



MONTANA  
ECONOMIC  
DEVELOPERS  
ASSOCIATION

2011 INNOVATIVE WORKING GROUP |  
EXECUTIVE SUMMARY OF RESEARCH FINDINGS

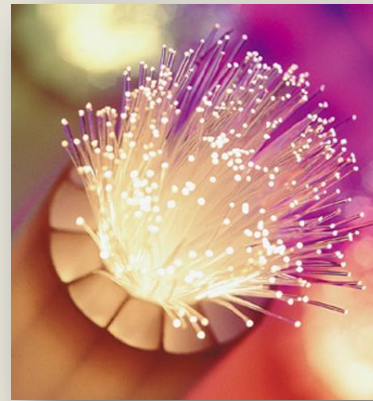


Mrs. Teresa Snyder-Borrenpohl, MSU Graduate Student |  
Mr. Zack Rogala, UM Graduate Student |

Sponsored in part by MEDA and The Office of Senator Baucus, MEDA's 2011 Innovative Working Group seeks to identify innovations and strategic opportunities that would feed into the effort to refine Montana's economic development model including our programs, tools, approach, and our vision. To that end our group has identified two goals. First, identify innovative economic models or tools that would be applicable to our state. Second, research case studies of economic development from industry that might have a degree of replication in Montana. With these goals in mind we researched three innovative models and three case studies of economic development across the United States.



**Goal 1: To research innovative models and tools** being developed within similarly situated states. Focusing on longevity of model or program, key economic development issues addressed, and reportable successes.



**Goal 2: To research case studies of economic development from industry or sectors** which look at recent business expansion or recruitment projects and identify factors that were critical in the decision to relocate or expand.



What follows is an executive summary which allows MEDA members the opportunity to familiarize themselves with each and bring questions and ideas to the MEDA Spring Conference in Bozeman this coming April. A full outline for the conference in addition to online registration can be found below. We look forward to continuing these discussions with you in the weeks to come.

<http://www.medamembers.org/2011MEDASpring.pdf>

Regards,

Mrs. Teresa Snyder - Borrenpohl | MSU Graduate Student  
Mr. Zack Rogala | UM Graduate Student



## Innovative Economic Development: Thinking Beyond Traditional Government Incentives

Creative economic development is found where innovation, invention and investment join. The combination of original ideas, technical production and financial resources can enhance job growth, spur educational opportunities and stimulate the local economy. Below are examples of such programs at the state and regional level that seek to support these three streams to create innovative economic development.

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### Economic Modeling at the State Level

#### Economic Development through Investment

Tennessee has developed a comprehensive investment program that strategically aligns mid-level companies with venture capitalists called INVestco. The Tennessee Economic Council has identified workforce strengths, areas of comparative advantage and economic goals to deliberately work towards long term development. This model uses private funds to maximize long term utility for the Tennessee economy.

- State of Tennessee identifies venture capitalists selling the strengths of the state.
- Tennessee Economic Council holds an application process in order to align the goals of the state with the identified investors.
- Venture capitalists are awarded a sum of \$200 Million dollars in premium gross tax credits.
- FY 10 delivered 307 saved and created jobs with a \$31 million investment.

#### Economic Development through Invention

The Oklahoma Legislature has developed an initiative to support technological development and technology transfer. The EDGE (Economic Development Generating Excellence) initiative awards grants for the intended purpose of developing research into tangible products to enhance the economic base of the state.

- A one billion dollar endowment was developed in 2004 by the acting Governor.
- Organizations apply for funds in order to develop technology to promote high-skilled jobs in companies throughout the state.
- Funds are leveraged with federal funding and additional grants in order to enhance funding for projects.
- \$5.4 Million dollars was invested in 2010 through grants, matched funds and low-interest loans.



## Economic Development through Innovation

The state of Washington has made a concerted effort to enhance their workforce through work development programs including continuing education and a state-sponsored apprentice program. The program is housed within the Department of Labor and Industry and combines government initiatives with private partnerships. The program seeks to enhance the education in the K-12 through workforce development which better prepares students for higher education.

- Apprentice program targets high school students in order to identify workforce talent and the strengths of college bound students.
- Tax incentives are offered through this program for, among other demographics, high school students that are not actively attending high school. Incentives are available for two years.
- On-the-job training subsidies are provided at the state level.

## Case Studies

- 24 Centers for Excellence in Advanced Manufacturing, Aerospace, Agriculture, Energy, Life Sciences, Technology, and the Entrepreneurial Sectors.
- \$26.2 Million in State Investment has leveraged \$140 Million in private capital from over 190 corporate partnerships.
- Created 1,017 new jobs for North Dakota economy.



**Bringing Research to Market.** The North Dakota Legislature, University System, and Department of Commerce have created research centers that partner academic research with private sector capital creating the opportunity to bring research to market. These Centers for Excellence, originating from a pilot project in 2003, have created an estimated \$406.5 million in economic impact across the state.

- <http://www.commerce.nd.gov/centers/>



### Discussion Points

- With an approximate 7:1 match on public investment from private partnerships, should the Montana legislature consider adopting a similar program? How could it be funded?
- What problems might arise within Montana's current educational system, be it four year, two year, or community colleges, with a similar Montana Center for Excellence?



- A 77,000 square foot Data Center to be completed by 2012 with potentially two more breaking ground by the end of the year.



- Three Business Parks with substantial access to broadband services.

**Mega Data Centers.** The City of Cheyenne, Cheyenne Leads, and EchoStar have broken ground on the second of potentially several mega data centers. The National Center for Atmospheric Research plans to break ground on a \$60 million center. In addition, Verizon and another Fortune 500 company are looking at Cheyenne as a possible site for investment in data centers. Cheyenne is quickly becoming a hub of development for these large compounds.

- <http://www.cheyenneleads.org/news-releases/>



**Discussion Points**

- What infrastructure is available, or lacking, within the state of Montana for being a competitive environment for attracting mega data centers?
- Do Montanan’s strengths and weaknesses leave us as a strong or weak competitor to attract these centers? Are they something the state should pursue?

- Dedicated to serving the Intermountain West, the fastest growing region in the country.
- Managing a \$100 million dollar portfolio across the Intermountain West.
- Raising capital to open their third fund since starting operations in 2000.



**Capital.** For Mark Solon, managing partner of Highway 12 Ventures in Boise, the choice was easy. “One day I woke up and asked my wife, a native Idahoan, want to move to Idaho?” Solon, then a partner in a venture capital firm in Boston quit his job and migrated to Boise soon after. The quality of life was what brought, and kept, him there. Currently, Highway 12 is a geographically focused venture capital firm investing in the high tech and medical fields within the Intermountain West.

- [www.highway12ventures.com](http://www.highway12ventures.com)

**Discussion Points**

- Access to capital is one component for creating an environment that is amicable for startups. What other components does Montana lack? What do we have?
- Should Montana try to compete with the Boulders and Silicon Valleys of the U.S.? Or should we position ourselves to attract the Mark Solons of the country, building on our quality of life? What would that entail?

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