create new jobs by helping America’s small businesses start exporting by providing some of the tools, training, financing, and contacts they need to sell overseas.

Most states promote the expansion of exports either through an independent trade office or as part of an in-house component of their economic development agency. The focus of these state initiatives is to facilitate accessing the global marketplace by providing training and assistance, building international trade relationships, and advocating the importance of international trade among the business community.

### Top Exports Performers

Export measurements track manufactured exports in the state of shipment origin, excluding bulk commodity exports usually attributed to the state of port location. High performing states are based upon the value of exports as a share of total economic output, change in export value as a share of economic output, change in a state’s share of the nation’s total exports, and overall export growth 2002-2009.

1. **Louisiana** - Louisiana placed in the top eight states for all four export measures. Exports spiked along with growth in the energy economy, including small manufacturers producing industrial equipment. The state’s exports to China totaled $5.4 billion in 2009, up more than 50% over 2008.

2. **South Carolina** - To enhance exports, the state has developed a Port Volume Increase Credit that provides a discretionary tax credit for certain industries that increase use of South Carolina ports. The Port Volume Increase Credit is available to manufacturers, warehouse, and distributors that use South Carolina port facilities and increase base port cargo volume by 5% over base-year totals.

3. **Utah** - Utah places in the top ten for all four export metrics. With over 2400 businesses engaged in international trade, the state has been among a handful of states leading the way in export growth. The World Trade Center Utah, in partnership with the Salt Lake Chamber of Commerce and the International Trade and Diplomacy Office, acts as a “support organization”, connecting companies in Utah to international markets, providing training, identifying opportunities, and establishing networking opportunities through the Utah International Trade Hub.
4. **Texas** – Texas export total for 2008 was $192.2 billion, higher than any other state. Between 2004 and 2008 the export total from Texas rose 64%, or $74.8 billion - which was the largest dollar gain of all 50 states. In terms of markets, 32% of Texas exports ($62.1 billion in 2008) went to Mexico. To maximize the state’s presence in international markets, the state developed a strategy to market the state’s assets on an international scale for both export and foreign direct investment opportunities. This included creating and implementing an effective advertising campaign to position Texas globally as a premier business location and establishing international recruitment offices.

5. **Mississippi** – Mississippi has worked to increase the number of firms involved in exporting and importing, to promote the state’s transportation and distribution capabilities, and to enhance the state’s brand in the global marketplace as a source for quality products and services. Partly due to investments in key transportation, shipping, and logistical infrastructure within the state, Mississippi has seen exports increase as a share of its total economic output and the state is a leader in export growth.

6. **Delaware** – Delaware is part of a cooperative effort of regional banks to assist exporters in submitting applications for export working capital financing through the Export-Import Bank of the United States (Ex-Im Bank). This enables Ex-Im Bank to respond to financing requests more promptly. The state has fostered the development of the World Trade Center Institute Delaware (WTCI), a non-profit organization that provides international trade services complementing and supporting existing services of private and government agencies, working closely with the Department of State, International Trade Section to achieve global trade objectives.

7. **Iowa** – With trade offices in China, Germany, Japan and Mexico, the International Trade Office offers individualized assistance and counseling for Iowa companies looking to tap international markets, and the state’s Export Trade Assistance Program supports the effort with financial assistance to attend international trade missions. Efforts are paying off as the state places fourth in growth of exports as a share of gross state product.

8. **Kentucky** – To help foster growth in exports, Kentucky has developed The Kentucky World Trade Center (KWTC) to help companies import, export, and establish overseas operations. The Kentucky World Trade Center offers counseling, market research services, translation assistance, trade education seminars, international assistance, trade missions, and referrals to local international service providers.

9. **Kansas** – To accelerate ongoing trade initiatives, the Kansas Export Finance Program (an export loan guarantee program) was established to help companies obtain financing to participate in export transactions. The state issues loan guarantees, encouraging lending institutions to provide financing for small companies to participate in export orders.

10. **Nevada** – Nevada led the nation in our overall export growth between 2002 and 2009. Looking to build on its strength, the state has signed a memorandum of understanding with China focused on expanding trade and private investment activities between Nevada and China. The state works with a network of trade representatives in targeted markets throughout Asia, North America and Europe, focused on cultivating distribution channels and facilitating opportunities for foreign direct investment in Nevada enterprises.

### Infrastructure

Infrastructure plays a critical role in economic development and states have taken a lead role in working with local, regional and national governments to put it in place. The basic infrastructure package of the economy includes highways, airports, harbors, utility distribution systems, railways, water and sewer systems, and communications networks.

In the ever-changing network-centric, innovation driven economy infrastructure also includes university and lab facilities, technology and training centers, export processing facilities, and research parks. These infrasystems—integrations of facilities, technology and advanced socio-technical capabilities—have emerged as key drivers of innovation and the locus of future higher-value industries and higher-paying jobs.

State expenditures on infrastructure include highways, air transport facilities, and port facilities. Most states have programs in place for funding public works in industrial or research parks and for infrastructure associated with individual business developments. States use their bonding authority to finance infrastructure and a few states have developed infrastructure banks.

Broadband telecommunication infrastructure is at the forefront of many state public policy initiatives and is
viewed as indispensable to economic and community development. The effect of broadband on job creation, particularly in high tech and other industries dependent on high-speed, highly interactive communications, is well understood as a way to boost productivity, develop new products and services or create new business models. Some states, e.g. California, also expect expanded broadband deployment to lead to increased telecommuting and environmental benefits.

**Top Infrastructure Performers**

States are measured based upon three broadband measures: share of lines that are high-speed, share of zip codes with at least five high-speed providers, and residential high-speed penetration rate. Other measures include state funding investments in air and sea ports and measures of bridge and road conditions.

1. **Florida** – Florida is the nexus of the Western Hemisphere’s transportation links. The Florida transportation infrastructure is multi-modal and includes highways, railways, seaports, airports and a spaceport that enable companies to gain quicker access to markets and reduce bottom-line costs. The state’s 2010-11 budget recommendations include $6.7 billion to build and maintain the roads, bridges, intercity passenger rail, and other public transportation facilities that grow Florida’s economy and improve the quality of life for its citizens.

2. **Nevada** – Nevada is making efforts to expand the development of its readily available energy resources, particularly focusing on renewable energy. The state has worked to streamline permitting processes for new renewable energy projects and created a transmission committee to identify options available to expand access to the grid and enable increased energy exports. The state has also implemented tax abatements focused directly on promoting private sector investment in renewable energy infrastructure, including facilities for the transmission of renewable and geothermal energy produced in the state.

3. **Colorado** – Home to the Department of Energy’s National Renewable Energy Laboratory (NREL) and other national labs and major research universities (Colorado’s Collaboratory initiative), the state is focusing on renewable energy and climate research. In collaboration with funding from the stimulus bill the state working to expand specialized research infrastructure and capacity to take advantage of its in-state research institutions.

4. **Utah** – The Utah Science Technology and Research initiative (USTAR) is a long-term, state-funded investment to strengthen Utah’s knowledge economy. This initiative invests in innovation teams and research facilities at the University of Utah and Utah State University. The state in collaboration with the University of Utah and private industry has put together over $100 million (funded primarily with USTAR monies) to develop the Neuroscience Biomedical Technology Building. The interdisciplinary research facility includes a nanofabrication facility, wet and dry labs, core facilities, conference center facilities, and office space for research investigators.

5. **Arizona** – The state and its academic partner, the University of Arizona, have developed a new biosciences park designed especially for companies working in biosciences, biotechnology, life sciences and pharmaceuticals, major industry subsectors in the state. The state utilized academic funding sources in collaboration with federal American Recovery and Reinvestment Act monies to develop the facility.

6. **Georgia** – Four of the top 10 warehouse providers in North America are headquartered in Georgia and 90 percent of the top 25 global third party logistics providers have operations in Georgia. Nearly 21,000 companies throughout all 50 states rely on the deepwater ports in Savannah and Brunswick and export to 153 out of 195 countries across the globe—these efforts are supported by nine general-purpose Foreign Trade Zones across the state. The industry-
focused Georgia Center of Innovation for Logistics is the State’s leading resource for fueling logistics competitiveness.

7. **Illinois** – To maintain and expand its status as a global logistics hub, Illinois is addressing pressing renovations and repairs to state roads and bridges, expanding passenger rail and easing freight congestion throughout the Chicago region, and increasing access to broadband opportunities for unserved and underserved communities, by combining state investments with funding made available through the American Recovery and Reinvestment Act (ARRA). The state is increasing intermodal capacity to alleviate regional freight congestion and to foster new economic development.

8. **Washington** – The state is utilizing gas tax and recovery act funds to address critical safety and congestion problems in the transportation system, helping to improve the movement of goods to market with a strong focus on rail and container port initiatives—coupled with robust information technology programs—to bolster export ready business and industry.

9. **Oregon** – Oregon’s Infrastructure Finance Authority (IFA) assists communities to build infrastructure capacity to address public health safety and compliance issues as well as support their ability to attract, retain and expand businesses. The IFA also works with municipalities, state agencies and property owners to prepare industrial land for certification. Sites are certified as “project ready” (providing assurance that a site can be developed in 180 days or less) for specific industry profiles thereby saving prospective companies significant cost, time and risk.

10. **North Carolina** – The Research Triangle Park (RTP) was founded in January 1959 by a committee of government, university, and business leaders as a model for research, innovation, and economic development. The vision was to provide a ready physical infrastructure that would attract research oriented companies. More than 42,000 full-time equivalent employees work in RTP with an estimated 10,000 contract workers. These employees have combined annual salaries of over $2.7 billion.

**Workforce Development and Training**

Workforce development and skills training are now at the epicenter of a new paradigm for economic development. “In states across America, higher education systems, universities, and community colleges are working to help their regions and states advance in the new knowledge economy. They are marshalling each of their core responsibilities—education, innovation, knowledge transfer, and community engagement—in ways designed to spur economic development.”

As companies become more reliant on competent, high-skilled workers and access to advanced know-how, workforce development becomes an essential ingredient of innovation-driven business ecosystems. Gaining access to the capabilities, expertise, and facilities at universities and colleges is an increasingly critical asset.

Many, if not most, states have now embraced and provide resources to further the mission of universities as economic engines and have come to expect that universities will take steps to facilitate access to higher education resources. Universities are encouraged to be entrepreneurial and collaborative with partners in business and government—“the triple helix”—in order to facilitate building their research enterprise and bringing ideas and inventions to the marketplace. Research and development is now a prominent item on many state budgets and comprehensive programs to transfer technologies from the university to commercial interests are commonplace.

Work force training is also a key element of state initiatives directed at job creation. In particular, customized training programs oriented to the needs of employers and/or emerging industries with high potential, e.g. nanotechnology, are carried out in partnership with colleges and in many cases the individual businesses themselves.

There is growing concern that our nation is not preparing a sufficient number of students for careers in science, technology, engineering, and mathematics (STEM). The failure of our citizenry to reach proficiency in math and science is considered one of the greatest threats to our nation’s long-term competitiveness and prosperity. While only one-third of the recent bachelor’s degrees awarded in the United States are in science and engineering more than fifty percent are awarded in China and over forty percent in South Korea.

States invest in education as well as programs for workforce training and development. Innovative internship programs link high school and college students with businesses while customized training programs enable businesses to deploy a work force that meets their most pressing needs.
While much has been written about student achievement and K-12 education reform, this study is focused on workforce development issues related to postsecondary education and training programs for people who are active in the labor force.

**Top Performing Workforce Development and Training States**

Our workforce development and training metrics combine measures of educational attainment, higher education output and efficiency, and the state workforce development system performance:

- Share of public high school students taking advanced placement exams;
- Educational attainment: Bachelor’s degree attainment of 25-44 year olds;
- Higher education output: rate of bachelor’s degrees conferred per 18-24 year old population;
- Affordability: undergraduate charge as a share of disposable personal income;
- Total charge (state and tuition funds) per degree or certificate conferred; and
- Workforce development system performance: Job retention rate of adult workforce system customers compared to agreed placement rate goals.

1. **Colorado** – The Colorado Promise (2006) outlined an education agenda for the state with three main objectives, including 1) to close achievement gaps in schools, 2) to double the number of degrees and certificates earned by Colorado students and 3) to cut the high school dropout rate in half. Workforce training and development in the state is modeled around an employer driven, locally led structure, consulting with regional economic developers and educators. Initiatives include the Education and Lifelong Learning Simulation (WELLS) Center, which offers specialized diagnostic and clinical skills training to the state’s healthcare workforce, and the Business and Education Talent Readiness (BETR) Project is a program focused on developing the science, technology, engineering, and math (STEM) skills of the Colorado workforce to better meet the demands of industry.

2. **Florida** – The Expanded Postsecondary Readiness Assessment (EPRA) focuses on expanding the delivery of the Florida College Entry-Level Placement Test (College Placement Test (CPT) or ACCUPLACER®) to more high school students. The goal is to identify those 11th graders who demonstrate readiness and those who may need additional preparation in high school to ensure they are ready for postsecondary and career success after high school graduation. Employ Florida links all of Florida’s state and local workforce services and resources. The partners are Workforce Florida, the state policy and oversight board, and the Agency for Workforce Innovation, the state agency, which administers workforce funds. At the local level, there are 24 regional workforce boards that administer more than 80 “one-stop” centers. Florida Ready to Work is an employee credentialing program that tests—and scores—job skills. It gives jobseekers a competitive edge, a credential that proves to employers that they have the right skills for the job. For employers, it takes the guesswork out of hiring, saving time and money.

3. **New York** – The EMPIRE Promise Workforce Development Strategy is designed to prepare students for occupations that address workforce shortages. The program includes statewide college recruitment and admissions strategies and a scholarship program for graduating students pursuing higher education and pathways into entry-level careers. Critical elements of the program include a strong alliance with business and industry and expanded recruitment of underserved populations and male students. The Department of Labor (DoL), Division of Employment, and Workforce Solutions offices provide convenient “one-stop shopping” for employment-related needs. They offer many DoL programs in a single location, including career-related assistance and services for employers. Some offices are located in One-Stop Career Centers, where the Department of Labor works in tandem with county and local workforce agencies.

4. **Massachusetts** – The state is a top performer in the percentage of first-time, full-time college students who complete a bachelor’s degree within six years of enrolling in college (67%). In addition, a very large proportion of students complete certificates and degrees relative to the number enrolled. The Massachusetts Life Sciences Center promotes, coordinates, and invests in life sciences initiatives in the state. The center oversees a life sciences internship program that offers stipends for 12-week internships at life sciences companies of less than 100 employees in the state.

5. **Connecticut** – The state is a national leader in bachelor degree educational attainment, developed the Connecticut Accountability for Learning Initiative (CALI). The goal of CALI is to provide a model of state support for districts and schools to support the
process of continuous school and district improvement and to accelerate the closing of Connecticut’s achievement gaps and promote lifelong learning. The initiative has prompted a higher level of students to complete degree studies at the 45 colleges and universities, ranging from Ivy League to community colleges within the state.

6. Washington – The state’s Strategic Master Plan for Higher Education calls for significant increases in degree production at Washington colleges and universities in the coming years to keep pace with projected demand for college-educated workers in the state economy. The Education Legacy Trust Fund provides financing for lower class sizes in public schools, academic help for struggling students, additional enrollments in higher education, and financial aid for low and moderate-income students in higher education. The Education Legacy Trust also funds science, technology, engineering, and mathematics (STEM) programs including coaching programs, teacher training funds, and leadership programs.

7. Minnesota – Fifty WorkForce Centers throughout the state help job seekers find employment, help businesses find workers, and help anyone at any stage explore and plan careers. Business development specialists are deployed at the centers to help publicize job openings and provide access to the right training. Workforce Industry Specialists work closely with a statewide network of partners to help businesses in key industries meet their employee recruitment, training and retention needs.

8. Kansas – The state makes an effort to provide affordable training to all sizes of business within the state. Funded by state lottery proceeds, Kansas Industrial Training (KIT) and Kansas Industrial Retraining (KIR) Programs facilitate and assist in job creation and retention for Kansas businesses. KIT focuses on training for newly created jobs, while KIR is oriented towards skills upgrade training. Investments in Major Projects and Comprehensive Training (IMPACT) assist primarily large companies in projects that create new jobs.

9. South Dakota – The Board of Regents indicates that South Dakota’s Unified System spends less per full-time student in all categories compared to institutions in the region and across the nation. To get to the average amount, South Dakota would need $52 million in the base budget to perform the same functions. Compared to institutions in regional states, South Dakota’s public universities do the same with less. South Dakota spends relative more on instruction, less on administration (institutional support), and more of its budget on academic support functions (i.e. libraries and computing) than its regional counterparts.

10. Utah – The Utah Educational Savings Plan (UESP) has reached more than $3 billion in assets, showing a growing commitment by families to financially prepare for the future cost of a higher education for their child or grandchild. UtahFutures.org is a comprehensive one-stop career information website for students, job seekers and businesses. Individuals can use the site to access and organize training, education, and career information online. The education and career portfolio clients build on UtahFutures.org travels with them from job to job. An application is available for mobile smart phones.

**Taxes and Regulation**

Taxes and regulations impact the decisions and competitive position of businesses both large and small. The combined burden of excessive taxes and onerous regulation can not only inhibit new job creation but also jeopardize existing jobs. On the other hand, a reasonable tax code and regulatory environment can reward achievement, encourage investment, and enable a level playing field for businesses that now compete in a global economy on a daily basis.

The competitiveness of a state’s business climate depends on numerous factors including the cost of doing business, taxes, environmental regulations, and labor laws. Other factors affecting business climate are entirely outside the control of states and communities including natural resources and amenities or location-related advantages such as proximity to waterways.

As noted by the Tax Foundation “the most competitive tax systems create the fewest economic distortions by enforcing the most simple, pro-growth tax systems characterized by broad bases and low rates.” Consequently a relatively higher overall tax burden for business in one state is not necessarily less competitive when compared to another state structuring tax laws in a less enterprise-friendly manner and not providing equivalent public services. Taxes levied must deliver equivalent services valuable to the business community.

Tax competition among the states of course is a reality. Many states have used tax incentives in conjunction with subsidies over the years to attract companies, sometimes with mixed results. Tax abatements or tax-reduced
zones are frequently established by states to encourage investment and job creation in economically distressed communities.

Many states use tax credits applied against a business’s state tax liability to target certain kinds of preferred business activities. Most recently tax credits for research and development (R&D) and for private sector individual (angel) investors have come to the forefront. The expectation is that tax credits will lead to job creation and the boosting of innovation, productivity, GSP growth and state tax revenues, thus laying the groundwork for longer-term prosperity.  

States are focusing tax credits on R&D and for investors in technology-driven businesses because many of the direct and indirect research jobs are created in industries that employ high-skilled high-wage workers, including scientists, technicians and production jobs in equipment manufacturing. These kinds of jobs and careers are highly sought after by the states and local communities wishing to be competitive in the knowledge-based, innovation-driven economy.

Targeted tax credits are often viewed as more effective than direct economic development incentives since a tax credit requires a specific direct investment in a business to trigger the incentive. It is these direct investments in growing, innovative private enterprise that are the foundations for long term regional growth. Because tax credits leverage direct outside investment in in-state companies, these investment credits are rapidly replacing direct economic development incentives.

State Budget Crises

The crisis in state government finances sheds new light on the issue of taxation. By some estimates, state budget shortfalls in 2009-10 reached $291 billion, and the crunch will continue for years to come.

California had to close its near $60 billion shortfall in 2009 using, in part, the issuance of IOUs. Some experts project annual budget deficits of $20 billion in California through 2014.

States with very high tax rates on personal and corporate income were among those with the most severe budget crises. High-tax California, New York, and New Jersey, for example, faced some of the worst budget shortfalls and threats to their credit ratings. New Jersey faced a $9.8 billion deficit, and in New York it was $21 billion.

In 2009, the Pew Center on the States issued a report card called “Beyond California: States in Fiscal Peril.”

Among the 20 states in the worst fiscal shape on Pew’s list, 11 of them labored under the most onerous tax and regulatory regimes, according to our measures. But none of the 10 best performers on our tax and regulatory list made Pew’s list of the 10 states in most fiscal peril. Of the 20 states with the most favorable tax and regulatory environments by our measures, only two, Nevada and Florida (among the very worst victims of the housing bust), were on Pew’s fiscal watch list. None of the 13 most favorable states on our list were on Pew’s fiscal watch list.

It does not appear low-tax states suffer budget crises. On the other hand, high tax rates and stifling regulations do not seem to support budget health. Rather, they tend to (1) suppress business vitality and thus sustainable tax receipts; and (2) contribute to an unhealthy budget environment, where higher revenues are presumed and promised, but often fail to materialize, thus leading to funding crises and the never ending temptation of further higher taxes to close the gaps. It is a vicious cycle.

Overall, 43 states have raised taxes to help meet immediate balanced budget requirements. But in an environment where both short- and long-term economic growth and job creation are desperately needed, better tax strategies are imperative.

Gov. Schwarzenegger and a special commission have proposed sweeping changes to California’s the tax system. They seek to eliminate the state corporate income tax and to reduce in individual income tax rates and replace them with a broader based business consumption tax. The fate of this fundamental reform, however, is an open question.

The lesson is that high tax rates do not necessarily promote either economic or fiscal health. Rather, they can push marginal investors and employers out of the state, and they tend to lead to boom-bust budget cycles.
direct taxpayer subsidies for business recruitment and are shifting the focus towards stimulating growing business already in the state.

Regulatory requirements among the states also show considerable variation. States—each in their own way—balance quality of life considerations with the need to avoid unnecessary costs and barriers for businesses that limit economic activity.

Regardless of the specifics, many states have implemented initiatives for streamlining red tape to help businesses sort through the many layers of government regulation. A number of states have created single points of contact or concierge-like services to help businesses navigate the multiple agencies they must interact with and the regulations that relate to health, safety, land use, and natural resources. Most, if not all, states have implemented e-government solutions to enable businesses to more easily interact, comply, and transact with government service providers and regulatory agencies.

The litigation environment in a state is also very likely to impact important business decisions, which could have economic consequences for the states. A recent national survey of policymakers who care about economic development identified key areas where improvements can be made to the litigation environment in states. Two thirds of law-oriented company executives indicate that the litigation environment in a state is likely to impact important business decisions at their companies, such as where to locate. Top issues of concern include tort reform issues in general, especially capping damages, timeliness of court decisions, elimination of unnecessary lawsuits, limits on discovery, and speeding up of the trial process.

**Top Performing Tax and Regulation States**

State tax and regulation measures include broad-based tax, business environment, and cost measures:

- **Taxes:** Overall state and local tax burden and a state corporate tax index;
- **A small business survival index,** a broad measure of 36 government-imposed or related costs impacting small business and entrepreneurs;
- **Size of state budget gap** based on a report from the Pew Center on the States;
- **A measure of state liability systems climate,** based on a poll conducted by Harris Interactive; and
- **Overall cost of living index.**

1. **South Dakota** – The state’s top showings in corporate tax and enterprise friendliness have helped build a strong cadre of financial services companies. South Dakota’s business and financial services cluster has added more than 9,000 jobs for 24% growth since 2002.

2. **Wyoming** – Recent windfalls in severance revenue from its extraction based industries have helped fund targeted investments in infrastructure projects that create a growth-friendly environment in communities throughout the state. Astute management of these revenue sources has placed Wyoming third of all states in budget gap, positioning it well to maintain its top five positions in total and corporate tax burden and small business survival environment.

3. **Tennessee** – The state offers tax credits for jobs and “super” jobs initiatives for investments of at least $100 million in a qualified project creating 100 or more jobs paying at least 100 percent of the average occupational wage in the state. Other incentive programs include credits for having a headquarters in the state, a tiered rural opportunity initiative, credits for pollution control equipment and industrial machinery tax credits as well as emerging industry tax credits, favorable workers compensation rates, and accelerated depreciation.

4. **Indiana** – Indiana has a very competitive business tax structure, including a flat 8.5 percent corporate income tax on adjusted gross income and no gross receipts tax or inventory tax. Programs or initiatives include corporate income tax based solely on sales in Indiana, a single-sales factor method of income tax apportionment, tax credit to corporations that relocate their headquarters to Indiana, R&D sales tax credit for research and development equipment, tax exemptions for new technology or processes and permanent exemptions for enterprise IT equipment.

5. **North Dakota** – North Dakota is one of the few states operating with a budget surplus, gets high marks for the fairness of its legal system, and is the only state to own its own bank. One of the bank’s functions is to provide a secondary market for real estate and business loans, which it buys from local banks, along with a portfolio of student and small business loans. The bank has a long history of financing student loans for higher education and purchases the SBA guaranteed portion of business loans. In the last decade, the Bank of North Dakota has turned back a third of a billion dollars to the state’s general fund, offsetting taxes.
6. **Virginia** – The state has developed a streamlined permitting process, recruitment training programs to help new businesses become operational faster, right-to-work law allowing individuals the right to work regardless of membership in a labor union or organization, and a six percent corporate income tax rate has not been increased since 1972.

7. **Missouri** – State law sets the corporate income tax rate at a percentage of net taxable income earned by a business in Missouri. In addition, Missouri allows a portion of federal income tax payments to be deducted before computing taxable income. An important tax advantage for Missouri businesses is the amount of income considered taxable, only income earned in the state is taxed. Manufacturer’s inventories (raw materials, goods in process and finished goods), as well as goods and wares of retailers, distributors and wholesalers are exempt from property taxes in Missouri.

8. **Utah** – Businesses conducting research within the state are eligible for tax credits for research expenses and investments in research machinery and equipment. Entrepreneurs looking to relocate to or expand existing operations can also receive special tax incentives in support of their job creation activities through the state’s Economic Development Tax Increment Financing initiative.

9. **Colorado** – Colorado provides incentives focused on job creation, employee training, expedited permitting, licensing and infrastructure improvements, local property tax abatements, and targeted industry tax relief. Colorado also has a variety of public and private financing options for businesses seeking to raise capital. With numerous, well-funded public financing programs, the state is able to provide financial resources businesses need to start and grow their business.

10. **Oklahoma** – With several programs targeted towards specific high growth industries, the state offers financial and tax incentives to grow targeted industries including manufacturing; research and development; wind power manufacturing; corporate services; data centers; knowledge-based professional and technical service industries; music, film and performing arts; and specialty hospitals.
Measuring the States: The Metrics

For this study we assembled 35 measures of overall economic performance and performance in five key policy areas for job growth. Data for each measure was tabulated for each state and states were compared according to performance.

The heat map matrix following the metric definitions displays each state’s performance for each of the 35 metrics. Dark red squares indicate a top 10 position in that metric and light red squares indicate an 11-25 position in a particular metric. To gauge a state’s performance read across the page for each state or region. Groupings of red highlights indicate better performance in that policy area.

States are grouped by region and metrics by policy area for easy visual comparison to other neighboring states. For instance, the Northeast proves to be a poorer performer in tax and regulation, as shown by large blocks of white, but darker red sections can be seen showing the region as a whole showing higher in bachelor’s degree attainment and broadband penetration.

Metric Definitions

Economic Performance


Exports

Dollar value of manufactured exports per dollar of gross state product, 2008. Value of exports equalized for the relative size of state economies. Measures the importance of exports to a state’s economy. Covers manufactured exports, not including bulk commodities that tend to be credited to the state where the exporting port is located. U.S. Census Foreign Trade Division, U.S. Bureau of Economic Analysis.


Change in state share of total national exports, 2002-2009. Measures a state’s export performance relative to other states and accounts for overall national export growth or decline. Manufactured exports. U.S. Census Foreign Trade Division.


Innovation and Entrepreneurship

Growth in science, technology, engineering, and mathematics jobs, 2002-2009. Growth in computer specialists; mathematical science; engineers; engineering technicians; life scientists; physical scientists; social scientists; and life, physical, and social science technicians. EMSI Complete Employment, First Quarter 2010.

Concentration science, technology, engineering, and mathematics (STEM) jobs, 2002-2009. Measures concentration of STEM jobs in a state versus the nation. Location Quotient: share of STEM jobs in state divided by share of STEM jobs in nation. EMSI Complete Employment, First Quarter 2010.


Taxes and Regulation


Workforce Development and Training


Ratio of workforce development system adult customers still employed several months after exit compared to agreed-upon goal rate. Measure of performance of a state’s workforce assistance system. U.S. Department of Labor Employment and Training Administration.

Infrastructure

Share of zip codes with at least five broadband service providers, 2008. Federal Communications Commission.


Share of bridges rated structurally deficient or functionally obsolete, 2009. Federal Highway Administration, National Bridge Inventory.

Percent of road miles rated mediocre or poor, 2009. Federal Highway Administration.
## State Performance

**Top Ten States**

**Next 15 States**

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- MN
- MO
- NE
- ND
- OH
- SD
- WI

### Northeast Region

- CT
- ME
- MA
- NH
- NJ
- NY
- PA
- RI
- VT

### South Region

- AL
- AR
- DE
- FL
- GA
- KY
- LA
- MD
- MS
- NC
- OK
- SC
- TN
- TX
- VA
- WV

### West Region

- AK
- AZ
- CA
- CO
- HI
- ID
- MT
- NV
- NM
- OR
- UT
- WA
- WY
Alabama’s economy has realized considerable job growth during the last five years with more than 120,000 new jobs created statewide. In 2008, Alabama announced 441 new and expanding industries that invested over $6.7 billion in the state. Unemployment reached its lowest level in history in 2007 and personal incomes are rising at a rate faster than any other Southern state. To ensure Alabama’s progress continues, the state has proposed tax relief that will target middle class families and promote small business growth.

**Entrepreneurship and Innovation**

Alabama Launchpad is a 501(c)(3) not-for-profit organization dedicated to support and promote high-growth entrepreneurship and innovation in Alabama. The organization is a partnership among the state’s research universities and the business community. The Economic Development Partnership of Alabama (EDPA), a non-profit corporation funded by more than 68 leading companies in the state, is a founding partner of Alabama Launchpad. Using a business plan competition and other programs, Launchpad provides a framework for individuals in the state to develop their business ideas and connect to a network of experts, investors, and service providers that can increase the odds of success.

The initiative provides opportunities to obtain startup capital, receive expert guidance, and establish working relationships within the business, academic, and investment capital communities. Launchpad initiatives include efforts to increase the number of entrepreneurs in Alabama by making it easier for new entrepreneurs to connect with a network of key individuals that can help them to succeed, providing educational and networking opportunities for new entrepreneurs, and providing a vetting mechanism that helps local investors evaluate the risks of startup companies.

**Exports**

The state has set a priority to increase sales and export of Alabama products to buyers in emerging markets such as India, Vietnam and the Middle East. Coordinated by the Alabama Development Office and the Export Alabama Trade Alliance, this initiative includes large, medium and small businesses as well as newly exporting companies from every region of the state. The program involves mentoring efforts to encourage greater involvement in the global marketplace and capitalizing on existing Foreign Trade Zones. A key example is the chemical products industry which exported $2.27 billion worth of products in 2008. The chemical industry is the second largest exporter in the state, and employment within Alabama’s chemical products industry stands at over 9,500.

**Workforce Development and Training**

The state has worked to create training programs to meet the needs of employees and employers to maximize retention and productivity. This has involved concerted efforts to strengthen the ties between workforce development and economic development and to promote small business development through the development of a strong and reliable workforce. The Retrain and Retool for Reemployment program is designed to inform Alabamians, especially dislocated workers, of options for assistance. An application review process ensures that funding allocations address documented high-demand, high-wage occupations and that Regional Workforce Development Council funds are driven to the local level to meet documented priority needs.
With an economy that’s been described as “1/3 oil, 1/3 government, and 1/3 other,” Alaska faces its own unique set of challenges and opportunities. Isolated, yet exceedingly rich in natural resources, Alaska has experienced strong job growth over the past decade as domestic and global economic growth created strong demand for its abundant commodities. While commodity prices have retreated from the dizzying heights reached in 2008, Alaska still leads the nation in oil production and is taking steps to diversify economically while remaining committed to strengthening its strong resource extraction, natural resource processing, and tourism sectors.

**Entrepreneurship and Innovation**

Alaska has adopted an active role in supporting entrepreneurial research and innovation. The Technology Research and Development Center provides support to small businesses in pursuing SBIR awards to aid their development of innovative new products and services, providing “phase zero” grants and application support. Since program adoption, application success rates in Alaska have increased. Small business technology transfer support services are also provided. Business expansion, retention, and start-ups are encouraged by a very competitive tax environment, with Alaska’s tax burden among the lowest in the country.

**Exports**

Alaska produces a wide variety of raw and processed natural resources. Oil, however, is not a major international export with almost all of the production being consumed domestically. Seafood, minerals, ores, precious metals, forest products, and natural gas are all important export products for the state. In order to aid businesses in accessing export markets, Alaska operates an export assistance program, providing guarantees on export transaction loans made through private sector financial institutions. The state also takes part in private sector efforts to enhance exports, as a member of the World Trade Center Alaska, which works to provide Alaskan businesses with trade related information, assistance services, and international networking opportunities.

**Alaska Industrial Development & Export Authority**

AIDEA, a public corporation of the state of Alaska, is focused on advancing the economic diversification and development of Alaska by providing lines of finance and investment. This includes the use of:

- Loan Participation Programs
- Revenue Bond Provision
- Loan Guarantee and Export Finance Support
- Development Finance
- Rural and Small Business Initiatives and Loan Funds

AIDEA works in partnership with private financial institutions, and does not provide grants or compete directly with the private sector. Each year, the corporation pays a dividend back to the state which can then be reinvested. Through 2010, AIDEA has returned over $251 million to state coffers. Between 2002 and 2009, AIDEA loan participation programs alone have helped Alaska create or retain over 7,600 jobs.

**Infrastructure**

Alaska invests significantly in infrastructure projects that increase access to markets for its existing natural resource extraction industries. In order to better develop natural gas reserves in the state, Alaska’s government enacted the Alaska Gasline Inducement Act. The Act provides a suite of incentives, including monetary reimbursement, to private sector companies that partner with the state to build new gas pipeline infrastructure linking the state’s gas fields to end users.

As a result of the act, several major private sector businesses produced proposals, and planning is now underway for development of a new line, with a second independent development effort underway. The state also retains the ability to develop and own infrastructure facilities which are then leased to private companies. Such financing structures have been used to build transportation to private mines and open facilities to be leased to a logistics company, providing the economic infrastructure needed to support the creation hundreds of new jobs.
Arizona has a strong track record of innovation and is home to firmly established aerospace, electronics, and semiconductor manufacturing sectors. Rapid growth in these clusters allowed the state to enjoy some of the strongest economic and population growth rates in the nation over the past decade. While the boom has slowed over the past two years, Arizona still hosts emerging biosciences and environmental technologies clusters, and with its strong solar resources, holds the potential to become a leader in the creation and adoption of advanced solar energy technologies.

Entrepreneurship and Innovation
The past decade has seen Arizona implement a string of successful initiatives focused on fostering innovation and entrepreneurial activity in the state. As part of the state’s Bioscience Roadmap process, it created a biosciences corridor anchored around the cities of Tucson, Flagstaff, and Phoenix. Launched following the 2002 adoption of a ten year plan to grow the industry in the state, the corridor has been driven by university partnerships and major state investments in new and expanded research facilities. Between 2002 and 2008, the corridor saw a 31% increase in bioscience jobs, far outstripping the national increase of 12%.

Workforce Development and Training
The state and several counties in southern Arizona have led the charge to leverage federal resources to strengthen the state’s innovation economy, creating Innovation Frontier Arizona, a science, technology, engineering, and mathematics (STEM) focused workforce training initiative. The Science Foundation Arizona has also focused efforts on creating a highly trained workforce to aid innovation in the state using its STEM education initiatives and grant programs. In the northern half of the state, the Northern Arizona Center for Emerging Technologies (NACET) was established by a partnership of public and private sector groups, and is focused on providing technology entrepreneurs with incubator and business support services during start-up.

Taxes and Regulation
Arizona implemented an Angel Investment Tax Incentive Program to incentivize investment in small businesses and to support new entrepreneurs. While investors may receive an income tax credit for investments in any qualified business, the credit is larger for investments in biosciences companies.

Renewable energy tax incentives, particularly focused on the solar energy innovation industry, came online this year lending more drive to that sector. They include investment tax credits and steep reductions in property tax burden on renewable energy manufacturing and headquarters facilities. Since adoption, several companies have announced plans to enter Arizona, bringing the promise of new technology jobs to the state. Arizona’s adoption of renewable portfolio standards, calling for 15% of the state’s energy to come from renewable sources by 2025, has also been credited with attracting new energy technology companies to the state, drawn by the promise of new market outlets for their innovations.

AERO “Fund of Funds”
Access to venture capital has been a challenge for technology firms in Arizona, due to the state’s relatively small venture capital community. In order to combat this problem AERO, the Arizona Economic Resource Organization, has launched efforts to create an investment fund to support small high-tech startups in the state.

AERO, a private non-profit, is working in conjunction with a variety of state and private sector partners to create the fund. While seed money to lay the groundwork to create the fund came from the state, the fund will consist of private capital. AERO’s goal is to establish the fund with $50 million, which will then be “structured and managed to attract overall investment of at least $200 million to help commercialize Arizona innovations.”
Home to a global retail giant and other Fortune 500 companies, Arkansas works to maintain an enterprise-friendly environment conducive to job creation by fostering strong education, training, and entrepreneurship initiatives and by enhancing state infrastructure to support exports and manufacturing. These strategies, coupled with strong public-private partnerships, provide the state with a focused approach to economic development and job creation.

**Workforce Development and Training**

The University of Arkansas for Medical Sciences BioVentures (UAMS Bioventures) was established as a formal outgrowth of the UAMS College of Medicine’s efforts in technology transfer for human health. The College of Medicine established the program to maximize global, industrial interaction with University faculty and to facilitate technology transfer and the creation of startup companies. The University of Arkansas Research and Technology Park, operated by the University of Arkansas Technology Development Foundation, promotes public-private efforts to create a technology-based economy through validating, developing and transferring ongoing research and inventions from the University out to Arkansas companies and start-up ventures.

**Entrepreneurship and Innovation**

The Arkansas Risk Capital Matching Fund (ARCMF) targets investments in early-stage technology-based enterprises that are not able to attract adequate sources of private traditional financing, venture or investor-backed capital for their growth and development. A portion of this fund validates early stage technology before other investments can be made.

**Exports**

The Arkansas World Trade Center (ARWTC) was opened in late 2006 as a “one-stop” trade information hub that provides services for Arkansas’ businesses and international companies including Latin America and Asian trade development, market research, trade missions, trade education services and business support services. A $70 million state-of-the-art multi-modal facility anchors a 2,200 acre industrial park. This key infrastructure, coupled with a focus on exports, provides the state with a cohesive approach to job and new wealth creation.

**Arkansas Quick Action Closing Fund**

To enhance state infrastructure funding for new and expanding companies, the Arkansas General Assembly enacted the Governor’s Quick Action Closing Fund in 2007.

$50 million of the initial appropriation has been used to attract and/or retain business that have announced the creation of more than 5,000 jobs whose salaries are projected to pay approximately 125% of the state average hourly wage.
California consistently ranks as the largest state economy in the United States and represents the eighth largest market in the world. California leads the nation in several strategic high-tech industry segments, comprising between 20-60% of U.S. market share in electronic components, commercial aerospace, medical instruments, biotechnology, and transportation.

The Golden State also leads the nation in research and development (R&D) and benefits from receiving almost half of the nation’s venture capital investment. Export shipments of merchandise in 2009 totaled $120 billion, placing California second only to Texas ($163 billion) among the states in terms of total exports. California is the number one state for attracting foreign direct investment.

**Entrepreneurship and Innovation**

Designed to encourage businesses to increase their basic research and development activities in California, the research and development tax credit allows companies to receive a 15 percent credit against their bank and corporation tax liability for qualified in-house research expenses, and a 24 percent credit for basic research payments to outside organizations.

The New Hire Tax Credit is a temporary tax incentive that targets small businesses that create new California jobs. This credit is intended to complement existing job creation tax credits the state offers to employers in geographically targeted enterprise and other zones. Effective in early 2010 businesses are able to share business tax credits among a related group of affiliate or subsidiary companies (known as unitary utilization). This allowance provides increased flexibility to companies to allocate tax credits within their family of companies.

**Infrastructure**

The California Infrastructure and Economic Development Bank (I-Bank) finances public infrastructure and private developments that promote economic growth, revitalize communities and enhance quality of life for Californians. The I-Bank has extremely broad statutory powers to issue revenue bonds, make loans, and provide credit enhancements for a wide variety of infrastructure and economic development projects and other government purposes. The I-Bank is approaching $30 billion in various financings.

**Innovation Hub (iHub) Initiative.**

The iHub initiative modernizes the state’s national and global competitiveness by stimulating partnerships, economic development, and job creation around specific research clusters through State-designated iHubs. The “i” in iHub represents the words innovation, inspiration, invention, ingenuity, and investment. The iHubs leverage assets such as research parks, technology incubators, universities, and federal laboratories to provide an innovation platform for startup companies, economic development organizations, business groups, and venture capitalists.

**California Office of Economic Development**

The office was recently created to coordinate more than 100 programs across 28 state departments and create a one-stop shop, a concierge service, so to speak, that lowers the cost of doing business and makes it easier to invest and grow and to create jobs.

California returns to the forefront of the transportation public private partnership (PPP) market with the enactment legislation that allows for Caltrans and other public agencies to use design-build for certain types of public projects, including transportation projects using comprehensive development lease agreements. PPPs and Design-Build Authority will save businesses time and money. Tapping into private money for needed transportation projects will mean more jobs created more quickly and needed infrastructure built at a savings to the taxpayer.
Workforce Development and Training
Colorado has made workforce development and education two of its top priorities, working both activities into the state’s overall economic development strategy. Workforce training and development in the state is modeled around an employer-driven, locally led structure, consulting with regional economic developers and educators. The state has identified the enhanced use of private-public partnerships to engage business to develop services and training as one of its priorities. One example of this industry-driven approach to training can be found in the state’s Work, Education and Lifelong Learning Simulation (WELLS) Center, which offers specialized diagnostic and clinical skills training to the state’s healthcare workforce. Working in collaboration with public and private partners, the Center offers a range of training and simulation services, both on and off-site to help the state meet the critical need for nurse recruitment and training. Development of the state’s technology and innovation workforce is also a focus.

The Colorado Business and Education Talent Readiness (BETR) Project is a program focused on developing the science, technology, engineering, and math (STEM) skills of the Colorado workforce to better meet the demands of industry. Conceived as a partnership between government, educators, business, and faith based organizations, BETR offers STEM based lesson plans, job training, mentorship programs, and interactive tools promoting STEM careers. Launched as a pilot project in 2007 the program began a statewide rollout in 2009. Connecting industry needs to service provision also extends to the state’s system of community colleges, which maintains a career and technical education division. Each community college has a business advisory council that works to identify and meet the training needs of their local business community.

Entrepreneurship and Innovation
A major focus of Colorado’s innovation agenda is the development of a “New Energy Economy.” In order to take advantage of its status as the home of the National Renewable Energy Laboratory (NREL), Colorado launched the Colorado Renewable Energy Collaboratory. The Collaboratory is a research consortium backed by NREL and the state’s three leading research universities. Working with private partners, the Collaboratory coordinates efforts to drive advanced renewable energy and energy efficiency research at six research centers.

The Bioscience Discovery Evaluation Grant Program provides grants to early stage bioscience companies which are working to commercialize technology developed at or in conjunction with one of the state’s research institutions. In 2009, the state adopted the same approach to support clean-tech innovation in the state by creating a clean-tech research grant program.

Taxes and Regulation
In order to spur in-state angel investment in promising new technology companies, Colorado has adopted an Innovation Investment Tax Credit pilot program that provides an income tax credit of up to 15% for qualified investments in small businesses involved in research and development.

Renewable energy manufacturing has been an area of success for the state, attracting new facilities and creating thousands of jobs over the past several years, including several major wind energy component manufacturing centers. This growth is supported by several enterprise-friendly tax policies, including a job growth incentive fund which provides payroll tax credits to support businesses which create new jobs.

Colorado Fund I
In addition to its focus on energy industry growth, Colorado is actively supporting development of its biotechnology, clean-tech, information technology, and medical devices sectors.

In order to help promising Colorado start-ups and early stage businesses gain access to vital capital, the state established Colorado Fund I, a $25 million state-backed venture capital fund.

The Fund, capitalized by money from the state’s Venture Capital Authority, is operated in conjunction with an independently controlled private sector fund manager. Decisions regarding investments are made by the fund manager with the state setting minimum standards for business qualification. Investments in businesses range between $250,000 and $3.375 million.
Connecticut is home to thriving high technology industries such as bioscience, aerospace, medical technology and defense. Connecticut is a research and development hub and a leader in emerging technologies including fuel cell, alternative energy, nanotechnology and the film and digital media industry. The state claims many of the leading insurance companies, earning the nickname “Insurance Capital of the World.” To accomplish this, the state has capitalized on the intellectual might of over 45 colleges and universities, ranging from Ivy League to community colleges turning out highly educated workers and entrepreneurs.

**Taxes and Regulation**

Connecticut is a national leader in research and development as a share of Gross State Product. To accomplish this the state offers corporate business tax credits that help promote and bolster research and development conducted within the state.

These initiatives include tax credits from 1 to 6% of research and development (R&D) expenditures based on the amount of R&D expenditures and size of company; a 20% credit of the R&D expenditures in the state in the current income year that exceed the company’s R&D expenditures of the prior taxable year; and a 25% credit for any increase in grants to institutions of higher learning for R&D related to technology advancement over the 3-year average funding level. Unused R&D credits can be carried forward and companies with gross income of $70 million or less can sell the credits to the state for 65% of their value.

These tax credits, coupled with world-class educational institutions, have helped propel the state into one of the leading locations for research and development opportunities in the country.

**Entrepreneurship and Innovation**

The state has initiated a program to foster innovation with a focus on helping to protect intellectual property. The Intellectual Property and Entrepreneurship Law Clinic at the University of Connecticut’s School of Law gives students the unique opportunity to counsel Connecticut’s innovators on an extensive range of intellectual property (patent, trademark, copyright and trade secret) and related business law issues. The IP Law Clinic was established by the Connecticut legislature as part of UConn’s Connecticut Center for Entrepreneurs and Innovation (CCEI), to strengthen Connecticut’s economy with innovative new programs aimed at supporting emerging companies. Because innovators encounter challenges arising from both the law and the marketplace, CCEI partners the Law School’s IP Law Clinic with the Business School’s Innovation Accelerator.

**Connecticut Innovations (CI)**

CI provides strategic capital and operational insight to push high-tech industries such as energy, biotechnology, information technology, and photonics.

CI has helped over 100 emerging companies research, develop, and market new products and services. This activity has attracted over $1 billion dollars in additional investments from private equity providers.

CI has brought the State of Connecticut over $510 million in Gross State Profit and over 5,000 additional job-years. CI was created by the Legislature in 1989. Since 1995, returns from its own investments – not state money – have supported operations and new, forward-thinking funding programs.

**Workforce Development and Training**

In a knowledge-based economy, the development of a comprehensive approach to delivering education and benchmarking these efforts is essential. Connecticut, a national leader in bachelor degree educational attainment, developed the Connecticut Accountability for Learning Initiative (CALI) to support districts and schools to implement the process of continuous improvement, to accelerate the closing of Connecticut’s achievement gaps and to promote lifelong learning. The initiative has prompted a higher proportion of students to complete degreeed studies at the state’s 45 colleges and universities.
Delaware is renowned for its enterprise-friendly climate and is often referred to as the “corporate capital of the world,” as more than 60% of Fortune 500 companies are incorporated in Delaware. Coupled with the enterprise-friendly climate, the state has promoted strong initiatives to stimulate exports and science, technology, engineering, and mathematics (STEM) education to solidify and grow emerging tech-based industries within the state.

**Workforce Development and Training**

Delaware has a history of fostering partnerships between non-profits, institutes of higher education, and businesses to enhance STEM education. The state has three primary initiatives related to STEM education including:

- A requirement that all schools offer a rigorous course of study in STEM subjects;
- Formalizing, continuing, and expanding collaboration with industry experts, institutes of higher education, universities, research centers, and other community partners to assist teachers in integrating STEM content across grade and disciplines; and
- Preparing more students for advanced study and careers in STEM disciplines, including underrepresented groups and women.

The **STEM Coordinating Council** works with the Delaware Department of Education to conduct focused interventions to target women and other groups traditionally underrepresented in STEM fields. In order to strengthen STEM teaching, the state created a STEM Residency program for non-traditional candidates to work as assistant teachers in STEM subjects and earn full certification during the first year of teaching. Scholarships and forgiveness of loans are used to encourage teachers to become certified in STEM fields.

**Taxes and Regulation**

The state has adopted a clear policy to attract new business and encourage the expansion of existing operations. Key tax features include no state or local general sales tax, no personal property or inventory taxes, property tax relief for new construction and improvements of existing property and the exemption of certain investment and holding companies from corporate income tax. Delaware also recently lowered its Gross Receipts Tax and reformed its workers compensation system.

**Exports**

The International Trade Development office is a one-stop resource for exporters. Experienced staff provides in-house and on-site counseling to small and medium sized businesses wishing to export for the first time or to expand their current export sales.

Delaware is part of a cooperative effort of regional banks to assist exporters in submitting applications for export working capital financing through the Export-Import Bank of the United States (Ex-Im Bank). The state has fostered the development of the **World Trade Center Institute Delaware** (WTCI), a non-profit organization that provides international trade services complementing and supporting existing services of private and government agencies, working closely with the Department of State, International Trade Section to achieve global trade objectives.

**Intellectual Property Business Creation Program**

This program promotes all businesses within the state of Delaware. As part of the initiative, the state and DuPont established the DuPont Innovation Center Partnership Program. It includes a five-year $80 million capital investment by DuPont in the Experimental Station Laboratories, the donation of 250 technology packages to the Delaware Emerging Technology Center, and a new biotechnology program for high-school students.

The DuPont Innovation Center was created on the Experimental Station campus – DuPont’s largest research facility with more than 2,000 scientists. The initiative also collaborates with the state to conduct biotechnology seminars for high-school students, providing six programs per year at the Innovation Center.

$50 million of the initial appropriation has been used to attract and/or retain business that have announced the creation of more than 5,000 jobs whose salaries are projected to pay approximately 125% of the state average hourly wage.
Florida’s renown as a national and international tourist destination is matched by an aggressive approach to developing an equally appealing business climate to attract and retain businesses. A comprehensive approach to tax and regulatory issues and a focus on infrastructure makes the sunshine state an appealing destination for business and job growth as well.

**Taxes and Regulation**

The state has worked to develop an enterprise-friendly climate to help retain and expand existing businesses in the state and give them a competitive advantage in conducting business on the world stage. Florida has no corporate income tax on limited partnerships, no corporate income tax on subchapter S-corporations, and no state personal income tax, with income tax restrictions guaranteed by constitutional provision. The state also has no corporate franchise tax on capital stock, no state-level property tax assessed, no property tax on business inventories, no property tax on goods-in-transit for up to 180 days, and no sales and use tax on goods manufactured or produced in Florida for export outside the state. Production industries in the state face no sales tax on purchases of raw materials incorporated in a final product for resale, including non-reusable containers or packaging, and no sales/use tax on co-generation of electricity.

Productive industry in the state is also supported by sales and use tax exemptions on machinery and equipment used by new or expanding Florida businesses to manufacture, produce or process tangible personal property for sale. Exemptions on labor, parts and materials used in repair of and incorporated into machinery and equipment, electricity used in the manufacturing process, and certain boiler fuels (including natural gas) used in the manufacturing process are also used to support manufacturing in the state.

High-tech industry receives support through tax exemptions on semiconductor, defense and space technology-based industry transactions involving manufacturing equipment, machinery and equipment used predominantly in research and development, and the labor component of research and development expenditures. Commercial space activity is also encouraged, with launch vehicles, payloads and fuel, machinery and equipment for production of items used exclusively at Spaceport Florida being exempt from sales and use taxes. Aircraft parts, modification, maintenance and repair, sale or lease of qualified aircraft are also exempted from sales and use taxes. Another key element of the regulatory issue is tort reform which has been a priority for Florida’s enterprise-friendly leaders. Some of their most recent successes include the elimination of joint and several liability rate reductions for workers compensation insurance, and class-action suit reform.

**Exports**

Florida is home to more than 42,000 exporters, the second highest number in the United States. The state coordinates overseas trade missions and helps identify and vet qualified international trade leads. The Florida Export Finance Corporation provides financing for small and medium-sized Florida companies who have difficulty obtaining financial assistance from conventional lending institutions. The Florida Trade Partners Alliance (FTPA), the only organization of its kind in the country, is a statewide strategic alliance of trade and economic development partners that provide export services including counseling, training and workshops, trade missions, and export finance.

**Infrastructure**

Florida is a nexus of the Western Hemisphere’s transportation links. Florida’s transportation infrastructure is multi-modal and includes highways, railways, seaports, airports and a spaceport that enables companies to gain quicker access to markets and reduce bottom-line costs. Florida is currently targeting the completion of existing projects, with an emphasis on projects that modernize the transportation system and maximize the use of committed federal funds.

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**e-Florida**

As a premier resource link for business within the state, eFlorida is an extensive on-line resource for data, analysis, research, and news on the state’s economy.

Resources and links include: 1) data on economic indicators; 2) knowledge and innovation assets; 3) reports on foreign direct investment and international trade; 4) research on targeted industry clusters impact and industry analysis; and 5) resource links to streamline information and data analysis in identifying economic trends for job growth and expansion.
Georgia is a top performer in infrastructure measures and strong in measures of tax and regulation, workforce development and training, and exports. This strong overall performance suggests a comprehensive approach to meeting the ongoing skills and infrastructure needs of retaining, growing and creating jobs in today’s global economy.

**Infrastructure**

Georgia is home to the world’s largest international airport, the nation’s 4th-largest and fastest-growing container port, and extensive intermodal ground connectivity. In addition, four of the top 10 warehouse providers in North America are headquartered in Georgia and 90 percent of the top 25 global third party logistics providers have operations in Georgia.

Nearly 21,000 companies throughout all 50 states rely on the deepwater ports in Savannah and Brunswick and export to 153 out of 195 countries across the globe – these efforts are supported by nine general-purpose Foreign Trade Zones across the state.

The [Georgia Center of Innovation for Logistics](#), is the State’s leading resource for fueling logistics competitiveness, is an industry-focused component of the Georgia Department of Economic Development. The Center connects with all logistics sectors to provide a unique combination of access to technology leaders and university research and development, expert analysis of data and trends, and cross-sector collaboration.

**Workforce Development and Training**

Georgia’s nationally recognized employee training program, [Quick Start](#), provides customized training for new employees in skill-based jobs at no cost to qualifying companies. The training program is given to the company for its future use.

Quick Start provides training space, instructors and all needed materials related to the program, potentially saving companies millions of dollars in training costs. Georgia’s [HOPE Scholarship](#) provides free tuition at one of Georgia’s 34 public colleges or universities for graduating Georgia high school seniors with a B or better average. The HOPE Grant provides an opportunity for all Georgians to receive degree or certificate programs at no cost through Georgia’s technical colleges and schools.

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**Single Factor Gross Receipts**

In 2005 Georgia adopted a "Single Factor Gross Receipts" apportionment formula. “Single Factor Gross Receipts” formula treats a company’s Gross Receipts, or sales factor, as the only relevant factor in determining the portion of that company’s income that is subject to Georgia income tax. This significantly reduces the effective rate of income taxation of Georgia-based manufacturing, distribution and service companies with substantial sales to customers outside Georgia.

**Entrepreneurship and Innovation**

Georgia is home to 25 business incubators and each of Georgia’s research universities collaborates with emerging innovation and technology-based companies through a network of [Technology Development Centers](#) (TDCs). These centers make numerous research and development resources available to member companies, along with access to lab space, business support and mentorship. Each center helps to enhance the commercial potential of ideas and innovations.

Taking ideas from the lab to the market as smoothly as possible is the function of [GRA VentureLab](#), part of the University System of Georgia. Building on 20 years of experience, VentureLab helps entrepreneurs evaluate the commercial value of an idea by bringing faculty together with experienced and successful entrepreneurs.
Hawaii, highly dependent on its deeply rooted tourism sector and long-established military bases, is actively engaged in efforts to diversify and strengthen its economy. The state has implemented programs and policies focused on boosting workforce readiness, encouraging the development of high technology businesses, and investing in infrastructure to support job creation and long-term sustainable growth in both its existing and developing economic sectors.

**Entrepreneurship and Innovation**

Hawaii’s growing technology and innovation sector, while making up a smaller proportion of the state economy than the national average, has been growing at a rate that outpaces the national average over the past several years. In order to further encourage such growth, the state has implemented the **Hawaii Innovation Initiative**. The goal of the Initiative is to build the state’s capacity to support innovation activity, allowing industry and supporting assets to grow and enabling the economic transformation of the islands.

The state is also focusing on building up its available innovation infrastructure, in order to attract companies and build connections to “creativity centers” throughout the Asia-Pacific region. **Hawaii’s High Technology Development Corporation** offers companies and entrepreneurs access to a group of tech incubation facilities throughout the state, offering office space and access to innovation support services. The state has also implemented a “virtual incubation program,” focused on supporting home-based and geographically isolated tech start-ups.

Hawaii has also sought to make use of its higher educational system to support entrepreneurial activity, expanding offerings to include training programs and an entrepreneurship degree program. In order to support promising technology start-ups, the **Hawaii Business and Entrepreneur Acceleration Mentors (HiBeam)** program offers mentoring support to entrepreneurs, providing entrepreneurs with access to professional advice and guidance in accessing funding. Hawaii is also currently exploring the possibility of having the state’s employee retirement system place funding into privately managed venture capital firms focused on in-state investment, bolstering tech start-ups looking for access to capital.

The **Hawaii Clean Energy Initiative** is intended to move the state beyond its heavy dependence on imported oil. Launched in conjunction with the U.S. Department of Energy, the initiative sets renewable portfolio standards aimed at creating an environment ready for investment in renewable energy infrastructure and research in the state. As part of the program, the state is working to streamline the permitting time for new renewable energy generation projects, such as wind farms.

The initiative is also focused on changing the state’s regulatory environment, by reducing barriers to increased energy infrastructure investment. The state is working with energy companies to drive new investment in renewable energy infrastructure, and has seen “over 100 renewable energy projects involving billions of dollars of private investment,” proposed by the private sector.

**Workforce Development and Training**

In order to assure a pipeline of available, educated workers in science and technology, Hawaii is placing resources into its science education system. These initiatives include creating a pilot system of technology academies in high schools, and providing more support to college students pursuing education in science, technology, engineering, and mathematics (STEM) fields.

**Infrastructure**

**Hawaii’s Capital Improvement Plan** has accelerated the rate at which the state invests in infrastructure projects, with over $1.5 billion dollars committed since 2008.

The **Airport Modernization Plan** focuses on improving and upgrading the state’s 15 airports in order to improve its trade infrastructure and to support its vitally important tourism industry.
Idaho has been a center of innovation and advanced research for decades, serving as home to the Idaho National Laboratory (INL), an advanced nuclear energy research facility. Science and technology is the state’s most prominent industry today, which is complemented by important industries such as food processing, lumber and wood products, machinery, chemical products, paper products, electronics manufacturing, silver and other mining, and tourism.

**Entrepreneurship and Innovation**

Idaho’s **TechConnect**, a public-private initiative founded in conjunction with INL, works to connect the state’s innovators to entrepreneurial assets in order to enable commercialization processes and create jobs. TechConnect, with four offices around the state, offers support to companies in finding access to venture capital, and acts as a point of access to the state’s research infrastructure for interested businesses.

Innovation promotion is not limited to the public sector. **Kickstand**, a non-profit organization founded by a group of pioneering tech firms, offers a networking and educational venue for the state’s 3800 tech companies. Kickstand acts as an “entrepreneur support organization,” offering access to a variety of events focused on supporting the innovation economy, including start-up “speed-dating” and innovation forums. The state also provides entrepreneurs and businesses seeking expansion opportunities access to valuable site selection and demographic information through its GEM State Prospector database. Accessible online, the site acts as a GIS data hub, providing businesses with information on workforce, available properties, demographics, and competition and synergy reports about potential locations.

**Infrastructure**

In order to support the adoption and installation of broadband networks throughout the state, particularly in rural areas, Idaho makes use of a **Broadband Investment Tax Credit**. Aided by the credit, which can value up to 3% of a qualified investment, companies have invested tens of millions of dollars into providing advanced fiber networks to communities throughout the state, supporting business in rural Idaho. The state also makes use of grants, such as its Gem Grant program, to aid local communities in the installation of infrastructure meant to drive economic development.

**Taxes and Regulation**

Idaho has enacted a variety of tax policies focused on creating an environment attractive to business attraction, retention, and expansion. **Tax credits and exemptions** include a new job tax credit, providing businesses with a credit for each new position created, property tax caps for large employers, investment tax credits, and sale tax exemptions for businesses involved in sectors including manufacturing, processing, and research and development. The state also makes use of an Industrial Revenue Bond program, which provides tax free bonding in support of the manufacturing sector.

**Project 60**

Idaho’s economic development and job creation activities are focused around Project 60, a “comprehensive effort” to bring together private and public sector partners to work towards the goal of increasing Idaho’s economic output. The project’s main target is to raise Idaho’s gross state product to $80 billion from an initial $51.5 billion.

In order to work towards this goal, the state and its economic development partners have chosen to focus on three areas of activity; fostering systemic and sustainable growth in Idaho’s existing economic sectors, recruitment of new companies to the state, and increasing foreign direct investment and global market reach.

The initiative encompasses efforts in all areas of the job creation spectrum, including efforts focused on improving job training and worker education activities, leveraging the state’s innovation resources (including the Idaho National Laboratory), building new international relationships in order to build up exports and investment, and adoption of enterprise-friendly policies and regulations.

The overarching goal of the project is connecting efforts across the state, in both business and government, bringing the state together to work towards the same end goal- sustained economic growth.
As a heavily industrialized state, Illinois was particularly hard hit in the recent economic downturn. But the state has risen to the challenge of addressing downturns in employment and industry losses to develop a comprehensive approach to addressing critical elements within its development approach to create an ongoing initiative to address tax and regulatory issues, job creation and innovation and workforce retention and training.

Taxes and Regulation
Perhaps no other industry has been hit harder by the current economic downturn than the domestic automotive industry. Three Illinois auto manufacturing facilities and their numerous Illinois suppliers have shed thousands of jobs. EDGE (Economic Development for a Growing Economy) provides corporate tax credits to companies that create or retain jobs in the state rather than locating or relocating them to other states. But because the auto companies are experiencing operating losses, they can’t take advantage of these credits, which jeopardizes more jobs and the loss of any future investment in the plants to restore or add jobs. Proposed legislation has been passed by the General Assembly to enable only these auto-manufacturing companies to retain employee income tax withholdings as an alternative to the EDGE corporate tax credits.

Entrepreneurship and Innovation
To encourage economic development and to create new jobs, the state has developed a program that pairs technology companies with an Illinois-based research entity (university or national laboratory) for new product development, commercialization or to improve manufacturing processes. The program is targeted to reap the maximum benefits for the state and promotes and supports increased public private partnerships. Private sector experts will be actively involved to strategically attract these critical investments.

The Illinois Science and Technology Coalition (ISTC) is a public-private economic development organization that fosters partnerships to develop and execute research and development initiatives and will provide oversight and management to the initiative. Founded in 2008, the ISTC actively promotes collaboration between public and private partners to attract and retain research and development resources and talent in Illinois. In addition to managing this important new grant program, the ISTC will house the Illinois Innovation Council, which will assist the state in developing an innovation agenda and be responsible for increasing joint proposals from private companies and research labs to the federal government.

Infrastructure
To maintain and expand its status as a global logistics hub Illinois has developed strategic and critical initiatives related to its transportation, physical and technological infrastructure systems including roads and bridges, passenger and freight rail, and broadband networks.

To accomplish this, the state has provided millions of dollars for critical infrastructure that leverages American Recovery and Reinvestment Act (ARRA) funding. Another key component of this infrastructure initiative includes supporting further intermodal facility development to alleviate regional freight congestion and foster new economic development and job creation.

Illinois Jobs Now! is a state run and promoted comprehensive public works initiative with strategic programs and projects focusing on infrastructure including:

- Roads and bridges and developing a 21st century transportation network;
- Education with core elements focusing on preschool through 12th grade education and higher education;
- Community and economic development projects, and special initiatives focused on environmental projects.

The project will invest $31 billion in the Illinois economy over six years. Funding for the $31 billion Illinois Jobs Now! plan will be provided by a combination of state debt and federal and local matching funds including accessing over $3.7 billion in American Recovery and Reinvestment Act (ARRA) funds that will help support over 439,000 Illinois jobs. The 20-year bonds issued to provide funding for the State’s $13 billion share of this six-year capital program will be supported from fee and tax increases.
Home of the world famous Indianapolis 500, Indiana has fine tuned its economic development engine with key tax and regulatory initiatives coupled with workforce and training opportunities. The focus is on emerging industries as well as existing manufacturing industries that hold critical export capacity and serve as a vital force for bringing “new money” into the state economy.

**Taxes and Regulation**

Indiana has a very competitive business tax structure, including a flat 8.5 percent corporate income tax on adjusted gross income and no gross receipts tax or inventory tax. The state also has economic development programs for companies creating jobs and raising incomes in Indiana, including tax credits based on job creation and capital investment.

Programs or initiatives include corporate income tax based solely on sales in Indiana, a single-sales factor method of income tax apportionment, tax credits to corporations that relocate their headquarters to Indiana, research and development sales tax credit for research and development equipment, tax exemptions for new technology or processes and permanent exemptions for enterprise IT equipment.

**Workforce Development and Training**

The **Indiana Innovation Alliance** is a collaborative effort that joins together the efforts of academia, business, and government to strengthen Indiana’s assets in biosciences and life sciences. While the state is currently a national biosciences business leader, investment and employment in this industry are growing rapidly around the world. Purdue and Indiana Universities have developed the initiative to bring together Indiana’s research universities, biomedical and biotechnology firms, health and life sciences organizations, local economic development organizations, and state government to grow the state’s bioscience economy and increase the competitiveness of Indiana’s workforce.

Three key strategies include:

- developing strong core research capabilities in emerging technology areas and making them available to university and corporate researchers alike for state-of-the-art health and bioscience research services;
- prioritizing and allocating matching funds for large-scale, multidisciplinary research grants and initiatives provided by federal research agencies and philanthropic organizations in strategic bio-economic areas; and
- expanding medical education and healthcare innovation, as well as technical workforce development, by growing IU’s statewide medical education network, Purdue’s Healthcare Technical Assistance Program, and biotechnology and bioengineering education at Purdue.

**Exports**

Indiana is a national leader in both dollar of exports per dollar Gross State Product (GSP) and change in dollars of exports per dollar of GSP. This is no coincidence as the state is a major manufacturer of a myriad of products that are in high global demand including automobiles and other vehicles, industrial machinery, pharmaceuticals, electrical machinery, organic chemicals, optical and medical instruments, plastics, iron, steel products, aluminum products as well as a long list of commodities.

The state has been proactive in nurturing and supporting these manufacturers and provides key export expertise and trade missions in support of these industries and subsectors.
Iowa’s economy includes some of the most recognized names in ag-biotech – companies that invest $600 million each year in agricultural improvement and research technologies, including a recently developed $19.5 million state-of-the-art DNA analysis center. Other industry stalwarts include renewable energy, bioscience, advanced manufacturing, and information solutions and financial services.

**Entrepreneurship and Innovation**

Iowa’s approach to economic development focuses on developing a skilled workforce, increasing job and wealth creation, and promoting entrepreneurship. A key element of this is the *Innovation and Commercialization Division* that coordinates efforts in the biosciences, information technology, and advanced manufacturing industries. Their mission is to grow Iowa’s economy by fostering entrepreneurship and supporting the workforce, commercialization, and marketing activities of these industries. To accomplish this they have developed a series of training and internship programs, funding mechanisms and management talent recruitment efforts to promote and stimulate entrepreneurship within the state.

**Exports**

Iowa has made a concerted effort to assist businesses to be more competitive, innovative and profitable in expanding international trade and exports. With trade offices in China, Germany, Japan and Mexico, the *International Trade Office* assists companies in developing international markets for their products and/or services by providing individual consulting, in-house training, educational seminars and by participating in international trade shows and missions to be a cost effective way to enter into new markets or expand visibility in existing markets. The state offers financial assistance to Iowa companies wishing to take advantage of international trade shows and missions through its *Export Trade Assistance Program (ETAP)*.

**Workforce Development and Training**

The *Industrial New Jobs Training Program* provides expanding Iowa businesses with new employee training. Administered by Iowa’s 15 community colleges, the program is financed by bonds sold by the colleges. Depending on wages paid, the business then diverts 1.5 or 3 percent of the Iowa state withholding taxes generated by the new positions to the community college to retire the bonds.

Because of this structure, the training is available at what is essentially no cost since the bonds are retired with dollars that otherwise would have been paid to the state as withholding taxes.

In addition to increasing worker productivity and company profitability, businesses participating in the program may also be eligible for reimbursement up to 50 percent of the annual gross payroll costs expended for on-the-job training, as well as a corporate tax credit if Iowa employment is increased by at least 10 percent.

**I-JOBS**

I-Jobs was designed to help the state recover from the natural disasters of 2008 and to preserve or create thousands of jobs. The $830 million three-year program, funded with existing state gaming revenue, includes several components but focuses on:

- Funding for veterans homes, community colleges, and other public improvements;
- Disaster recovery and prevention and local infrastructure;
- Improving transportation infrastructure;
- Improving the environment and water quality;
- Meeting Iowa’s housing needs;
- Investing in telecommunications and renewable energy.
Known widely as a major agricultural producer, Kansas has also capitalized on its growing productivity, central location, and strong public-private partnerships to grow its economy, create new jobs and continually add technology and value to the products and services that originate in the state. The aerospace industry has a significant presence in the state and the telecommunications sector is an important part of the state economy too.

**Exports**

Kansas has formal contacts with three foreign countries (China, Japan, Mexico) to bolster international trade opportunities involving agriculture, aviation, machinery and equipment for manufacturing food products, and ingredient products. Kansas is currently investigating additional opportunities in India, Brazil and Taiwan. To accelerate trade initiatives the **Kansas Export Finance Program** (an export loan guarantee program) was established to help companies obtain financing to participate in export transactions. As one of the few export finance programs in the entire nation, the state of Kansas is able to issue loan guarantees and thereby encourage lending institutions to provide financing for small companies to participate in export orders.

**Entrepreneurship and Innovation**

**Kansas Technology Enterprise Corporation (KTEC)** is a public-private partnership established to promote technology-based economic development. KTEC assists Kansas entrepreneurs and technology companies by supporting the development and commercialization of new technologies through a statewide network designed and built to support researchers, entrepreneurs, and businesses through each phase of the technology life cycle. The ultimate goal of the program is to create rapid growth companies and higher paying jobs.

KTEC’s programs fall into three basic functional areas including:

- **Strategic Research and Development/Centers of Excellence**, which conduct basic and applied industry-led research that is the foundation for new products and technologies,
- **Hands-on Business Assistance Incubators** are public-private partnerships designed to turn intellectual property and science into businesses and products to sell in the marketplace, and
- **Investment Funds** where KTEC provides equity investment in early-stage technology companies and helps companies acquire the capital they need in critical early stages. Since 2006, over 3,180 jobs have been created with a cumulative investment of $368 million of which $197 million is private investment and $47 million is funds from the state.

**Infrastructure**

The Department of Commerce is leading an initiative to increase broadband Internet access throughout rural Kansas. **Connect Kansas** is funded primarily by the federal American Recovery and Reinvestment Act to help the state expand broadband access to underserved communities. This investment will go toward helping the state map its current broadband capacity and providing grants and loans to qualified organizations within the state involved in expanding broadband access to rural areas.

**Kansas Industrial Training (KIT) and Kansas Industrial Retraining (KIR) Programs**

KIT and KIR facilitate and assist in job creation and retention for Kansas businesses. KIT focuses on training for newly created jobs, while KIR is oriented towards skills upgrade training.

KIT and KIR are funded using state lottery proceeds.

**Investments in Major Projects and Comprehensive Training (IMPACT)**

IMPACT primarily assists large companies in projects that create 100 or more jobs.

**The High Performance Incentive Program**

Encourages companies to expand their capital investment in Kansas plant and equipment by providing an investment tax credit and an exemption from sales tax for a specific project.
Recognized internationally for its fine bourbon and horse racing, Kentucky is quickly becoming famous for its exporting and affordable cost of living. The latter two accomplishments come from a development approach that involves a collaborative effort involving the state, its educational institutions and the business sector. This partnership is helping to develop an economy that is quickly capitalizing on intellectual capacity in its quest to create jobs, develop new and emerging industries and compete in the global market place.

**Infrastructure**

The Kentucky Infrastructure Authority (KIA) was created in 1988 to provide the mechanism for funding construction of local public works projects. In an effort to spur the state’s economy and create jobs, approximately 20% of Kentucky’s American Recovery and Reinvestment Act (ARRA) money is directed toward growing investments in state infrastructure. These funds will spur the state’s economy and create jobs by meeting critical needs in areas like highways, mass transit, broadband deployment, and local water supplies.

**Workforce Development and Training**

The Kentucky Postsecondary Education Improvement Act of 1997 created the Strategic Investment and Incentive Funding Program to provide strategic financial incentives to advance postsecondary education.

Six distinct trust funds were created: 1) Research Challenge, 2) Regional University Excellence, 3) Technology Initiative, 4) Physical Facilities, 5) Postsecondary Workforce Development, and 6) Student Financial Aid and Advancement.

**Exports**

Kentucky companies are quickly becoming competitive players in the global marketplace. Exports to foreign countries contributed over $19.1 billion to Kentucky’s economy in 2008, making the state a top performer in exports per dollar of Gross State Product. This business activity supports 49,000 direct jobs in the state.

The International Trade Division (ITD) within the Kentucky Cabinet for Economic Development provides export counseling, trade show, trade mission and catalogue show assistance, trade leads and information concerning licensing and customs. While the largest dollar volume of international trade is done by larger companies, small businesses are also big in exports. Kentucky companies of all sizes and industries have been successful in expanding their products and services to the international market.

To help foster growth in exports the state has developed The Kentucky World Trade Center (KWTC), a nonprofit membership organization helping Kentucky companies import, export and establish overseas operations. With offices in Lexington and Louisville, the Kentucky World Trade Center offers counseling, market research services, translation assistance, trade education seminars, international events and programs, cross-cultural training, trade missions, and referrals to local international service providers.
Following devastating damage to the state due to horrific hurricanes, Louisiana has moved beyond merely rebuilding and has realized job and income growth – in spite of the damage done by Mother Nature and the most recent recession. Robust interaction with small business and large industry alike has helped the state move aggressively in meeting the demands of new business growth and job creation.

Workforce Development and Training

Oil and gas is one of the state’s leading industries in terms of economic impact, tax revenue and employment. Eighty-eight percent of U.S. offshore rigs are located on Louisiana’s Outer Continental Shelf and, counting offshore production, the state is the No. 1 producer of crude oil and the No. 2 producer of natural gas in the country. The state is also home to a total of 300 petrochemical manufacturers that directly employ 27,000 skilled workers.

To ensure the industry will always have a qualified workforce, the state has partnered with the industry to provide a dedicated petrochemical operations curriculum through the Louisiana Community and Technical College System. The two-year associate’s degree in Petroleum Technology, or PTEC, is offered at five LCTCS campuses. The PTEC curriculum equips future workers with the skills needed in the petrochemical industry. A focus on providing key business sectors with educational and training tools – in collaboration with industry – to maintain momentum and provide higher than average wages is a key component in Louisiana’s efforts to create jobs and maintain competitiveness.

Entrepreneurship and Innovation

The Small Entrepreneurship (SE) Program, also known as the Hudson Initiative, was established to encourage state agencies to contract with certified small entrepreneurial ventures (SEs) as well to encourage contractors who receive contracts from the state to use good faith efforts to utilize certified small entrepreneurs to perform the contract. The primary intent of this program is to provide additional opportunities for Louisiana-based small businesses that are certified by the Louisiana Department of Economic Development to participate in contracting and procurement with the state. Because of the importance of small business in job creation and innovation, programs focusing on promoting the growth of these businesses are critical.

Exports

As a national leader in exports including share of nation’s exports, dollar of exports per dollar Gross State Product and overall export growth, the state has worked diligently to support and promote export related jobs and businesses within the state. By expanding investment in infrastructure – including ports, air and rail – the state has realized explosive growth with export shipments of goods in 2009 totaling $32.7 billion, up 69 percent (fourth highest percentage growth among the 50 states) from the 2005 total of $19.4 billion.

Louisiana was a top ten state in terms of merchandise exports in 2009. Capitalizing on its strength in exporting, the state has seen foreign investment create jobs in the state. In 2007, foreign-controlled companies employed 52,400 workers in Louisiana. Major sources of Louisiana’s foreign investment in 2007 were the United Kingdom, Germany, France, the Netherlands, and Canada. More than one-quarter of these jobs (28 percent or 14,700 workers) were in the manufacturing sector in 2007.
Maine’s investments in an innovation-driven economy as a strategy to create new economic opportunities and grow jobs is paying off, as evidenced by its leadership in research and development (R&D).

The state’s sustained investment began with a $20 million bond for research and development approved by Maine’s voters in 1998.

Then in 2000 the legislature established the Maine Technology Institute (MTI), the Maine Economic Improvement Fund (MEIF), the Advanced Technology Development Centers, and the Maine Patent Program. Continued general fund investments of between $20 and $25 million per year, as well as additional bond investments, have continued to fund growth in Maine’s research and development capacity.

Entrepreneurship and Innovation

Building on Maine-based funding opportunities to advance technologies, the Finance Authority of Maine (FAME) created the Venture Capital Revolving Investment Program (VRIP) in the mid 1990s. The VRIP is a private equity resource based on the Fund of Funds concept and was conceived to bring capital to early-stage companies. Equity investment in young technology ventures is further rewarded through the Maine Seed Capital Tax Credit Program. This program authorizes income tax credits on cash equity provided to Maine businesses.

The Small Enterprise Growth Fund (SEGF) has provided millions of dollars in venture capital to innovative Maine businesses. SEGF requires recipients to provide matching funds, which leverages significant private capital. The Maine Technology Institute (MTI) was founded in the late 1990s to make grants and investments of varying size that focus primarily on the development cycle of new technologies. MTI has been successful in funding the full spectrum of Maine’s technology sectors.

The Innovation Finance Program builds on the foundation created by these previous initiatives and significantly impacts the capital markets in Maine. The program provides the Maine Public Employees Retirement System with an incentive to invest in high-quality venture capital funds that display both a commitment to seeking Maine investments and the ability to produce favorable returns to minimize the risk of tax credit redemption. This program increases the supply of venture capital by improving access of Maine businesses to venture capital funds.

Businesses who used Maine’s portfolio of economic development programs indicated that they created 3,602 jobs and retained 13,090 jobs as a result of receiving assistance through state incentive programs. When direct and indirect effects are included, these outputs total impacts of 39,245 jobs and increased statewide economic activity valued at over $1 billion.

These efforts are led by the MTI program that offers early-stage, patient capital for the R&D of technologies that create new products and services, generating high quality jobs across Maine. Authorized in 1999 by the Maine Legislature the nonprofit is funded annually by the state, with programs evaluated annually with a report to the Legislature each year. In 2008, MTI made 165 awards totaling just over $7 million, leveraging a co-investment of nearly $16 million.

Taxes and Regulation

Pine Tree Development Zones (PTDZ) offer eligible businesses the chance to greatly reduce or virtually eliminate state taxes for up to ten years.

Eligible businesses receive the following: corporate income tax credit, insurance premiums tax credit, income tax reimbursement, sales and use tax exemptions on personal and real property.
Maryland’s close proximity to the nation’s capital, 50 federal agencies, 60 universities, and several Fortune 500 corporations make the state a national leader in science, technology, engineering, and mathematics (STEM) related industries. Consequently, the state has been successful in creating jobs in advanced technology, defense systems, and health sciences. To foster and facilitate this momentum the state has implemented several entrepreneur and STEM-related educational programs to galvanize new and emerging ideas and opportunities and make them into job and wealth creating realities.

**Entrepreneurship and Innovation**

The Maryland Technology Enterprise Institute (Mtech) focuses on three primary initiatives including educating the next generation of technology entrepreneurs, creating successful technology ventures, and connecting companies with university resources to help them succeed. Mtech offers programs, courses, workshops and competitions to help aspiring entrepreneurs learn how to bring their ideas and products to the world. Among Mtech’s core programs, there has been a $19.6 billion impact on the Maryland economy since 1983.

**Exports**

Maryland’s exports climbed to a record high in 2008, but slowed slightly in 2009 to roughly $9.2 billion. In an effort to help Maryland’s small businesses increase their exports, create jobs, and take advantage of trade opportunities in the global marketplace, the state announced the launch of the Maryland Export Initiative. Created to complement the National Export Initiative, Maryland’s Export Initiative will focus on providing export assistance to small businesses, creating jobs and leveraging the resources of existing federal and nonprofit partners. As part of the Export Initiative, the state will fully fund in FY 2011 Export MD grants, a program within the Department of Business and Economic Development (DBED) that awards grants to small and mid-sized companies to assist them with doing business overseas.

To date, these efforts have produced significant results. Since July 1, 2009, Maryland has attracted 20 foreign-owned companies. This is twice the number of foreign companies the state attracted the previous fiscal year, and quadruples the number in fiscal year 2008. More than half of the foreign-owned companies have located in the Maryland International Incubator.

**Workforce Development and Training**

The STEM and Competitiveness Initiative is one of three high-priority initiatives launched by the University System of Maryland (USM) to address major challenges to Maryland’s educational preparedness, economic leadership, and environment.

The STEM and Competitiveness Initiative centers on developing strategies that strengthen STEM (Science, Technology, Engineering, and Math) education at the K-12 level, prepare a highly skilled workforce for STEM-based jobs, and promote the innovation and entrepreneurship necessary to position Maryland for leadership in today’s global knowledge economy.

The STEM and Competitiveness Initiative will focus USM resources on improving those factors by increasing the number of STEM teachers graduating from USM institutions and pursuing teaching careers in the state; preparing more of today’s students for the STEM career opportunities of the future and improving K-12 STEM education; and utilizing the resources of higher education to foster innovation, entrepreneurship, and business development in STEM areas such as the life sciences, sustainable technology, and information technology.
Massachusetts’ significant research and development (R&D) capacity puts it in the top tier of states for measures of educational attainment, concentration of science, technology, engineering, and mathematics (STEM) workers, bachelor’s degrees granted, and intensity of research and development activity.

**Infrastructure**

A collaborative network of private businesses, universities – including Massachusetts Institute of Technology, Boston University, and University of Massachusetts – and the State recently announced their intent to place a supercomputer in western Massachusetts to serve as the hub of a new **innovation corridor in the Pioneer Valley**. Located in downtown Holyoke, the supercomputing center will be one of very few in the nation located outside of federal facilities or university research labs and is slated to be powered by green and cost-competitive energy sources. The collaborative recently completed a successful 120-day planning process and more than half of the fundraising is complete for the facility planned to open in late 2011. The project has become a centerpiece of an outreach and social media to engage citizens in efforts to increase innovation-oriented business activity in the Pioneer Valley.

Massachusetts has the highest residential broadband providers higher than nearly every other state. The state created the **Massachusetts Broadband Institute** (MBI) in 2008, giving MBI the authority to create a statewide broadband plan and to invest up to $40 million of state bond funds in strategic telecommunication infrastructure. The presence of MBI has positioned the state well for obtaining federal stimulus funds for broadband deployment, including $2 million for a detailed GIS broadband mapping project.

**Workforce Development and Training**

The **Massachusetts Life Sciences Center** promotes, coordinates, and invests in life sciences initiatives in the state. Created in 2006, the Center oversees a life sciences internship program that offers stipends for 12-week internships at life sciences companies of less than 100 employees in the state.

Roxbury Community College recently cut the ribbon on a new biotechnology lab facility to augment its two year associate degree and one year certificate in biotechnology programs. The **Massachusetts Biotechnology Education Foundation** and its associated membership organizations helps integrate science into classrooms, offers an online education resource center, and is a key link between the education system and the biotechnology companies in the state.

**Taxes and Regulation**

In 1998 the state legislature combined the Massachusetts Land Bank with the Massachusetts Industrial Finance agency to create **MassDevelopment**. MassDevelopment works in collaboration with private and public-sector developers, businesses, and banks to identify investors and leverage public and private funds to support economic growth. The agency participated in 229 projects in 2009 on a largely self-sustaining operating budget of $112 million.

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**Massachusetts Alliance for Economic Development (MassEcon)**

MassEcon is a private-public economic development entity. Founded in 1993, MassEcon began as a consortium of telecommunications companies, real estate associations, and the state Alliance for Economic Development. It has since expanded membership into law, architecture, finance and other industries.

MassEcon offers:

- Site selection services,
- An executive ambassador program for companies considering the state,
- Research, education and programming on the state of the Massachusetts economy.
Michigan is one of the leading states in dollars of exports per dollar of Gross State Product and research and development as a share of gross state product. Michigan has capitalized on its experience and knowledge in automobile design and manufacturing to help create strategies to grow its economy and create new jobs. Long renowned as the car manufacturing capital of the world, Michigan is home to the greatest concentration of automotive talent in the world, with more than 65,000 professionals employed in more than 275 research and development (R&D) facilities that invest over $10 billion annually.

**Entrepreneurship and Innovation**

As a global center for automotive R&D, the state and the business community are working to utilize and transfer this knowledge into a strong economic diversification effort to retain and expand business and jobs in the state. To help promote, attract and retain this talent, the state is investing $2 billion dollars in the development and execution of a cohesive marketing campaign and offering new incentives to Michigan companies to develop and produce new technologies through enhanced research and development. The focus on the emerging industries of life sciences, alternative energy, manufacturing and materials and homeland security and defense all capitalize on the research and development acumen and capacity within industry and academia. Using state dollars to spur investment and leverage private dollars, including foreign investment, this effort will help the state maintain its competitive advantage related to advanced research and development.

**Exports**

Export-supported jobs linked to manufacturing account for an estimated 7.6 percent of Michigan’s total private-sector employment. More than one-quarter (27.8 percent) of all manufacturing workers in Michigan depend on exports for their jobs, the fifth highest among the 50 states. A total of 11,205 companies exported goods from Michigan locations. Of those, 10,057 (90 percent) were small and medium-sized enterprises with fewer than 500 employees. To support this type of momentum in both exports and small and medium-sized business formation, the state offers a wide variety of products and services to help companies increase international sales, identify potential markets, meet buyers, partners, agents and distributors, and navigate export channels.

**21st Century Jobs Fund**

To spark new investment and create high-tech companies and jobs that will diversify the economy, Michigan has developed the 21st Century Jobs Fund.

The $2 billion dollar fund is used to increase equity investment activity and increase commercial lending to help jump start the state’s economy and diversify and grow the state’s economy for the future.

The Fund focuses its resources in four key areas including:

- Life sciences,
- Alternative energy,
- Advanced automotive, manufacturing and materials, and
- Homeland security and defense.

**Taxes and Regulation**

The state offers an array of business tax incentives to help attract and retain high-quality jobs for Michigan’s highly skilled workforce. The state provides corporate infrastructure assistance, business real estate help, corporate relocation services and corporate incentives. The state has also developed Renaissance Zones where business taxes may be virtually eliminated for companies locating in one of the Zones. These Michigan tax-free zones are designed to spur investment and have been expanded to support growth in the tool and die industry, agricultural processing, forest products processing and renewable energy.
Minnesota’s economy is characterized by a diverse industry portfolio, a legacy of national leadership in education, a highly-skilled and productive workforce, a robust entrepreneurial spirit, and a keen interest in innovation.

The bioscience industry in Minnesota is internationally recognized for scientific breakthroughs and medical services that advance human health and serve as a powerful economic engine, creating and supporting tens of thousands of jobs. Minnesota is one of the nation’s leading financial centers, offering banking, insurance, securities and investment services.

From high-tech electronics to high-end food products, the state’s manufacturers produce a wide variety of goods that are known throughout the world for their quality. Minnesota is among the nation’s top producers of renewable energy and environmental technology, setting the pace for the nation to cut fossil fuel consumption and reduce our nation’s carbon footprint.

**Entrepreneurship and Innovation**

The Minnesota Cup business plan competition for emerging Minnesota entrepreneurs has attracted more than 4,000 entries since 2005. Beyond the cash and prizes, participants gain exposure for their ideas, strengthen their business plans, and make strong connections in the business community. 2009 Minnesota Cup finalists secured more than $8 million dollars in capital and brokered numerous business partnerships, collaborations and distribution agreements.

2009 was a record year for business startups in Minnesota with 61,000 new business filings. In the past three years, nearly 200 companies announced or completed expansions in the state.

**Infrastructure**

The Minnesota Public Facilities Authority (PFA) provides municipal financing programs and expertise to help communities build public infrastructure that preserves the environment, protects public health, and promotes economic growth. Since its inception in 1987, the PFA has financed more than $2.5 billion in public infrastructure projects in communities throughout Minnesota. 2009 was a record year for investments in water and sewer projects.

**R&D and Angel Investor Tax Credits**

Minnesota's R&D tax credit has recently been expanded. Once limited to C corporations, the credit can now be used by startup companies, individuals, limited liability companies and S corporations making it more attractive for small to large-sized companies to conduct research and development activities in the state. The R&D tax credit will increase from 5 percent to 10 percent of R&D expenses up to $2.5 million.

To create greater interest in earlier, riskier, and a more diverse pool of investments qualified private investors - both individuals and pooled funds - can get a 25% tax credit up to $125,000 per year per investor.

If all $17 million in tax credits are paid out in the first year, $68 million worth of angel capital will have been pumped into the state’s companies in search of first-round of venture capital.

**Workforce Development and Training**

Regional Math and Science Teacher Academies were established in 2007 to provide high-quality professional development to teachers so they can effectively deliver the Minnesota K-12 Academic Standards in Mathematics. Initial state funding was $3 million and an additional $500,000 was made available through funding from the National Governors Association. More than 1,000 teachers from across the state are currently part of the professional network established by the Academy.

**Taxes and Regulation**

The Drive to Excellence reform initiative is reshaping the Executive Branch of Minnesota state government into an enterprise that is nimble, embraces change and improves continuously. The objectives of the Drive to Excellence program are to increase quality, increase customer service, and reduce the costs of government by creating more “one-stop-shop” opportunities for more efficient interaction with government services and by increasing secure and effective electronic delivery of government services. Reforms include an e-Licensing Initiative that serves as a one-stop online shop for business and professional licenses.
Mississippi has strived to develop an enterprise-friendly environment that capitalizes on tax and regulatory initiatives that include extensive tort reform, strong participation by the private sector in guiding new enterprise creation and a strong focus on transportation, shipping and warehousing. The state is a leader in international trade with export-supported jobs linked to manufacturing accounting for an estimated 6.1 percent of Mississippi’s total private-sector employment. Over one-eighth (13.9 percent) of all manufacturing workers in Mississippi depend on exports for their jobs.

**Taxes and Regulation**
To enhance Mississippi’s legal and liability system and assist business in growing both jobs and new wealth creation, the state implemented comprehensive tort reform. After tort reform, liability and insurance rates were decreased, homeowner’s and other property insurance rates went down, and more than 50 new insurance programs entered the state. Tort reform created more competition, more affordable insurance, and created jobs by reducing unnecessary costs for small businesses.

Other key initiatives by the state include the development of tax credits and initiatives focused on broadband technology, manufacturing investment, research and development skills and skills training and tax exemptions for industrial property, construction or expansion.

**Entrepreneurship and Innovation**
The Mississippi Technology Alliance (MTA) works to foster strong, fully integrated technology, education and industrial sectors to create higher paying jobs and a more diverse, stable and competitive economy. Initiatives of the Mississippi Technology Alliance include assisting companies – especially early-stage companies and entrepreneurs – to connect with investors and investment capital and assisting communities in identifying resources necessary to support technology-based economic development.

The MTA is a non-profit organization set-up into three centers to help entrepreneurs, manufacturers, communities and investors create Mississippi companies. The centers include the Center for Innovation and Entrepreneurship, the Center for Innovation-Led Economic Development and the Center for Capital Formation. Since 2002, clients have received approximately $118 million in private equity investment and have added more than 7,000 new jobs with a payroll over $250 million as a direct result of MTA’s work. These employees pay more than $11.5 million in annual state income taxes – more than 9 times MTA’s state funding.

**Exports**
Mississippi exported more than $7 billion worth of manufactured goods to international customers in 2008. The growth has continued into 2009 with January and February 2009 exports up 12 percent from the same time period in 2008, placing the state second in the United States in export growth this year.

Mississippi offers a strong, supportive business climate, where the cost of doing business is low. The state has aggressively worked to increase the number of firms involved in exporting and importing, promoting the state’s transportation and distribution capabilities within the Americas and enhancing Mississippi’s brand in the global marketplace as a source for quality products and services produced by a quality workforce. The state is also investing in key transportation, shipping and logistics infrastructure within the state.
Missouri is working collaboratively with private industry, academia and the federal government to create an enterprise-friendly environment that provides quality development programming for small business and training and education that yields results in new business formation and new jobs.

**Entrepreneurship and Innovation**

The Show Me JOBS initiative is a bipartisan plan to get Missourians back to work and support small-business growth. As part of this program the Department of Economic Development will work with the Missouri Development Finance Board to create a pool of funds for low or no-interest direct loans for small businesses allowing them to expand and create jobs.

A second element of the plan is to develop an automotive jobs task force to ensure that Missouri’s auto workers and other industry employees are at the forefront of production of fuel-efficient, “green” vehicles. The task force will issue a report on ways the state can preserve and create jobs that not only deal with the direct manufacture of vehicles, but also the many thousands of other jobs dependent on that industry.

The final major element of the plan is to create a council to identify ways that the state can gain the maximum benefit from any federal economic stimulus package. State officials will coordinate all job-creation initiatives with Missouri’s Congressional delegation as well as federal officials to ensure that Missouri is ready with projects that will qualify for federal stimulus assistance.

**Taxes and Regulation**

Missouri’s tax structure provides corporations with one of the most favorable situations in the nation. In most cases, a company located in Missouri will have a lower corporate tax bill than in other states. State law sets the corporate income tax rate at a percentage of net taxable income earned by a business in Missouri. In addition, Missouri allows a portion of federal income tax payments to be deducted before computing taxable income.

An important tax advantage for Missouri businesses is the amount of income considered taxable; only income earned in the state is taxed. Manufacturer’s inventories (raw materials, goods in process and finished goods), as well as goods and wares of retailers, distributors and wholesalers are exempt from property taxes in Missouri.

**Missouri Science and Innovation Reinvestment Act**

MOSIRA is a program designed to get Missourians back to work, educate them for the careers of tomorrow and harness innovation and technology.

MOSIRA creates a funding source to spark growth in research and technology enterprises by capturing a small percentage of the growth in state revenue over a base year from a designated group of Missouri science and innovation companies.

Funding will be reinvested in a wide range of programs designed to attract top science talent to Missouri, commercialize scientific research to create new Missouri-based technology companies, recruit and build strategic science infrastructure, and create a continuum of capital programs to increase access to risk capital for early-stage technology companies created in or recruited to Missouri.

**Workforce Development and Training**

The Training for Tomorrow program is a $12 million initiative to educate Missourians in high-tech fields and get them working in growing industries. The grants will help Missouri community colleges create or expand training programs to serve additional students. Under Training for Tomorrow, member institutions of the Missouri Community College Association will partner with the government of the county to develop or expand programs to train Missourians in technical fields.
Bolstered by growth in the energy field, especially in renewable wind energy, Montana is well positioned for new job creation. In most cases this job growth will be driven by small to medium-sized knowledge-based enterprises that are attracted to the state for its high quality of life and access to the vast outdoor recreational opportunities.

**Entrepreneurship and Innovation**

Montana is a national leader in the field of entrepreneurial activity, garnering a top position for business climate and entrepreneurship in multiple indices. Business start rates and other measures of entrepreneurial activity have remained above national average in the state over the past decade. Montana has worked to create and encourage an environment that sustains such momentum, enacting policies and structures tailored to support business growth and well-being. The state’s **Entrepreneur Development Program** works statewide with local partners, including the state’s community colleges, to provide business training to potential entrepreneurs and support services to existing businesses. Montana offers **Indianpreneurship** courses on and near its seven reservations, providing aspiring Native American entrepreneurs with training and mentoring focused on starting and growing a successful business.

Montana State University is home to the **Center for Entrepreneurship for the New West**, offering entrepreneurial training and curriculum. Students affiliated with the center provide research assistance and support to companies located in the center’s tech business incubator. Commercialization of technologies developed in the state is supported by the **Montana Technology Innovation Partnership**, which also works to connect technology companies to resources in the state’s university system.

Montana has centered much of its economic development activity around the **“Cowboy Boot Economy,”** a boot shaped area of western and south central Montana that is home to most of the state’s major population centers, and is seen as an “island of prosperity” in the region. Efforts to expand and foster innovation in the state have largely been focused in this region.

**Taxes and Regulation**

“Outside the boot,” the state is attempting to spur development of its abundant energy resources and encouraging the use of new and innovative energy technologies. The state has implemented a variety of incentives to encourage private investment in the sector, including a reduction in taxes on new wind generation, biodiesel and renewable energy facilities, and carbon sequestration equipment and property. The state has also enacted reductions in taxes on renewable energy generation. In order to spur development of new transmission capacity, the state has reduced taxes on some high voltage transmission installations and has reduced taxes on land in transmission project right-of-ways.

Montana has streamlined and shortened permitting and regulatory processes in order to ease barriers to access for new and expanding businesses. The state has organized its business licensing operations around a **“One Stop”** model, allowing new and expanding businesses to obtain or renew most or all of their needed licenses and permits in one location, easing the burden on businesses. The state also provides a variety of business tax incentives and credits. These include property tax abatements for research, development, and industrial equipment, capital gains and dividend exemptions on qualified small business investments, credits for research and development activities, and tax credits for expanding manufacturing businesses.
Home to a number of Fortune 500 companies in finance, agribusiness, and logistics, Nebraska utilizes an “untiring and deliberate approach” to foster new job creation and economic development that is bolstered and supported by consistent and strong leadership, with no drastic ebbs and flows. The state is building on existing strengths and momentum to retain and grow their employment base by capitalizing on a “slow and steady wins the race” approach to economic development and by focusing on information technology-centric businesses (including data centers), biotech, and food.

**Exports**

Nebraska’s export focus plays on its strengths related to value-added agriculture, biotech, smart manufacturing and logistics. Building on strong and enduring relationships, the state’s primary export partners include:

- Japan (where they have a full-time office),
- China (targeting second tier cities),
- Brazil (Nebraska is a pilot state for Partners of the Americas), and
- Europe (with a focus on wind, solar and agricultural equipment).

The state recently promoted a “reverse trade mission” where they hosted over 140 business leaders from 10 nations to learn about the capacity, products, and people of Nebraska.

**Infrastructure**

The state’s approach is straightforward: affordable power and pervasive connectivity. Nebraska is the only public power state in the U.S. and therefore is able to offer very reliable and affordable power rates. The state is currently investing in four new “Power Parks” across the state to attract new intense power users. Nebraska is one of the leading states in terms of delivering high-speed data service to the entire state.

**Workforce Development and Training**

Nebraska has leveraged existing dollars – interest from the State Unemployment Insurance Trust Fund – to provide grants to private business to support skills enhancement. Nebraska was a leader in implementing the Dream It-Do It campaign to support education in manufacturing, science, and technology.

Nebraska’s university system is connected with Shizouka University, working collaboratively on food processing and safety, and with the Shanghai Institute for Antibodies at the new $60 million facility in Shanghai’s Zhangjiang Hi-Tech Park. Researchers there are teaming up to develop new cancer treatments and to study the combination of traditional Chinese medical practices with modern medicine. The state is working to enhance educational levels and industry skill sets to mesh with industry needs with a strong P-16 Initiative (improving education on all levels) and a public-private partnership with the Peter Kiewit Institute (IT and engineering).

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**Nebraska Advantage**

A major element in the Nebraska toolbox is the Nebraska Advantage incentive package that provides:

- Investment, wage, and R & D tax credits;
- Customized job training;
- State and local exemptions for purchases of manufacturing machinery, equipment and related services; and
- Microenterprise and inventory credits and exemptions.

In the past three years, the Nebraska Advantage program’s 200 plus applicants have created 16,861 new jobs and generated more than $5.4 billion in new capital investment in the state.
Famous worldwide for its successful hospitality, tourism, and gaming sectors, Nevada was marked by nearly unparalleled economic growth over much of the past decade. The boom years, however, have given way to a more challenging set of economic conditions over the past two years and the state is now working to adjust to the change in climate. An enhanced drive towards economic diversification, allowing the state to capitalize on its status as a readily recognizable “global community” is now the name of the game. The state’s goal is to regain its previously meteoric economic momentum, strengthening its position as a world-class tourist destination and taking advantage of emerging opportunities in the renewable energy sector and international trade.

**Exports**

The export sector has been a notable economic strength for Nevada. While the past two years have seen growth rates stall, the state still led the nation in overall export growth between 2002 and 2009. Nevada’s key export industries are focused on extraction activities, including ores and precious metals, but the state has also developed exports of manufactured goods such as electrical machinery. Looking to build on its strength, the state has signed a memorandum of understanding with China focused on expanding trade and private investment activities between Nevada and China.

The state works with a network of trade representatives in targeted markets throughout Asia, North America and Europe, focused on cultivating distribution channels and facilitating opportunities for foreign direct investment in Nevada enterprises. The state has found such infusions of foreign investment a useful way to help businesses make up for shortages of domestic investment capital caused by the recent recession. Efforts to develop a Las Vegas World Trade Center, focused on leveraging the city’s status as a premier destination for trade and industry conferences, thus increasing international business activity in the state, are also underway.

**Infrastructure**

Nevada is making efforts to expand the development of its readily available energy resources with a particular focus on renewable energy including solar, geothermal, hydro, and biomass energy. Attracting investment for the development of energy infrastructure, including transmission capacity, is being embraced as a necessary step towards creating growth and job creation in the sector. The state streamlined permitting processes for new renewable energy projects and created a Renewable Energy Transmission Advisory Access Committee to identify options available to the state to expand access to the grid and enable increased energy exports.

The state has also implemented tax abatements focused directly on promoting private sector investment in renewable energy infrastructure, including facilities for the transmission of renewable and geothermal energy produced in the state.

Transportation infrastructure, in particular air transport, is also an area of strength for Nevada. Las Vegas, as an elite tourist destination, has superior flight connections to destinations around the nation and world, connecting Nevada’s businesses to markets near and far.

**Taxes and Regulation**

Nevada has no corporate income tax or personal income tax, and is home to one of the lowest overall tax burdens nationally, an advantage which it attempts to make use of in business attraction and retention efforts. Competitive property tax rates in growth centers such as Las Vegas and Clark County are also part of the tax package that the state uses to entice businesses looking to expand or relocate.
New Hampshire is a leader in research and development, measured as a share of Gross State Product, and the concentration of jobs in science, technology, engineering, and mathematics (STEM). The “Live Free or Die” state has developed an array of enterprise-friendly tax initiatives that promote research and development and is mobilizing a concerted, statewide effort directed at developing emerging high-tech businesses.

**Taxes and Regulation**

New Hampshire has one of the lowest tax burdens in the country. The state has no sales tax, use tax, broad-base income tax, capital gains tax, or inventory tax. To bolster research and development within the state, the legislature enacted a research and development credit that is applied against business taxes paid to the state of New Hampshire. In 2007 the Legislature designated $1,000,000 for each of the next 5 fiscal years to be available to fund the credit. Businesses that have expenditures during the fiscal year for qualified manufacturing research and development qualify for the incentive. “Qualified manufacturing research and development” expenditures are wages paid to employees of the business for services rendered within the state that qualify and are reported as a credit by the business.

**Workforce Development and Training**

New Hampshire Working is a three-part approach to help businesses during the economic downturn. Under the first part of New Hampshire Working, the state partners with businesses and workers to provide an alternative to layoffs. Companies and workers agree to reduced hours instead of layoffs, and the state makes up part of the lost wages for workers through unemployment benefits. Workers keep their jobs, their health insurance and most of their income and companies retain the skilled workers they need to recover. Taxpayers avoid increased costs as the demand for state services increases as unemployment rises. And, with more people working, the economy is stronger.

The second part of the initiative reduces up front training costs for companies, often an impediment to hiring, and helps workers get new jobs. Unemployed workers are able to continue to receive unemployment benefits while participating in up to six weeks of on-the-job training at a potential new employer.

Under the third part of New Hampshire Working, New Hampshire job agencies develop a plan for assessing the job skills of all newly unemployed workers. Workers then are able to take the results of those assessments to potential employers, giving business owners confidence that new hires will have the necessary skills.

**Entrepreneurship and Innovation**

The Office for Research Partnerships and Commercialization (ORPC) develops and manages the intellectual property portfolio of the University of New Hampshire (UNH). The mission of the ORPC is to build research partnerships that result in commercialization and economic development. The ORPC serves as the focal point for advocacy and support of UNH’s intellectual property and provides faculty and staff with information about and assistance with intellectual property protection by patent, copyright, or other means.

The ORPC also facilitates transfer of University research results to the public by bringing scientists and the business community together in relationships of mutual advantage. ORPC provide focus and assistance statewide through the Innovation Research Center, a matching grant program funded by the NH Legislature.

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**New Hampshire Innovation Research Center**

NHIRC was created by the legislature in 1991 for the purpose of creating high quality jobs through technology development and innovation.

NHIRC fosters collaboration between New Hampshire businesses and universities to promote applied and basic scientific research, engineering, and associated technology transfer.

NHIRC’s goal is to assist New Hampshire industry in becoming more competitive and, thereby, retain and increase employment.

NHIRC helps New Hampshire companies upgrade old products or develop new products. With NHIRC support, university-industry collaboration fosters innovation and helps to preserve and increase the number of jobs.
New Jersey’s strong pharmaceutical industry, coupled with a high-tech conglomeration around Princeton and an advanced services sector in Northern New Jersey, help make the state a leader in the concentration of science, technology, engineering, and mathematics (STEM) jobs. This high concentration of managers, professionals, and college-educated residents working in knowledge jobs enables New Jersey’s businesses to more effectively pursue global export markets and to successfully attract foreign direct investment.

Infrastructure

New Jersey’s ports are critical to the state’s economy. The Port of New York and New Jersey is the largest port complex on the east coast of North America and the second largest in the United States. The ports’ strategic location, developed transportation infrastructure, and access to a significant percentage of the national market within one day’s drive, are key assets that have made the state a gateway for international trade.

The ports and freight industry support more than 500,000 jobs and move goods valued at more than $850 billion annually. Critical investments are being made by the state in coordination with private industry to support the growth of the state’s ports and logistics infrastructure. The state continues to work with various public and private entities responsible for domestic and international goods movement to ensure the industry and the state remains competitive.

Entrepreneurship and Innovation

The Edison Innovation Fund supports university research and development in the growth of core industries vital to the state’s economy, including life sciences, clean energy, and information and communication technologies. The fund advances the state’s Energy Master Plan by encouraging the use of clean and renewable energy. A major outcome of these investments is an increase the “tech transfer” rate—the process by which the results of scientific research are developed into practical applications. The fund continues to assist technology and life science companies by improving access to technical resources, providing creative and accessible financing products as well as laboratory and acceleration space in state supported facilities.

Edison Innovation Fund

The Edison Innovation Fund seeks to create, sustain, and grow technology and life sciences businesses that will lead to well-paying job opportunities. The Fund supports technology and life science initiatives throughout all stages of discovery, development, and commercialization.

Strategies and funding priorities include:

- Provide support to colleges, universities, and companies to help develop the commercial potential of research;
- Accelerate the commercialization of technology;
- Provide technical, financial, and facility-based support to the state’s technology businesses.

Workforce Development and Training

Under the Edison Innovation Fund, the State of New Jersey has created three Innovation Zones throughout the state that encompass state universities, research institutions and related businesses. Innovation Zones are a collaborative state effort involving the New Jersey Economic Development Authority (EDA), New Jersey Commission on Science and Technology (CST), and other state agencies.

The Zones are designed to spur collaborative efforts and to encourage the rapid transfer of discoveries from the laboratory to the marketplace. Enhanced financial incentives are available to eligible technology and life sciences businesses locating in these zones.

Companies within the zones benefit from enhanced partnership opportunities coordinated by the CST. Each Innovation Zone is anchored with an existing or planned state-of-the-art technology center, offering companies opportunities to lease office, wet and dry laboratory, and production space at attractive rents.
As the home of major national laboratory facilities, including Los Alamos National Laboratory and Sandia National Labs, New Mexico has been a center of cutting edge research and innovation activity since the 1940s. Today these major facilities employ thousands of scientists and highly trained support staff, commercialize technology, and serve as a magnet attracting additional research, development, and entrepreneurial activity to the state.

**Entrepreneurship and Innovation**

In order to better capitalize on these major science and technology assets and to foster the growth of high-tech employment in New Mexico, the state established the New Mexico Private Equity Program. Under this program funds in the state’s severance tax permanent fund are invested in qualifying private equity and venture capital (VC) firms, who then invest in New Mexico companies. The state investment requires the VC firms to match the state allocation, allowing the state to leverage its resources while providing private capital access to innovative local firms. The arrangement, which also requires participating VC and private equity firms to establish a physical location in New Mexico, has proven quite successful. Once established in state, such firms find it much easier to locate additional deals above and beyond their initial investment. Venture capital investments in the state have boomed, enabling the creation and growth of new companies and creating high paying jobs.

The state has also made a commitment to draw high-tech jobs into the more rural areas of the state. The Technology Jobs Tax Credit, available throughout the state, is doubled for research and development jobs created in rural areas. The development of web development services and software companies in rural areas of the state is also encouraged with tax incentives and deductions.

**Workforce Development and Training**

New Mexico’s Job Training Incentive Program (JTIP) is aimed at providing support to companies that manufacture products in the state and service companies that export a substantial percentage of their services out of state. Companies that qualify can access an “aggressive” incentive package, including wage reimbursement during training, coverage of all classroom training expenses, and financial assistance covering travel and other training related costs.

**New Mexico Partnership (NMP)**

Created in 2003, the New Mexico Partnership is a public-private economic development organization that works to attract new businesses to the state. Funded by the public and private sectors, NMP acts as a “one stop resource” for businesses examining establishing a presence in New Mexico.

In order to attract companies from sectors including aerospace, agriculture processing, renewable energy, and manufacturing, the NMP offers interested companies access to a variety of services aimed at easing barriers to establishing a presence in the state.

In an effort to deliver better outcomes, NMP’s operations are measured against specific performance goals set by the state. Since 2003, NMP’s efforts have aided in the attraction of 38 companies and the creation of over 12,000 jobs.

**Infrastructure**

New Mexico provides a variety of tax incentives designed to spur business development and job growth. Credits are offered to companies that create high paying jobs to help offset wage expenses. Manufacturing companies are encouraged to invest in new equipment with a tax credit applied to procurement of new operating machinery and property. The state also provides a tax credit for qualified research activity, and an angel investment credit of up to 25% on investments made by qualified in-state investors.
The Empire State’s economic geography spans a wider spectrum than perhaps any other state. Consequently, New York has crafted its economic development service strategy around a strong regional approach to better serve its multi-faceted economies – ranging from the urbanity of Manhattan and the size of the New York City metropolex, to upstate metropolitan areas with an industrial past, to smaller college towns and rural hamlets. New York’s economic development agency, Empire State Development, is divided into 10 regions with a strong profile to address the needs of business and communities in each region.

The state is in the midst of a radical restructuring of its economic development system, consolidating its separate program-based and financing agencies into a single entity and unveiling a new job incentive program based on research and investment tax credits and credits based on the realization of jobs instead of the promise of future jobs.

The state’s plans also include a new technology seed fund and a small business revolving loan fund to help ease the strain for capital on small and growing business. The funds will be managed by NYSTAR, the state’s technology-based economic development arm.

Entrepreneurship and Innovation

Small businesses make up more than 98 percent of all employers and employ 55 percent of the state’s workforce in New York. They have been hit especially hard by the recession and credit crunch, yet New York has one of the highest rates of net new business formation in the nation.

In 2009 New York commissioned a task force of over 60 small business leaders and policy makers for an exhaustive public input process to address the future needs of small businesses in the state. The task force immediately produced a new directory of small business programs to consolidate and better communicate the resources available to small companies in the state. The task force produced a series of policy recommendations to stimulate small business growth:

- **Increase access to capital**: small business revolving loan fund, seed capital fund, expand existing programs to allow debt refinancing, explore interest rate subsidy program;
- **Reduce red tape**: create interagency working groups, reduce loan paperwork, online permitting, better define employee/contractor definitions, reduce small business health care costs;

Centers of Excellence

New York has created Centers of Excellence at its universities to support high technology ventures through a collaborative approach involving the state, academia, private venture capital companies, and other private and public sector parties.

Established to encourage rapid commercialization of scientific breakthroughs, the Centers specialize in nanoelectronics, bioinformatics, photonics, environmental systems, wireless applications, and information technology.

New York State Foundation for Science, Technology and Innovation

NYSTAR supports technology development, innovation and commercialization activities leading to economic growth in New York State.

NYSTAR established the High Performance Computation Consortium (HPC2) to enhance research efforts of universities and advanced technology centers with their industrial partners through access to high performance computers.

- **New tools for growth**: enhance staff training for technical assistance, procurement assistance, technology commercialization, integrate workforce and economic development using a sector-based strategy, increase on the job training, improve youth employment programs;
- **Improve access to state resources**: develop small business program directory, coordinate the directory with various web sites, create how-to manuals, update alternative lending directory.

Infrastructure

**Build Now - NY** offers “shovel-ready” sites pre-permitted for building and expansion. Wage, tax, utility, and land cost analyses are already prepared, as are details on infrastructure, sewer, water, and transportation access.

To ensure all New Yorkers have universal access to high-speed broadband internet coverage a **Broadband Development and Deployment Council** has been tasked with the creation and execution of a communications policy to bring all New Yorkers into the digital information age.
The Research Triangle Park (RTP) is the largest research park in the nation making it no wonder that North Carolina is a leader in high-tech business startups. But the RTP is not the only reason for North Carolina’s successes. The state and its educational and business partners have developed a cohesive strategy to create jobs and develop new and emerging enterprises by building on existing assets, resources and competitive advantages within the state.

Entrepreneurship and Innovation
The North Carolina Entrepreneurship Center at the University of North Carolina at Greensboro provides expertise in seven major areas where jobs are predicted to grow for the next 20 years: creative industries; family business; franchising; international health care and social entrepreneurship; and technology, innovation, and science entrepreneurship. The Center assists in finding the expertise, support, and services an entrepreneur needs. The Center provides fee-based services and free services through partnerships with the Service Core of Retired Executives (SCORE) and the Small Business Development Technology Center (SBDTC) and affiliate programs. The Entrepreneurship Center teaches the skills of building enterprises that are sustainable and create value, including businesses as well as non-profit, charitable, cultural, and educational organizations.

CED (formerly The Council for Entrepreneurial Development) was founded in 1984 to identify, enable and promote high-growth, high-impact companies and to accelerate the entrepreneurial culture of the Research Triangle and North Carolina. CED provides education, mentoring, and capital formation resources to new and existing high-growth entrepreneurs through annual conferences, seminars, workshops, and programs on entrepreneurial management and finance.

CED has assisted entrepreneurs in most industries and at all stages of development including from high-tech, life sciences, and service companies ranging from one-person start-ups to 1,000-person businesses. With more than 5,500 active members representing over 1,100 companies, CED is the largest entrepreneurial support organization of its kind in the United States.

Workforce Development and Training
A program that combines both educational aspects and innovation components is North Carolina’s JobsNOW initiative. This is a collaborative effort including state agencies, local governments, business leaders, and citizens working together to create new jobs, put people back to work, and train workers for new and emerging industries. JobsNOW includes several key projects:

- **Green Energy Plan** refocuses state energy policy making, makes strategic investments in North Carolina’s green economy and enhances green-collar workforce development;

- **The “12 in 6” program** is a workforce development initiative designed to benefit North Carolinians who have lost their jobs. The initiative will create community college programs in 12 careers, each requiring less than six months to complete;

- **NC Recovery** is a program designed to create jobs, address state budget stability, and rebuild and expand the state’s critical infrastructure, including highways and schools.

The Research Triangle Park
The Research Triangle Park was founded in January 1959 by a committee of government, university, and business leaders as a model for research, innovation, and economic development.

By establishing a place where educators, researchers, and businesses come together as collaborative partners, the founders of the Park hoped to change the economic composition of the region and state, thereby increasing the opportunities for the citizens of North Carolina.

The RTP vision was to provide a ready physical infrastructure that would attract research oriented companies.

Today, more than 42,000 full-time equivalent employees work in RTP with an estimated 10,000 contract workers. These employees have combined annual salaries of over $2.7 billion.
Supported by three pillars of revenue and job growth – an oil boom, high farm commodity prices, and strong growth in exports – North Dakota has accumulated a projected state budget surplus of $1.3 billion dollars.

Success has not come without strong state leadership and planning. North Dakota has targeted five industries where the state has competitive advantages: value-added agriculture, advanced manufacturing, technology-based businesses, energy, and tourism.

The aim is to not simply grow jobs, but to increase better-paying jobs, wages and per-capita income. Last year, North Dakota’s economic development efforts produced 7,850 net new jobs, and North Dakota exports grew 27 percent over the previous year, to $1.5 billion.

Taxes and Regulation

North Dakota is the only state to own its own bank. The Bank of North Dakota (BND) is set up as “the State of North Dakota doing business as the Bank of North Dakota,” making the capital of the state the capital of the bank. One of the Bank’s functions is to provide a secondary market for real estate and business loans, which it buys from local banks, along with a portfolio of student and small business loans. Its residential loan portfolio is now $500 million to $600 million. Producing a return on equity of about 25 percent, it pays a hefty dividend to the state, expected to exceed $60 million this year. In the last decade the BND has turned back a third of a billion dollars to the state’s general fund, thereby offsetting taxes.

Entrepreneurship and Innovation

The state has taken steps to encourage investment by offering aggressive research and development and seed capital tax credit programs. The research and development tax credit for conducting research in North Dakota is 25% for the first $100,000 of excess expenses in a tax year.

The Angel Fund Investment Credit issues an income tax credit for investing in an angel fund in North Dakota. The credit is equal to 45% of the investment, up to a maximum credit of $45,000 per year. An unused credit may be carried forward up to four tax years.

A Seed Capital Investment Credit for investing in a business is also available, equal to 45% of the investment. No more than $112,500 of the credit may be used in any year. An unused credit may be carried forward up to four tax years.

InnovateND is a venture competition that also provides useful online educational information, business planning tools, and access to coaches. InnovateND brings together entrepreneurs, investors, and educators who help discover the opportunity that will bring value to an innovative idea.

Exports

North Dakota’s exports increased by 248% from 2000-2009 and one of every seven manufacturing workers in North Dakota now depends on exports for their job. The North Dakota Trade Office is the catalyst in a collaborative effort among the state’s universities, state and federal government agencies and private export service professionals to provide North Dakota companies with the support they need to succeed in the global marketplace. Its unique structure, a private-public, non-profit partnership, enables it to move at the “speed of international business.”

The Trade Office conducts international market research for North Dakota companies, helping them identify export markets best suited for their products and services. The Trade Office and its network of export service providers offer assistance in every step of the export process.

One of North Dakota’s top exports markets is Ukraine. The Trade Office is partnering with an Ukrainian agribusiness that is operating a “model farm” to serve as a dealer location for North Dakota farm equipment, supplies and expertise.
Ohio’s long history of innovation, research, and development is symbolized by the innovative spirit of its native Wright brothers. Fast-forward to today and the state has developed programs and tax initiatives that offer new businesses a chance to fly with tax credits aimed at advanced research and development, entrepreneurship, and innovation.

Entrepreneurship and Innovation
The Ohio Third Frontier is an initiative created in 2002 within the Department of Development to establish the state as an innovation leader. With a 10-year initial life and a bipartisan commitment of $1.6 billion, the Ohio Third Frontier has worked to expand the state’s high-tech research capabilities that are designed to accelerate the pace of commercialization within the state. The investments have led to the development of new, innovative products by addressing technical and cost barriers hindering market adoption. As a result, the Ohio Third Frontier has had a significant and sustained role in building on the state’s strengths in technology and innovation to create high-wage jobs, new growth companies, and globally competitive products.

The Third Frontier program is intended to:
- Increase the quantity of high-quality research with commercial relevance to Ohio companies;
- Expand access and availability of investment capital to create, grow, and attract technology-based enterprises;
- Grow and nurture an increasingly experienced pool of entrepreneurial management talent;
- Address the technical needs of existing companies pursuing new products and production processes; and
- Contribute to the expansion of a technologically proficient workforce.

Taxes and Regulation
The Ohio Research and Development Investment Tax Credit provides a nonrefundable tax credit against the corporate franchise tax and is designed to encourage Ohio’s corporations to invest in increased research and development activities. The program offers a nonrefundable tax credit that applies against a corporation’s tax liability. Excess credit not used in the taxable year in which it is earned may be carried forward for up to 7 years. The credit equals 7% of the amount of Qualified Research Expenses in excess of the taxpayer’s average investment in Qualifying Research Expenses over the three preceding taxable years and any excess credit not used for the taxable year in which it is earned may be carried forward for up to 7 years.

Exports
The Ohio Export Assistance Network (OEAN) is a private not-for-profit corporation that was founded at the request of the State of Ohio. It is funded both by the state and private enterprises. OEAN’s goal is to expand export opportunities for Ohio businesses. This is achieved via a one to two-year in-house training program that ultimately establishes an export division in a company, or refines an existing division. The OEAN’s objectives are to increase a company’s sales volume to reduce unit production cost, expand its customer base to protect it from domestic business cycle fluctuations, and to keep it competitive with similar companies that have expanded into the global economy. OEAN focuses on small and medium-sized companies that are ready to export or have limited export experience.
Oklahoma’s key industries include aerospace, agriculture, bioscience, manufacturing, computer science, energy, nanotechnology, sensors, health, and education. Oklahoma has leveraged these industry clusters to encourage private and public collaborations and partnerships to spur economic and job growth throughout the state. With active participation and investment by the state, these industries and this approach serve as the foundation for creating new economic opportunities and involving private industry in the creation of new businesses and job growth.

**Entrepreneurship and Innovation**

The **Oklahoma Center for the Advancement of Science and Technology (OCAST)** is a state mechanism for growing and diversifying the economy which focuses on promoting programs and projects that provide new job opportunities and growing research and technology capabilities to create high-paying jobs for Oklahomans.

The state invests in OCAST to develop science and technology research. Researchers are then able to attract public and private-sector dollars and other funding. Almost 3,000 jobs were created or retained in 2009 with assistance from OCAST and its partners with average pay of $44,050, equivalent to 19 percent above Oklahoma’s per capita income.

**Infrastructure**

The **Oklahoma Community Economic Development Pooled Finance** incentive creates a bonding incentive that targets job creation and infrastructure development aid, aiming to ensure the quality of the state’s infrastructure for attracting and retaining jobs.

Key elements of this program include a $100 million infrastructure pool created for bonding local governments issued by the **Oklahoma Development Finance Authority (ODFA)**. Bonding capacity and bonds issued through the Economic Development Pool may be paid from withholding taxes and other revenue at the for-profit entity benefiting from the bond. Sixty-five percent of the net proceeds from both the Infrastructure Pool and the Economic Development Pool focus on communities that do not exceed 300,000 in population.

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**i2E**

i2E, Inc. is a private not-for-profit Oklahoma corporation focused on wealth creation by growing the technology-based entrepreneurial economy within the state.

In addition to providing commercialization services to entrepreneurs, i2E manages a proof-of-concept fund and the Oklahoma Seed Capital Fund through a contract with the Oklahoma Center for the Advancement of Science and Technology (OCAST).

For every $1.00 invested by i2E there has been a return of $19.82.

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**Workforce Development and Training**

The **Oklahoma Department of Career and Technology Education** provides leadership and resources, and assures standards of excellence for a comprehensive statewide system of career and technology education. That system offers programs and services in 29 technology center districts operating on 57 campuses, 398 comprehensive school districts, 25 skill centers and 3 juvenile facilities. The centers conduct customized training for individual businesses and provide training at no cost to the business based upon the number of jobs being created.

To complement these efforts the Oklahoma Department of Commerce initiated a program to recruit knowledge-based, highly-skilled former Oklahomans back to the state. Called **Project Boomerang**, this project helps facilitate linkages with employers and potential return migrants or new residents.
Oregon is committed to creating a complementary relationship between a clean environment and a robust economy and is taking an innovation-driven and long-term sustainability approach when investing in economic development.

Oregon’s manufacturing businesses compete globally in everything from high-tech and health care to steel fabrication and trucking. Oregon, the largest lumber producing state in the nation, has worked to streamline the processing of timber and finished wood products, making the industry more competitive and less labor intensive. A concentration of high-tech, “small-tech,” and semiconductor companies have made a name for Oregon across the globe as the Silicon Forest.

Oregon is now the global headquarters for some of the biggest names in outdoor gear and active wear.

**Infrastructure**

The Infrastructure Finance Authority (IFA) assists communities in building infrastructure capacity to address public health safety and compliance issues as well as to support their ability to attract, retain and expand businesses. The IFA also works with municipalities, state agencies, and property owners to prepare industrial land for certification. Sites are certified as “project ready” (providing assurance that a site can be developed in 180 days or less) for specific industry profiles, thereby saving prospective companies significant cost, time, and risk.

The **Oregon Broadband Advisory Council and a Broadband Advisory Council Fund** were created in the 2009 legislative session to help ensure the implementation of statewide broadband strategies for education, workforce development, and tele-health, and to promote broadband utilization by citizens and communities.

**Exports**

Four global trade specialists and an international trade officer in Oregon, as well as overseas trade representatives in Tokyo, Seoul, Beijing and Shanghai, work with small and medium-sized Oregon businesses and industries to expand their exports of goods and services.

International sales of goods and services by Oregon firms assisted directly by state programs increased by over $22 million in 2009.

**Workforce Development and Training**

In early 2010, for the first time ever, the Joint Boards of Education – made up of the Boards of Education and Higher Education – and the Oregon Business Council met as the “**Tri-Board**” to discuss improving student learning outcomes and aligning with the needs of business and industry in Oregon. The Joint Boards furthered the alignment agenda by approving new policies that make it easier for students to move between education institutions and better prepare them for postsecondary education.

**Oregon Innovation Council**

Oregon InC brings together private business and higher education to drive the state’s innovation strategy - expanding markets for Oregon companies, creating jobs across the state and leveraging Oregon’s strengths to compete in the global economy.

**Signature Research Centers**, an important element of this innovation strategy, mobilize top researchers and cutting edge laboratories at Oregon’s four research universities.

These centers include: 1) Oregon Nanoscience and Microtechnologies Institute (ONAMI), 2) Oregon Built Environment and Sustainable Technologies Center (BEST), helping create new bio-based products and sources of alternative energy from forests (and forest products) and agricultural land, and 3) Oregon Translational Research and Drug Development Institute (OTRADI) provides Oregon’s universities, research laboratories and private companies with access to previously out-of-reach equipment capable of screening thousands of chemicals a day, as well as mentoring and businesses support in the pursuit of drugs to fight infectious diseases.

A 2009 report on Oregon’s Innovation Strategy highlights these results:

- Attracted $23.7 million in new federal grants and contributions to the state;
- Leveraged $36.7 million in industry resources (cash, staff, equipment, facilities and other support); and
- Launched 10 new companies—all spun out of research, development and commercialization efforts.
Taking a customer-centric approach to community and economic development, the Keystone State has established “Governor’s Action Teams” for companies relocating in the state and “Community Action Teams” (CAT) to serve as a central coordination point for all development activities. While Governor’s Action Teams present a case work approach to community “impact” projects, the CAT helps plan project goals and timelines, coordinate multiple public and private funding sources, and connect with key partners to see a project through. The CAT program recognizes that no two communities are alike and each initiative requires unique solutions.

Taxes and Regulation

Pennsylvania is home to the innovative Keystone Opportunity Zone (KOZ) program. Partnering with local leaders, the state designates historically under-utilized business zones currently generating little to no tax revenue. Binding ordinances are passed in these designated zones, making it possible to reduce state and local tax burdens to near zero.

There are 12 Keystone Opportunity Zones, each designated by and administered by a local community. Zones are no larger than 5,000 acres and each contain sub zones of no more than 10 rural or 20 urban acres. Many KOZs were formerly industrial and manufacturing facilities, under-utilized office buildings, or decommissioned airports.

In order to receive tax benefits under KOZ status, businesses must be new to the state, increase employment within one year of locating, or make capital investments of at least 10 percent of the previous year’s gross revenue.

Entrepreneurship and Innovation

Keystone Innovation Zones are designated zones in communities adjacent to colleges, universities, and technical schools. The program is designed to help stimulate technology transfer and new business creation in partnership with the higher education institutions. Zones do not need to be geographically adjacent to the higher education institution, but must be formally linked to an institution with research capabilities and must define an industry focus.

The initial phase of the program includes planning and operating grants for the new regional innovation partnerships, and the program has continued with tax credits for participating companies ($12 million in 2009).

InnovationWorks

The InnovationWorks Innovation Adoption Grant program awards $50,000 grants to small manufacturers for university research partnerships to fund product design, rapid prototyping, robotic assembly, machinery design, or manufacturing process redesign.

The grants require a match by the recipient business and are designed to help small, growing manufacturing businesses innovate and stay competitive.

Since 2004, the Innovation Adoption Grant Fund has awarded more than $1.5 million to more than 100 companies, generated an additional $2 million in matching investment in research and development from private industry, and created or retained more than 800 jobs with an average annual salary of $45,000.

InnovationWorks is the southwest region subsidiary of Ben Franklin Technology Partners, one of the oldest and most-recognized technology-based economic development organizations in the nation.

Infrastructure

The Pennsylvania Infrastructure Technology Alliance (PITA) is a Pennsylvania Department of Community and Economic Development (DCED) program designed to provide economic benefit to Pennsylvania through knowledge transfer, the discovery of new technologies, and the retention of students. The Alliance brings together infrastructure technology development expertise and connects complementary infrastructure-related technology development projects. PITA is collaboration between the state, the Center for Advanced Technology for Large Structural Systems at Lehigh University, and the Institute for Complex Engineered Systems at Carnegie Mellon University. Key projects and initiatives have included environmental technologies, infrastructure safety and security technology, and innovative infrastructure system assessment technologies.

The Alliance helps direct the research and educational capabilities of two world-class universities towards economic issues in the state and it creates an environment to link Pennsylvania companies with university students.
Perhaps more than any other state, Rhode Island leaders have stepped forward with a clearly stated strategic plan for job growth. Rhode Island Economic Development Corporation (RIEDC) released the new cornerstone strategic plan in 2009 outlining a series of new initiatives to realign the economy. RIEDC realigned many of its core programs and increased its focus on partnerships after an outreach program to state businesses, and established a governor’s review panel comprised of business, labor, and legislative leaders to recommend ongoing changes to RIEDC programs and strategies.

**Entrepreneurship and Innovation**

State leaders brought together over 120 leaders in the green sector to establish a plan for the energy industry in the state. The process led to a new Rhode Island Green Economy Network and new public roadmap for the green industry. The state established a Renewable Energy Fund for grant and loan funds aimed at stimulating renewable energy products in the state. Seventeen grants totaling $680,000 were made in 2009.

Officially nicknamed “The Ocean State,” Rhode Island is parlaying its aquatic resource into the energy industry as well by funding initial research and streamlining permitting for a new off shore wind energy development generating 1.32 million megawatts of energy annually. A power purchase agreement for the project was announced in late 2009 to line up a customer for the energy and the state enacted new legislation requiring the state’s largest electric utility to purchase power from energy producers within Rhode Island.

Rhode Island’s Science and Technology Advisory Council (STAC) is a group of business, academic, and government leaders who advise policy makers on science and technology matters. STAC operates a searchable, accessible database of funding opportunities to assist researchers in tracking and applying for federal research funds.

The Rhode Island Center for Innovation and Entrepreneurship (RIEDC) opened its doors in 2009. Established as a partnership between Brown University, RIEDC, the state of Rhode Island, and the city and chamber of commerce in Providence, the Center serves as a tangible hub of entrepreneurial activity for the state. Rhode Island has one of the highest national rates of four-year degrees conferred per its 18-24 year old population, and the new center for innovation is aimed at immersing students into entrepreneurship and helping university researchers evaluate new technologies and gauge their business viability.

**Infrastructure**

The redevelopment of the I-95/I-195 interchange in Providence will open up key waterfront land to new development and give previously cut-off neighborhoods the chance to reintegrate. State economic developers are taking a lead role to help repurpose some of the newly available land for economic development purposes.
As one of the leading export states, South Carolina has utilized several tax and low cost of doing business initiatives to create new jobs within the state. South Carolina has one of the lowest corporate income taxes in the Southeast, low cost of unemployment insurance, low workers’ compensation premiums, and a competitive average employer cost for an “employee plus one” health care premium.

South Carolina gears its business climate towards fair wage rates, no local income tax, a right-to-work policy, easy access to government, trade secret protection, and incentives that reward job creation and investment.

Exports

To enhance exports the state has developed a Port Volume Increase Credit that provides a discretionary tax credit for certain industries that increase use of South Carolina ports. The Port Volume Increase Credit is available to manufacturers, warehousers, and distributors that use South Carolina port facilities and increase base port cargo volume by 5% over base-year totals. In 2003, the state organized the first ever trade mission to China led by a Governor and Secretary of Commerce. The initial mission resulted in $120 million in sales for three South Carolina companies and has been followed by additional missions to China. Additionally, the Department of Commerce offers assistance to companies that want to begin exporting or need help in increasing their exports. Over the last several years, the state has provided assistance to more than 2,500 firms, helping to identify new markets for their products or services. The state holds export-related seminars on starting to export, doing business in specific countries, arranging financing, and other topics. From 2002 to 2009, total export value in South Carolina grew by 71%. The value of manufacturing exports also grew 71% between 2002 and 2009, from $9.4 billion to $16.1 billion.

Entrepreneurship and Innovation

The South Carolina Center of Economic Excellence Program (CoEE) was established by the state legislature in 2002 and authorizes the state’s three public research institutions, Clemson University, the Medical University of South Carolina, and the University of South Carolina, to create Centers of Economic Excellence in research areas that advance South Carolina’s economy and capitalize on the state’s competitive advantages.

The program awards each Center of Economic Excellence from $2 million to $5 million in state funds which must be matched on a dollar-for-dollar basis with non-state funds to support endowed chairs occupied by world-class scientists to lead each Center.

To date, more than 45 cutting-edge research centers have been created in areas including advanced materials, energy, nanotechnology, health, and optics. There are four centers housed at Clemson University International Center for Automotive Research – automotive systems integration, manufacturing, design and development, and vehicle electronic systems integration.

The state has appropriated $180 million from the state Education Lottery to fund the program. More than $230 million in non-state funds have been invested, and nearly half ($113 million) is comprised of dollar-for-dollar partnership matches.

Job Development Credits (JDCs)

JDCs have been a great resource in attracting new job creation to South Carolina. JDCs are a discretionary, performance-based incentive that rebates a portion of new employees’ withholding taxes that can be used to address the specific needs of individual companies.

Qualifying businesses are eligible to receive a tax credit for each new full-time or full-time equivalent job created. A business must increase employment by a monthly average of ten new jobs.

The credit is available for a five-year period, beginning with year two. The number of new full time jobs is determined by comparing the monthly average number of full time employees for the taxable year with the monthly average for the prior taxable year.
As a national leader in corporate tax and small enterprise-friendliness, South Dakota has made a concerted effort to work with and for small business to accelerate job retention and job growth. The state has put in place an extensive array of tax and regulatory statutes aimed at lessening the tax burden on doing business and invested in extensive infrastructure to promote research and technology development.

**Infrastructure**

Working collaboratively with private industry, the federal government, and federal labs, the state has developed the abandoned Homestake gold mine into the Sanford Underground Science and Engineering Lab (SUSEL). A $70 million gift for the Homestake effort from T. Denny Sanford, a leading businessman in South Dakota and one of the country’s top philanthropists, helped turn the new deep underground research facility into a reality. Coupled with a National Science Foundation (NSF) award of $29 million, scientists have moved forward in developing the lab’s preliminary designs. Construction has been completed for the surface laboratory for the Large Underground Xenon (LUX) dark matter detector. Construction of a surface facility for the Majorana neutrino experiment began in December, and excavation is under way at the 4,850-foot depth level on underground space for both experiments.

Similar projects in the United States show that the Homestake Lab project will have a large economic impact on the entire state. Hundreds of scientists, technicians and support personnel will work at the laboratory, and thousands of scientists from throughout the world will participate in experimentation at SUSEL.

The Sanford Science Education Center will attract students, teachers, and visitors from throughout the nation. Several industries have market commercialization potential in the adjacent town of Lead, SD as a result of the lab. This may stimulate start-up companies and spin-off projects in mining, robotics, communications, explosives, drilling technology, air quality, health, safety, mine mapping, sensors, enzymes, animal feeds and medicines, nuclear waste cleanup, energy, and eco-tourism.

South Dakota has worked to develop a tax and regulatory environment designed to encourage corporate and small business development through a comprehensive approach to minimizing tax and government regulatory issues.

The state offers businesses and individuals:

- No corporate income tax,
- No personal income tax,
- No personal property tax,
- No business inventory tax, and
- No inheritance tax.

Partly because of this enterprise-friendly environment, the state is home to a strong cadre of financial services companies.

South Dakota’s business and financial services cluster has added more than 9,000 jobs showing 24% growth since 2002.

**Entrepreneurship and Innovation**

In an effort to build on the momentum generated by the state’s growth, South Dakota has launched a three-phase effort to continue growing jobs and new businesses. Program elements include increasing MicroLoan lending limits, expanding existing revolving loan capacity, and developing new industry clusters and enhancing those that already exist in the state including health care, biotech, financial, insurance, and firearms.

The state also is working to promote the growth and expansion of existing businesses by re-establishing the Manufacturing Extension Partnership (MEP), re-establishing the Procurement Technical Assistance Center (PTAC), and promoting agricultural and natural resource development aimed at value-added agricultural projects.

South Dakota is also taking steps to become a net energy exporter in ethanol, biodiesel fuel and wind energy.
Tennessee has seen the creation of almost 185,000 new jobs, $32 billion in capital investment and 49 corporate headquarters locations since 2003. Two-thirds of these new jobs have come from the expansion of existing Tennessee companies. In just one year, the state landed more than $4 billion dollars in new investments from companies in the semiconductor, automobile, clean-tech, and chemical industries creating more than 3,000 new jobs.

Tennessee’s job creation approach is founded on functional partnerships between local and state government officials, business leaders, and economic development professionals. A Jobs Cabinet comprised of commissioners from seven state departments and representatives from higher education and business trade groups ensure that Tennessee’s job creation efforts are innovative, customer-focused, and customized on a case-by-case basis.

Exports

Exports and foreign direct investment have shown strong performance in Tennessee. The state has been highly successful in attracting the U.S. headquarters of companies from Japan and the manufacturing and distribution centers of European companies. Tennessee is an epicenter and a strong magnet for global logistics and distribution and a growing hub of just-in-time manufacturing in proximity to the state’s unparalleled overnight delivery capacity.

Taxes and Regulation

Smart tax and regulatory policy in Tennessee consistently puts the state in the top tier of low tax, lightly regulated states. A hallmark of the state’s interaction with business is consistency of message and straightforward, understandable taxes and regulations with no surprises. The Commissioners of Economic Development and Revenue work closely together to make this possible.

Entrepreneurship and Innovation

TNInvestco takes a unique approach to seeding small businesses with the capital needed to bring a new idea to the broader marketplace and create jobs in the process. TNInvestco has allocated $120 million dollars in tax credits to a cross section of venture capital funds with broad experience in mentoring and developing new companies in Tennessee. Those VC funds then market the tax credits to insurance companies, who purchase the credits with capital reserves and the venture funds then use the capital to help Tennessee companies grow.

Workforce Development and Training

Fast Track Jobs Training and Fast Track Infrastructure Development assist companies in training new employees, assisting communities in the development of public infrastructure, and help companies cut through red tape that often hinders development to get the resources and the answers they need. Funds are used for infrastructure improvements where there is a commitment by a private sector business to locate or expand in the state and to create or retain jobs for Tennesseans. Local communities and counties are involved with the state to provide infrastructure for job creating companies in a quick and efficient manner.

Education innovation and reforms that began a decade ago in Tennessee will get a boost when it begins to receive $500 million from the federal government’s Race to the Top competition to implement its comprehensive school reform plans over the next four years. Existing initiatives that have proven successful include lifting the cap on the number of charter schools allowed and easing the path to establishing charters and the Tennessee Value-Added Assessment System (TVAAS), one of the nation’s oldest and most robust databases for tracking “student growth.”

Clean-Tech Strategy

Tennessee’s clean-tech strategy fosters partnerships between scientific researchers and technology innovators to commercialize new products, processes, and technologies.

The University of Tennessee is collaborating with Oak Ridge National Laboratory and several business partners to research, develop and demonstrate cellulosic ethanol as a fuel source and is now operating a pilot bio-refinery.

The state has invested in a diverse portfolio of companies that are involved in alternative fuels, energy conservation, and electric and hybrid vehicles.

The state is home to the world’s largest manufacturers of polycrystalline silicon, a critical component of computer chips and solar panels. Tennessee leveraged USDOE funds to help build a Solar Institute and create a 20-acre, 5 MW solar generating farm.
Texas has a diverse, globally-oriented business community and programs and initiatives that help promote new business and job creation within the state. Texas has one of the lowest tax burdens in the nation, with no personal income tax, no state tax on property used for pollution control, no state tax on goods in transit, and no state tax on machinery and equipment utilized in manufacturing.

**Taxes and Regulation**

To improve its entrepreneurial climate and to minimize red tape, the state is reducing taxes and pressing for sensible regulations related to business and property. Key state initiatives include a business tax reform that raises the revenue exemption – essentially extending a tax cut to roughly 40,000 small businesses, workers compensation reforms designed to help return injured employees to work, and tort reforms aimed at protecting the state's economy and improving the availability of medical care in the state.

**Infrastructure**

Realizing that a tax increase sufficient to address Texas's growing traffic needs might hamper consumers and impede business growth, the state created regional mobility authorities, allowing communities to supplement their tax funded road systems with toll roads. This gives control to local authorities who best know their region's needs. Tolls also allow money to stay in the area where it is spent, assuring toll payers that their payments stay in the area, financing future transportation upgrades.

More than perhaps any other state, Texas is associated with energy production. From oil and natural gas to emerging opportunities in renewable energy sources such as wind and solar, the state has made considerable investments in transmission infrastructure to maintain its position in energy development and export. A critical commitment to expanding its transmission grid will maximize the ability to move wind power from West Texas to the rest of the state. Texas has invested more than $1 million from the Texas Enterprise Fund to support solar energy manufacturing along with another investment of more than $4.5 million from the Emerging Technology Fund to support the commercialization of the next generation of solar energy technologies.

**Exports**

Texas’s export total for 2008 was $192.2 billion, higher than any other state. Between 2004 and 2008 the export total from Texas rose 64%, or $74.8 billion, representing the largest dollar gain of all 50 states. In terms of markets, Thirty-two percent of Texas exports ($62.1 billion in 2008) went to Mexico, making it the state’s largest international market.

To maximize its presence in international markets Texas developed a strategy to market the state’s assets on an international scale for both export and foreign direct investment opportunities. This includes creating and implementing an effective advertising campaign to position Texas as a premier global business location and the establishment of international recruitment offices.

The TexasOne Program was created as the essential tool for job creation in Texas, providing a deal-opening fund to generate leads and create promotional materials to competitively market the state. Using these resources, the state launched international missions to several different countries in North and South America, Asia and the Pacific, Europe, and the Middle East and Africa, where the state’s representatives presented an “Invest in Texas Seminar” targeting foreign companies interested in investing in or expanding to Texas.
Utah has embraced a cluster-oriented economic development strategy. Looking to take advantage of competitive operating costs for select industries, the state has targeted its efforts on building several sectors of its economy, including aerospace, defense, life sciences, energy, financial services, and software development. State government, through entities including the Governor’s Office for Economic Development, works with partners in the private sector and university system to direct efforts towards creating job growth in “industry sectors that possess the greatest return on investment for the state.”

Exports
Exports have been an area of strength and continued growth for Utah, even during the recent recession. With over 2400 businesses engaged in international trade, the state has been among a handful of states leading the way in export growth. Existing export strength in primary metals such as gold has been coupled with a focus on new and emerging opportunities in the chemical, fabricated metals, and computer and electronics industries to build a robust and healthy export sector.

The World Trade Center Utah, in partnership with the Salt Lake Chamber of Commerce and the International Trade and Diplomacy Office, acts as a “support organization”, connecting companies in Utah to international markets, providing training, identifying opportunities, and establishing networking opportunities through the Utah International Trade Hub. Facing a challenging economic climate, Utah has been able to sustain its overall export levels over the past two years, and has seen the growth trend of the past several years resume over the past several months as the economy has recovered. This growth is lending support to the state’s manufacturing sector, which is again expanding and creating jobs.

Entrepreneurship and Innovation
Utah has seen strong growth in science, technology, engineering, and mathematics (STEM) jobs and tech startups, and continues to focus on bolstering the sector. In order to better facilitate technology transfer from the state’s universities to the private sector, Utah has implemented a system of licensee grants through its Centers of Excellence program. Since 2007, private sector businesses, including startups, have received grants from the state to aid them in bringing technology developed at the state’s universities to market, creating new products, companies, and jobs in the technology sector. The state has also launched a set of Business Resource Centers in conjunction with universities and other organizations throughout the state to support entrepreneurs in starting and growing their businesses.

Businesses conducting research within the state are also eligible for tax credits for research expenses and investments in research machinery and equipment. Entrepreneurs looking to relocate to Utah or expand existing operations can also receive special tax incentives in support of their job creation activities, through the state’s Economic Development Tax Increment Financing initiative, which provides up to a 30% refundable credit on sales taxes, corporate taxes and withholding taxes paid to the state. The state is also working to provide infrastructure to drive future innovation in the energy sector, to capitalize on its location in the Western Energy Corridor. Working with private and public sector partners, the state is developing a new center for entrepreneurship and energy research to create new job creation opportunities.

Cluster Acceleration Partnerships (CAP)
As part of Utah’s focus on increasing economic growth in its main economic clusters, the state has implemented pilot programs to support private sector growth and innovation in targeted industries by “addressing their needs for talent and innovation support.”

The CAP programs, involving partners from the private sector, state government, and colleges and universities across the state are intended to build up existing areas of economic strength, identify best practices for growth, tailor job training and education to industry needs, and build the capability of Utah’s colleges and universities to act as engines of economic growth.

While the program is currently limited to three areas of focus – energy, aerospace, and digital media – the state intends to build out CAP by launching cluster focused public-private partnerships at all ten state institutions of higher education.
Recognizing that small and medium-sized enterprises comprise 98% of all businesses and employ 60% of all workers in the state, Vermont has oriented its economic development system towards smaller companies. The state’s economic development structure includes the:

- **Vermont Economic Development Progress Council**, an independent approval and authorization board for the state’s growth incentive and tax increment financing programs; and
- **Vermont Economic Development Authority**, a separate financing body offering low interest rate financing aiming to improve access to flexible loan financing for small and medium-sized businesses.

**Workforce Development and Training**

The **Vermont Training Program** can cover 50% of the cost of training new workers and skills upgrades of existing workers. More flexible workforce training funding allows smaller and growing companies to access key skills training that they may not otherwise afford. The program works with prospective businesses to structure training programs for the manufacturing, health care, information technology, telecommunications, and environmental engineering sectors.

**Taxes and Regulation**

Beginning in 1981, Vermont positioned its tax and regulatory environment to target the captive insurance industry. Captive insurance is a risk management technique by which a business forms its own insurance company subsidiary to finance its losses. The state’s legislature is responsive to the captive insurance industry by keeping regulations current and friendly, and the state maintains a knowledgeable team on staff who has taken time to understand the business. Vermont is now the largest on-shore domicile for captives and the second largest in the world.

The state is home to a cluster of financial management and support firms to service the industry. Over 800 captives pay more than $11 billion per year in premiums which translates to $22 million in annual state revenue. A 2006 economic impact study credited the captive industry for 1,429 direct and indirect jobs paying nearly two-thirds more than average wage in the state.

**Entrepreneurship and Innovation**

The **Vermont Center for Emerging Technologies** operates an incubator and seed capital fund to help provide new businesses the needed entrepreneurial support often lacking in smaller states. The Center is structured as a 501(c)3 non-profit and works in concert with the University of Vermont and through partnerships with the five state universities, Norwich University, and Champlain College. The seed capital fund is a revolving evergreen fund and was capitalized with $3.15 million of initial funds from the State of Vermont and the federal government.

**Infrastructure**

The **Vermont e-state Initiative** is an effort to extend broadband or wireless access to all Vermonters by 2010. The state established the Vermont Broadband Council affiliated with the Vermont State Colleges to help demonstrate applications and to showcase the benefits to Vermonters. Legislative action established the **Vermont Telecommunications Authority** to lead the effort to stimulate broadband and wireless provider build out and to coordinate public outreach and information.

**PursueVT**

Many states focus efforts to stem “brain drain” on often futile attempts at retaining college graduates, Vermont has, instead, focused on recruitment with the PursueVT initiative.

The program creates and maintains relationships with prospective new Vermonters using targeted communications programs, events, and specific information geared towards living and working in Vermont.

PursueVT operates a web site and newsletter, and holds job networking events in locations with high concentrations of Vermont alumni.
Commonly viewed as one of the most enterprise-friendly states, Virginia has worked hard to develop new and emerging industries and is the home base for many university, private, and government research and development facilities. Virginia’s success is a testament to the state’s long term planning and management of money, people, infrastructure, and information.

**Taxes and Regulation**

Virginia’s efforts to foster an enterprise-friendly climate in the state include a streamlined permitting process, recruitment training programs to help new businesses become operational faster, right-to-work laws allowing individuals the right to work regardless of membership in a labor union or organization, and a six percent corporate income tax rate, which has not been increased since 1972.

**Exports**

Virginia exported a record $2.3 billion in agricultural products in 2009, a five percent increase from 2008, and a 28% increase over the last two years. This increase comes despite distressed economic conditions worldwide and in the midst of an overall national decrease in agricultural exports. In just two years Virginia’s agricultural exports grew by half a billion dollars. While overall agricultural exports from the United States are down 14 percent, Virginia agricultural exports grew by $100 million in 2009.

The state has initiated several programs to accelerate exports including the **AIM program**, which helps Virginia companies that are new to exporting and eager to expand their business abroad. During this yearlong program, participants learn a systematic approach to the export process that minimizes risk and maximizes return.

Another key program is **Export 3.0** that focuses on the early stages of the international business development process – the face-to-face meetings with potential agents, distributors, and customers in a target market. The Virginia Economic Development Partnership provides funds and assistance to organize these meetings.

**Entrepreneurship and Innovation**

Virginia is home to many internationally recognized research and development (R&D) facilities. Federally funded R&D facilities, coupled with the research from Virginia universities, provide Virginia businesses access to leading researchers and cutting-edge technology. From the automotive industry to medical research to the next generation of high technology, these research facilities offer support and technology access to business.

Virginia boasts the largest concentration of federal R&D establishments in the nation – 25% of the total number of federally funded R&D centers (FFRDCs). This R&D concentration also includes over 20 defense-related labs and R&D centers and 19 federal civilian research centers including the new Homeland Security Institute, NASA’s Langley Research Center, and DOE’s unique Thomas Jefferson National Accelerator Facility. Half of the 228 private-sector R&D establishments in Virginia are focused on bioscience research, followed by a high concentration of information technology research establishments.

**VALET**

The VALET program assists companies in Virginia to expand their international business opportunities.

VALET offers a powerful combination of capital resources provided by the state along with professional services from expert, private-sector partners.

Each year, 15 qualifying companies ramp up their global marketing efforts through this program. Companies have graduated from this comprehensive, two-year business acceleration program with greater focus on the potential of export trade profits. On average, companies experience an 88% increase in international sales during and immediately following the program.
Washington’s innovation-driven economy is comprised of an array of industries ranging from clean-tech, global health, tourism, and aerospace, to technology, forestry, agriculture, and marine technology. The total number of registered businesses in Washington has more than doubled in the last 15 years.

The state has been a global leader in aerospace for nearly a century, and continues to lead in aerospace research and development and commercial aircraft sales. Washington is a international innovation hub for the information and communication technology sector including software publishing, interactive media, telecommunications and mobility, online services, e-commerce, network systems and solutions, and game development and publishing. Clean, renewable, low-cost hydropower has fueled Washington’s economy since the first generators started spinning at the Grand Coulee Dam in 1942.

**Workforce Development and Training**

The Education Legacy Trust Fund provides financing for lower class sizes in public schools, academic help for struggling students, additional enrollments in higher education, and financial aid for low and moderate-income students in higher education.

The Education Legacy Trust also funds science, technology, engineering, and mathematics (STEM) programs including: 1) a math and science instructional coaches program; 2) additional professional development days for middle and high school math and science teachers; 3) leadership and assistance for science education reform (LASER) regional partnership activities; and 4) funding for the office of the superintendent of public instruction to coordinate and promote efforts to develop integrated math, science, technology, and engineering programs in school districts across the state.

**Entrepreneurship and Innovation**

Innovation Partnership Zones were created in 11 communities throughout the state in 2007 to bring research, workforce training, and a globally competitive company together in close geographic proximity for a cooperative, research-based effort that will lead to new commercially viable products and jobs. The idea is to form industry clusters around universities and research parks, utilizing resources from higher education institutions to grow companies in emerging fields.

In 2009, the requirement that a research institution be located within the zone was waived to allow for more Innovation Partnership Zones to be located in rural parts of the state.

**Exports**

Exports are a significant driver of Washington state’s economy, accounting for over 30% of economic growth over the past decade and contributing to almost half of the state’s new jobs created over the past 30 years. The Port of Seattle and Port of Tacoma together move a combined cargo volume that makes them the second largest port complex on the west coast. The Washington State Department of Commerce has representatives in 24 countries around the world providing in-market business development assistance to state businesses.
West Virginia has invested in critical hard and soft infrastructure to foster research and development initiatives focused on job creation and higher paying jobs. The state’s initiatives aimed at increasing the skills required in science, technology, engineering, and mathematics (STEM) related employment are coupled with a cohesive approach to delivering the infrastructure required to accommodate this growth – including broadband connectivity and business and industrial parks. In sum, the state has developed forward-looking programs and infrastructure to address the workforce and skills needs of the 21st century.

Entrepreneurship and Innovation

The West Virginia Research Trust Fund was created in 2008 to leverage public and private investments as a catalyst for strengthening research programs at the state’s leading universities. The Research Trust Fund, also known as the “Bucks for Brains” program, aims to bolster activity in STEM at colleges and universities across West Virginia. The goal is to connect student learning with faculty development while increasing graduation rates for science and math majors, academic performance in upper-division courses, and postgraduate activities in STEM fields.

Initiatives include a long-term campaign that funds student stipends and high-end instrumentation purchases, which are used by faculty researchers and students, to build on the university’s growing achievements and recognized excellence in biology and chemistry. The program is designed to build intellectual capital, pioneer new economic growth, and create new jobs within the state.

Innovation

The state is upgrading its infrastructure via three key initiatives. The state was one of the first to implement a statewide Smart Grid Plan to address energy and emergency resilience issues. This effort coincides with The West Virginia Statewide Broadband Infrastructure Project that will bring high-speed Internet access to an underserved region by expanding the state’s existing microwave public safety network and adding about 2,400 miles of fiber.

The expanded statewide network will directly connect more than 1,000 anchor institutions, including public safety agencies, public libraries, schools, government offices, and other critical community facilities at speeds of up to 45 Mbps. The project goal is to spur affordable broadband service impacting more than 700,000 households, 110,000 businesses, and 1,500 anchor institutions, by allowing local Internet service providers to connect to the project’s open network.

To accomplish these and other key infrastructure projects the state has developed the West Virginia Economic Infrastructure Bond Fund, which finances projects likely to foster and enhance economic growth and development. The emphasis is on business and/or industrial parks and funding priority goes to projects resulting in immediate job creation.

Workforce Development and Training

West Virginia’s 21st Century Learning Initiative is focused on developing internationally rigorous and relevant curriculum standards (including content, learning skills, and technical tool skills). The initiative also includes a balanced assessment strategy, research-based instructional practices, a parallel accountability system, aligned teacher preparation programs, the development of a 21st century leadership continuum, emphasis on pre-K programs, and the integration of technology tools in every classroom.
Wisconsin’s state motto, “Forward,” reflects Wisconsin’s drive to be a national leader. The state adopted “Forward” as the official state motto in 1851 and continues to work vigorously to fulfill that mission through the delivery of high-level education, a progressive business climate, and a strong push towards entrepreneurship and innovation in its quest to attract and retain high quality jobs and businesses.

**Taxes and Regulation**

Wisconsin aims to keep barriers low for industry by using property tax exemptions for manufacturing machinery and equipment, computers and computer equipment, inventories, and pollution-control equipment. The state provides tax credits for energy used in manufacturing and for research and development expenditures, and the state’s worker’s compensation rates for most industries are consistently among the lowest in the country. Wisconsin has single-sales-factor tax treatment and sixty percent capital gains exclusion, and has no unitary tax on foreign-owned corporations.

**Workforce Development and Training**

The Wisconsin Sector Strategies Initiative brings together employers, representatives of labor, and leaders in economic and workforce development to align regional training resources to meet the workforce needs identified by industry partnerships. The initiative is the result of Wisconsin’s work with the National Governor’s Association Center for Best Practices Policy Academy. To establish the initiative, the state developed a $5.89 million worker training package, reaffirming the state’s commitment to education and training. The initiative is industry led, regional in focus, and driven by demand with training based on the needs of growing economic sectors, not existing programs.

**Entrepreneurship and Innovation**

The Wisconsin Technology Council is the science and technology advisor to the governor and the legislature. Launched in 2001, the Technology Council was created by a bipartisan act of the governor and the legislature. It is an independent, non-profit, and non-partisan board with members from tech companies, venture capital firms, and all levels of education, research institutions, and government.

The Tech Council has three main functions. It provides policy guidance to lawmakers, the governor, state agencies and other institutions in the state. It operates an in-state networking organization, the Wisconsin Innovation Network (WIN), a community-based organization dedicated to fostering innovation and entrepreneurship. The Tech Council also works with other statewide and local affiliates and serves as an economic catalyst for programs such as:

- Wisconsin Entrepreneurs’ Conference, a program focused on stimulating more entrepreneurial activity in Wisconsin across all segments of the economy;
- Wisconsin Early Stage Symposium, which is open to technology companies seeking capital;
- Wisconsin Angel Network (WAN) whose mission is to build angel network capital capacity throughout Wisconsin in order to increase the number and amount of seed-stage equity investments; and
- Wisconsin Security Research Consortium, a consortium of research institutions dedicated to delivering world-class science and technology solutions in response to our nation’s homeland security requirements.

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**Forward Wisconsin**

Forward Wisconsin is a 501(c)(3) not-for-profit corporation created in 1984 on the recommendation of the Governor’s Strategic Development Commission.

Forward Wisconsin markets the state to corporate executives, site selection consultants, business decision-makers and investors to raise awareness about Wisconsin and to encourage investment in Wisconsin.

Forward Wisconsin works to boost the state’s image and to attract industry, talent and intellectual capital to Wisconsin by focusing on selected industry clusters.

One of Wisconsin’s key strengths is the ability to draw upon the resources of both the public and private sectors and the ability to connect with new business prospects.
Buoyed by strong growth in its dominant energy and minerals sectors, Wyoming has focused on capitalizing on key strengths to build a strong, resilient, and increasingly diversified economy. Recent windfalls in severance revenue from its extraction-based industries have helped fund targeted investments in infrastructure projects that create a growth-friendly environment in communities throughout the state. Wyoming is working to make better use of its new resources and to identify fields ripe for job creation, while remaining committed to growing its agriculture, energy, and minerals sectors.

**Infrastructure**

Wyoming’s “biggest success story” has been its **Business Ready Community Grant and Loan Program**. Using its severance driven budget surplus, the funds have been used to upgrade infrastructure, community amenities, buildings, and other physical assets to support economic development around the state. Projects are identified locally, embracing a bottom up approach to investment, and are focused on “sprucing up” communities to create an environment conducive to business development. Investments involve a local match and have supported expansion of existing enterprise and attracting new companies to the state.

Leveraging state support, the city of Cheyenne built a new, $70 million logistics center, bringing 700 to 800 new jobs to the community. These new facilities and infrastructure create lease revenue to be reinvested into new economic development projects, further leveraging the initial state investment.

A new **supercomputing center** developed in partnership with the National Center for Atmospheric Research capitalizes on an abundant, low cost power supply and creates a highly competitive environment for new data center development.

**Entrepreneurship and Innovation**

Wyoming has invested in new high-tech facilities and infrastructure to support emerging growth industries, including advanced energy innovation. The **Wyoming Technology Business Center** provides services, physical space and data center support to high-tech start-ups, helping to launch a series of new companies in the state.

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**Wyoming Challenge Loan Program**

The Challenge Loan Program buys down interest rates on loans to support entrepreneurs in accessing affordable finance options, thereby facilitating job creation.

**SBIR Phase Zero**

At relatively minimal expense a Small Business Innovation Research “Phase Zero” program provides support grants for small businesses to develop Small Business Innovation Research grant proposals. The Phase Zero program has helped the state’s companies measurably improve success rates in landing these highly competitive awards.

**Workforce Development and Training**

Investment in “intellectual infrastructure” has also been a key pillar of Wyoming’s job creation strategies. Primary, secondary, and higher education institutions have received new funding and support from the state. Partnering with the University of Wyoming, the state created a **School of Energy Resources** to support development of advanced energy solutions, providing technology transfer and a highly educated workforce to spur private sector growth in industry sectors where Wyoming already has significant activity.

Workforce development and training is supported through subsidized training services, with grants of up to $4,000 per worker available to businesses.
Located over 4,000 miles from the U.S. mainland, the South Pacific territory of American Samoa is largely dependent on its dominant tuna industry. While the industry has long been supported by tax-advantaged status conferred by the federal government, recent changes in labor, wage, and trade laws have led to an uncertain future for the sector in the territory.

**Entrepreneurship and Innovation**

To support private sector economic growth and diversification, the territory established the Development Bank of American Samoa. The Development Bank is structured as a semi-autonomous government agency and acts as a socio-economic development institution for the territory, providing loans and other financial services in support of start-up and existing businesses. In order to aid the Development Bank in its efforts, the territory has created an Economic Development Fund, which will supplement the funding the bank receives from the federal government. The fund will be backed with a portion of the territory’s corporate tax receipts, and will be used to support and promote private enterprise and job creation in the territory.

Entrepreneurship is also encouraged by American Samoa’s Small Business Development Center, which works in partnership with the territory’s community college to offer entrepreneurial training, technical assistance, and other business support services to new and established entrepreneurs. The Center facilitates a business friendly environment by acting as a point of connection between the private sector, educational institutions, and all levels of government active in the territory.

**Infrastructure**

American Samoa’s government has invested in fiber-optic infrastructure, working with private industry to modernize the territory’s telecommunications system. New undersea fiber-optic cables have been laid to the island, and new projects are in the works to further increase service. The territorial government helped spur the development, supplying money to assist ventures in gaining financing for the projects. American Samoa views these investments as a way to overcome the territory’s geographic isolation, opening new possibilities for economic diversification and allowing intellectual service industries and call centers to establish a presence in the territory. The territory sees tourism as a potential engine for economic growth, and is pursuing opportunities to expand air service.

The Northern Mariana Islands are located in the western Pacific Ocean, north of Guam. In total, there are 14 islands including Saipan, Rota, and Tinian, but the vast majority of the Commonwealth’s population lives on Saipan.

The economy relies heavily on tourism, especially from Japan. The agricultural sector is made up of cattle ranches and small farms producing coconuts, breadfruit, tomatoes, and melons. Garment production is by far the most important industry with sizable shipments to the U.S. under duty and quota exemptions.

**Entrepreneurship and Innovation**

The Commonwealth Development Authority (CDA) provides economic loan funds to private and public sectors for economic development. The Banking Division generally engages in government and public sector activities while the Corporation Division engages in private sector activities.

The Northern Marianas College Small Business Development Center provides free business consulting services on a limited basis, and no-cost or low-cost workshops/seminars and training programs aimed at strengthening and diversifying the local economy. The SBDC offers one-on-one client consulting services to entrepreneurs for business plan development, loan packaging, operational planning, marketing, personnel management, merchandising, and financial management, as well as other areas of need.

The Marianas Visitors Authority promotes tourism for the Commonwealth and has grappled with the annual pendulum swing of low demand tourism months, which has been especially challenging in recent years as tourism traffic from Japan and Korea has waned.

**Infrastructure**

The Commonwealth Ports Authority is rehabilitating the main runway at the Saipan International Airport using a grant through the American Recovery and Reinvestment Act (ARRA).
Guam, America’s territorial outpost in Asia, is currently facing the prospect of rapid population growth over the next several years as the Department of Defense implements plans to redeploy forces in the western Pacific. As part of its “Guam Buildup” the military plans to open a major new Marine Corps base on Guam bringing nearly 25,000 new residents to the island along with tens of thousands more during the construction process. The island is already home to a Navy and Air Force installation. While the planned expansion will bring new opportunities and the prospect of a boom in economic activity to Guam, the territory also faces infrastructure provision challenges. The territory has already made investments to upgrade and prepare, and the territorial government is working with the federal government to find ways to make the investments needed to allow Guam to better accommodate the added population while encouraging sustainable economic growth.

Exports
Guam has made a set of agreements and arrangements with Japan, Australia, and nations in Europe to reduce tariffs and spur increased trade. Manufacturing expansion is encouraged under special rules which allow products produced on the island from foreign sourced materials to be sold in the United States duty-free, if enough value is added to the finished output.

Infrastructure
The island is currently beginning a series of major investments in its deepwater port facility, in order to better accommodate an increased flow of trade. As part of the port modernization process, the territory has partnered with the private sector to upgrade cargo handling facilities at the port. Guam has also placed resources towards airport upgrades and expansions, in order to better facilitate the island’s important tourism industry.

The territory hopes to take advantage of its relatively close proximity to China, acting as a hub for Chinese trade and tourists in the region. The territorial government has sought out closer relationships with Australia and has explored the possibility of working with Australian companies to improve Guam’s infrastructure. Investments in basic infrastructure, including roads and water systems, are also underway, such as the 2030 Guam Transportation Plan, with partners from the government, military, and private sector taking part in implementation.

Taxes and Regulation
Guam, as an unincorporated territory, is a separate taxing jurisdiction whose residents and businesses are not subject to federal income tax. While much of the Guamanian tax system shadows that of the federal government, the territorial government has adopted a variety of tax and regulatory policies and incentives designed to encourage investment and increased business activity on the island. Corporate income tax rebates of up to 75% for 20 years, complete property tax abatements, and rebates on corporate dividend taxes are available to businesses in certain sectors, including tourism, manufacturing, agriculture, and commercial fishing.

The government of Guam has also made the insurance industry a target for growth, adopting regulatory regimes and tax incentives structured to provide support to the industry. Insurance companies and underwriters may receive 100% income tax rebates and 100% abatements on other taxes for up to 20 years.

Residents from 36 nations interested in conducting business in the nation are allowed to visit the territory under relaxed visa requirements, helping Guam more easily attract potential investors to the island. Should a potential investor be interested in moving to the island to start a business, Guam holds a waiver from the federal government setting a lower minimum investment requirement to receive an investor visa.

Entrepreneurship and Innovation
New business development is encouraged through Guam’s Development Fund Act. Loans, lines of credit, and loan guarantees are provided to eligible entrepreneurs, particularly in Guam’s focus sectors of agriculture, fishing, manufacturing, and tourism.
Puerto Rico’s strategic model for a new economy is focused on growth, competitiveness and jobs. The Commonwealth has stabilized its credit situation and there is an emphasis on improving conditions for all businesses through strategic infrastructure investments and by addressing regulatory barriers.

Puerto Rico has a proven 40-year track record as a major pharmaceutical and medical devices center in the world with 25% of the world’s biological manufacturing capacity now located in Puerto Rico.

The major pillars of Puerto Rico’s long-term growth strategy are focused on increasing exports and the development of local intellectual property.

**Entrepreneurship and Innovation**

Entrepreneurship initiatives have surged since 2009 with over 1,200 participants involved in entrepreneurial training courses, over 200 women involved in a micro business program and over 100 new members added to the Puerto Rico World Trade Center (PRWTC).

Efforts intended to transition Puerto Rico to a knowledge-based economy are leveraging the existing industrial base to create new jobs and businesses by fostering new industry clusters and consortia with a focus on innovation. A Science and Technology Trust is spearheading the establishment of Science City, a district of excellence in science and technology.

**Infrastructure**

World-class infrastructure investments to reduce the operational costs of doing business and to build the future economy are now underway. $190 million of local stimulus funding has been allocated to immediate investments in the local economy, of which 70% are in infrastructure.

The Port of Americas project is now underway to create an international global caliber shipping and distribution center capable of handling container ships too large for the Panama canal. New public policy has been implemented that will facilitate infrastructure investment by public private partnerships.

**Economic Incentives for the Development of Puerto Rico**

Tax incentives and credits available through the Economic Incentives for the Development of Puerto Rico Act enable local and foreign companies to operate successfully in Puerto Rico enjoying the benefits of operating within a US jurisdiction, while taking advantage of a foreign tax structure.

Since 2009 Puerto Rico has completed over 70 promotions under the act with a commitment of 3,500 jobs and $110 million in investment.

These investments have resulted in expansions and the creation of new companies and research and development centers in biotechnology, pharmaceuticals, aerospace and services such as software development and support.

**Taxes and Regulation**

Laws are being implemented to reform Puerto Rico’s institutional and regulatory framework, to turn government into a facilitator and to strengthen the private sector. Recently passed laws create a new permits system that is transparent, agile, efficient and accurate.
Home to the tourist hotspots of the St. Thomas, St. John and St. Croix islands and blessed with its Caribbean location and weather, the U.S. Virgin Islands (USVI) is viewed by many as a vacation paradise. Because of its location and weather, industry in the USVI is based primarily around tourism, but the territory is capitalizing on its weather and business friendly climate to grow new industry, businesses, and jobs.

**Taxes and Regulation**
To help retain, attract and grow new business the USVI has worked to cultivate a business environment that mimics and mirrors its renowned climate. The USVI offers several benefits to businesses headquartered in the territory including a 90% exemption on local income taxes, a 90% exemption on dividends, a 100% exemption on gross receipts taxes, a 100% exemption on property taxes, a 100% exemption on excise taxes and 1% custom duties. In addition to these tax initiatives the USVI offers manufacturers duty-free, quota-free access to the U.S. mainland and ability to market and label products with the “Made in the USA” label.

**Entrepreneurship and Innovation**
In 2002, the USVI developed the RTPark to foster the development of knowledge-based, e-commerce, and digital content companies within the USVI. RTPark is comprised of two entities: the University of the Virgin Islands Research and Technology Park Corporation, and the Research and Technology Park Protected Cell Corporation, which holds and can extend to qualifying tenants and strategic partners generous corporate tax incentives aligned to guidance issued by the U.S. Treasury Department.

**Infrastructure**
In order to support growth of the territory’s manufacturing sector, including the significant alcohol distilling industry, the island has backed bonding and development of new wastewater treatment facilities. The territory has also entered into a partnership to work with the National Renewable Energy Laboratory and other federal agencies to diversify the islands energy resources. The territory plans to make extensive improvements to its power distribution and generation network, and has announced an “aggressive” strategy to deploy new renewable energy resources which will include a focus on industry.
ENDNOTES

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