

## Free Stuff?

One of the most misunderstood, maligned, and often overrated tools we use in the economic development field is the Incentive package. What are incentives and why do we need them? That's a good question and we need to take a look at it.

Incentives are perceived "freebies", breaks, or giveaways we convey to businesses in exchange for jobs and investment. They come in all colors, all shapes and sizes, and sometimes they do make a difference. A progressive, well-armed economic developer needs to have an arsenal of incentives on hand. Some are tax breaks, some are grants, some are occupancy cost breaks, etc., etc.

In Wyoming, we don't have many recognizable incentives available. I say recognizable because many of our competitors are able to offer state tax abatements, on both personal and corporate income taxes, inventory taxes, etc. etc.. We can't offer an abatement of those taxes here because we don't have those taxes here! Believe it or not, that's hard for some to see! Seriously! They want to know why we aren't giving them something that another state might be offering!

Here in Wyoming we do offer some bank participation and reduced interest lending opportunities. Additionally, our Workforce Development Training Grant program is "cutting edge", offering significant financial grant assistance for training new employees, as well as retraining or upgrading existing employees. This is a very good program. In Wyoming we key heavily on workforce training and related programs to assist our new and existing businesses to continue to get better.

There are other small incentive opportunities available at the state level for specific uses that can be worked into various packages to assist businesses, as well as some additional opportunities from the local economic development group. However, we can't stop now! We need to continue to develop and pursue additional incentives. We need to move "outside the box" and be creative. The way I see it you can't have enough tools to

cover every opportunity. We have to be competitive (in fact we should strive to be out in front) as the pursuit of new employment opportunities becomes more critical and more competitive worldwide.

A veteran Site Selection consultant told a group in Casper recently, “Site consultants have a lot of options. What we are really looking for are reasons to scratch you off of the list, not keep you on it...our job is to pare it down to two or three perfect locations for our client to choose from.” So, for example, if we have a sales tax on manufacturer’s equipment that’s one more reason to “scratch” us off of the list. Incentives are important – even if they are not pertinent to a particular project. Very few deals can, or would, utilize all of the tools (incentives) in the toolbox.

We need to be careful with how we use incentives. It seems to me that those prospective businesses that are out there shopping for the biggest & best incentive package on the front end, are probably trying to create a business and set their size, employment numbers, and volumes based upon how much free stuff they can get. Seems a little bit shaky to me. I would much rather deal with someone who has a sound business model and set goals and is looking for a good place to accomplish those goals in the best manner. This is where incentives become useful.... there are many good places to do business – we have to be able to weight the scale, when necessary, to become just a little bit better than the others.

Those good, solid business projects seem to have a fair number of suitors in this country and incentives become important to level the playing field and compete for those companies.

Conversely, if you dangle all of the incentives that you have available, you find yourself dealing with a lot of different suitors looking for the free stuff, and you spend inordinate amounts of time trying to validate those inquiries – some of which are very well disguised.

Yes, we do have a great business climate and would like to stand on that alone! But so do many other locations. And they offer incentives.

Incentives: Useful? Yes. Need more? Yes. Exercise caution? Yes.