PLANNING FOR ECONOMIC PROSPERTY:
A GUIDE FOR PREPARING AND IMPLEMENTING ECONOMIC DEVELOPMENT PLANS IN HOOSIER COMMUNITIES

A CREATIVE PROJECT
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Abstract


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To be competitive in a continually evolving, global economy, communities in Indiana must take a proactive approach to planning for economic development. Few Hoosier communities have formal, strategic economic development plans. This creative project provides a step-by-step guide for Indiana communities to develop and implement a tailored economic development plan based on comprehensive data, key stakeholder participation, local dynamics, needs, and priorities. The strategic planning process ensures that valuable resources, such as staff time and funding, are utilized efficiently and effectively.
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## Key Terms

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<td>Brownfield</td>
<td>A property where redevelopment is complicated due to actual or potential environmental contamination</td>
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<td>Bureau of Economic Analysis (BEA)</td>
<td>A US agency of the Department of Commerce that provides economic data and statistics, notably gross domestic product (GDP)</td>
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<td>Bureau of Justice Statistics</td>
<td>A US agency of the Department of Justice that provides criminal justice statistics</td>
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<td>Bureau of Labor Statistics (BLS)</td>
<td>A unit of the Department of Labor that is the principal Federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy</td>
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<tr>
<td>Business Retention and Expansion (BRE)</td>
<td>An economic strategy that focuses on the retention and expansion of existing businesses within the community</td>
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<tr>
<td>Census Bureau</td>
<td>A Bureau of the Department of Commerce that is responsible for taking the census and providing demographic information and analyses about the population of the US</td>
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<td>Certified Technology Parks (CTP)</td>
<td>A program sponsored by the State of Indiana that supports the attraction and growth of high-technology businesses in Indiana</td>
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<td>Comprehensive Plan</td>
<td>Often referred to as a master plan, the Comprehensive plan provides a broad vision for the future growth of a community. Per Indiana Code, the Comprehensive Plan is required to include: (1) a statement of objectives for future development; (2) a statement of policy for land use development; and (3) a statement of policy for public ways, places, lands, structures, and utilities</td>
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<td>Convention and Visitors Bureau (CVB)</td>
<td>A nonprofit organization that promotes destination marketing, convention sales, and the attraction of visitors for a town, city, or region</td>
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<td>Economic Development Administration (EDA)</td>
<td>A US agency of the Department of Commerce that provides grants to economically distressed communities to generate new jobs, retain existing jobs, and stimulate industrial and commercial growth</td>
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<tr>
<td>Economic Development Corporation (EDC)</td>
<td>An organization, typically a 501(c)3, whose mission is to promote economic development in a specified geographic area (see local economic development organization)</td>
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<tr>
<td>Economic Development for a Growing Economy (EDGE)</td>
<td>A corporate income tax credit offered through the State of Indiana that provides an incentive to businesses to support job creation, capital investment, and improvement of the standard of living for Indiana residents</td>
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<tr>
<td>General Obligation Bonds</td>
<td>Municipal bonds that localities use to finance public projects</td>
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<td>Gross Domestic Product (GDP)</td>
<td>The total value of goods and services provided during one year</td>
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<td>Headquarter Relocation Tax Credit (HRTC)</td>
<td>A tax credit offered through the State of Indiana that provides up to half the moving costs for corporations that relocate to Indiana</td>
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<td>Hoosier Business Investment Tax Credit (HBI)</td>
<td>A non-refundable corporate income tax credit offered through the State of Indiana that is calculated as a percentage of the eligible capital investment to support a new project</td>
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<tr>
<td>Hoosiers by the Numbers</td>
<td>Maintained by the Research and Analysis division of the Indiana Department of Workforce Development, Hoosiers by the Numbers provides demographic and economic data for the State of Indiana on a number of geographic levels</td>
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<td>Housing and Urban Development (HUD)</td>
<td>A US federal department that administers federal programs for better housing and urban renewal</td>
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<td>Indiana Economic Development Corporation (IEDC)</td>
<td>The State of Indiana’s lead economic development agency</td>
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<tr>
<td>Term</td>
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<tr>
<td>Industrial Development Grant Fund</td>
<td>A program offered by the State of Indiana that provides money to local governments for off-site infrastructure projects associated with an expansion of an existing company or the location of a new facility in Indiana</td>
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<td>Industrial Recovery Tax Credit</td>
<td>A tax credit offered through the State of Indiana that provides an incentive for companies to rehabilitate existing, older buildings</td>
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<td>Input Output Analysis</td>
<td>An economic analytical technique that measures the change one industry has on the output, employment, or income in other industries with which it trades goods and services</td>
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<tr>
<td>Local Economic Development Organization (LEDO)</td>
<td>An organization, typically a 501(c)3, whose mission is to promote economic development in a specified geographic area <em>(see economic development corporation)</em></td>
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<tr>
<td>Location Quotient</td>
<td>A ratio that allows an area’s distribution of employment by industry to be compared to a reference or base area’s distribution; used to analyze a specific region’s concentration of industries</td>
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<td>Metropolitan Statistical Area (MSA)</td>
<td>A contiguous geographic area with a relatively high population density</td>
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<td>NAICS Codes</td>
<td>North American Industry Classification System; is used by federal statistical agencies to classify business establishments for the purpose of collecting, analyzing, and publishing statistical data for the US economy</td>
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<td>Patent Income Exemption</td>
<td>A tax exemption offered through the State of Indiana that provides an exemption of up to 50 percent for five years for qualified patents. Additional exemptions of a lesser amount may be claimed from year five to ten.</td>
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<td>Per Capita Income</td>
<td>The total income in a specified geographic area divided by the number of people within the geographic area</td>
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<td>R&amp;D Sales Tax Exemption</td>
<td>A sales tax exemption offered through the State of Indiana that provides a credit against the state income tax liability for research and development (activities and equipment)</td>
</tr>
<tr>
<td><strong>R&amp;D Tax Credit</strong></td>
<td>A tax credit offered through the State of Indiana that provides a credit against state tax liability for qualified company research expenses</td>
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<td><strong>Retail Market Analysis</strong></td>
<td>An economic analytical technique that projects the amount and type of retail activity required to meet local demand</td>
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<td><strong>Shift-Share</strong></td>
<td>An economic analytical technique that is used to evaluate a local economy’s share in a particular industry in reference to the state or national averages</td>
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<td><strong>Shovel Ready</strong></td>
<td>A program offered through the State of Indiana that certifies sites and existing buildings as “shovel ready” to expedite the development process for prospective investors</td>
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<td><strong>Skills Enhancement Fund (SEF)</strong></td>
<td>A program offered through the State of Indiana that provides financial assistance for workforce training over a two-year term to support new capital investment</td>
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<td><strong>Small Business Administration (SBA)</strong></td>
<td>A US agency that protects the interests of small businesses and ensures that they receive a fair share of government contracts</td>
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<tr>
<td><strong>Small Business Development Center (SBDC) (Indiana)</strong></td>
<td>Provides training, support, and other resources to small businesses in Indiana to develop a strong entrepreneurial community</td>
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<td><strong>Stats Indiana</strong></td>
<td>The official digital data center for the State of Indiana that provides statistics for states, counties, cities, towns, townships, regions, census tracts, and more</td>
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<td><strong>Tax Abatement</strong></td>
<td>A temporary reduction or elimination of real and/or personal property taxes that local governing bodies can use to attract private investment and spur job creation</td>
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<td><strong>Tax Exempt Bond Programs</strong></td>
<td>Private Activity Bonds and Industrial Development Bonds issued by local governmental entities for the benefit of a private company</td>
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<tr>
<td><strong>Tax Increment Financing (TIF)</strong></td>
<td>A public financing tool that uses future gains in tax revenue from a specified district to finance current redevelopment, infrastructure, and other projects</td>
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<tr>
<td>Venture Capital Investment Tax Credit</td>
<td>A tax credit offered through the State of Indiana that provides certified firms who invest in qualified companies with a credit against their Indiana tax liability</td>
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<td>Vision Statement</td>
<td>The formal expression of what local government and its citizens want their community to be at some point in the future; provides direction in establishing strategies, goals, and objectives</td>
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Introduction

Local, regional, state, and national economies are continually evolving. To stay competitive in a global marketplace, communities must take a proactive approach to planning economic development. This creative project provides a framework for communities to develop and implement an economic development plan.

Manufacturing, once the economic backbone of the Midwest, has been on the decline for several decades. While some cities have seen a resurgence of jobs in manufacturing and other industries hard hit by the recession, other communities continue to struggle with unemployment, decreases in wages, and lack of investment. As described by Luria and Rogers, “U.S. Manufacturing employment has declined 20 percent over the last decade from 1998 to September 2007” (2007). The Midwest has been hit especially hard by the recession. Approximately 40 percent of recent job loss occurred in the “industrial heartland,” which includes Illinois, Indiana, Michigan, Ohio, Wisconsin, and the western parts of Pennsylvania and New York (Luria, 2002).

Globalization has altered the economies of Indiana’s communities, increasing competition among private firms and among individual workers. As described by Blakely and Bradshaw, “The United States is enmeshed in the global market system as leader, follower, and participant. No American firm of any size remains solely within the domestic market system” (2002). In order to be competitive in a global market and be a
choice location for firms and workers, it is integral that communities not stand by the sidelines and wait for investment.

Economic development practices and theories continue to evolve. The days of “smokestack chasing” as the sole generator of development are gone. As described in a report completed by the International Economic Development Council:

The practice of economic development has changed dramatically since its inception in the mid-twentieth century. As a field that grew out of industrial development as the primary tool to create jobs, economic development has been challenged to remake itself around fundamental changes in the economy, technology, workforce and global integration (International Economic Development Council, 2010).

While business attraction remains a core component of most communities’ overall strategy, a successful economic development plan will be comprehensive, multifaceted, and innovative. Successful economic development plans include attraction, but also recognize the importance of focusing more heavily on business retention, expansion, economic gardening, and other areas that have a direct impact on a community’s ability to build local economic capacity. As described by the Indiana Department of Transportation (INDOT), “Tactics have evolved from early untargeted bidding competitions to attract any business that might be considering relocation to current efforts focused on developing and supporting a quality of life that makes a community attractive to individuals and companies” (INDOT, 2007).

Many communities and regions have recognized that a qualified workforce is essential for economic vitality, and are now taking steps to try to ensure that residents’ skills are consistent with the jobs and industries that are growing and in demand. Other indirect areas that have a substantial impact on the local economy include technology,
infrastructure, and the political climate. These have become areas of focus in many economic development programs. Finally, several cities now recognize that quality-of-place plays an important role in economic development. Many communities are now working to create vibrant, attractive cities, with lively downtowns, parks, and other public amenities that are attractive to both workers and companies.

Every community is different. Priorities, goals, and areas of focus will differ greatly among regions. It is important for communities to take stake of current conditions and tailor programs and strategies for their needs. As described by INDOT, “the preparation and use of a strategic economic development plan ensures that investments in economic development efforts use local resources effectively and efficiently” (INDOT, 2007). Effective economic development will leverage existing resources and ensure that a community’s efforts are strategic and targeted.
Purpose

The majority of Indiana communities (towns, cities, counties and regions) are represented by an economic development organization, which can be local, county-wide, multi-county, or even all three. Many of these organizations have completed a strategic economic development plan. Some are implementing that plan; however many such organizations have no plan and struggle to determine how they can develop their community economically. Having a strategic plan based on a clear understanding of local statistics, vis-a-vis the state and nation, a clear and shared vision of the future, specific goals and objectives is integral to advancing economic prosperity.

This creative project will provide a strategy and framework for economic development organizations in Indiana to develop a tailored economic development plan for their community. It will provide (1) an overview of data sources and economic analysis techniques used to develop a community assessment; (2) partnerships and relationships required for the development of a plan; (3) common components of an economic development plan; (4) tools and economic incentives; and (5) an overview of strategic planning.
Conducting a Community Assessment

To chart a course for a community’s economic development effectively, it is important to know where it stands in a local, regional, state, and national context. This is reinforced by Blakely and Bradshaw, who assert that, “Understanding the dimensions of national economic phenomena and their consequences for a locality is the first step in organizing realistic courses of action” (Blakely & Bradshaw, 2002). Local economic development strategies are not all alike. As a result, an economic development plan must reflect the unique characteristics and dynamics of an individual community. Completing a community assessment with both qualitative and quantitative data is necessary to move forward with a tailored and relevant plan.

1.1 Data Sources

A number of national, state, and local data sources are available as a starting point for the community assessment. The U.S. Census Bureau provides detailed and reliable demographic, social, and economic data on a state, county, metropolitan, and city level.\(^1\) One of the significant advantages of census data, according to Blakely and Bradshaw, is that it reflects a hierarchy of geographies, with smaller areas organized into larger areas (Blakely & Bradshaw, 2002). Data profiles available through the U.S. Census Bureau that

\(^1\) Data available through the US Census Bureau can be accessed at [www.census.gov](http://www.census.gov).
may be relevant for a community assessment include but are not limited to selected demographical, social, economic, and housing characteristics.

The Bureau of Labor Statistics (BLS) publishes statistical data on social and economic issues. According to the agency’s website, “The BLS is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy” (Bureau of Labor Statistics, 2012). Data is available on a number of geographic levels, including regional, county, state, and national data is available through the BLS. A wide range of economic indicators can be obtained (see sidebar for common economic indicators used when conducting a community assessment). Some of these include employment/unemployment rates, business employment dynamics, wages and labor

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**Useful Economic Indicators**

**Population Growth Rate**

While population itself is not a measure of success, the population growth rate of a community is an important indicator of economic health. It is important to evaluate the growth or loss of population over several decades. Population for towns, cities, counties can be obtained through the US Census Bureau. Population on the metropolitan statistical area (MSA) can be obtained through the Bureau of Labor Statistics (BLS).

**Income and Wages**

- **Median Household Income** is the sum of all income received in the calendar year by all household members. It can be obtained through the Census Bureau. The study community’s Median Household Income should be compared to other similar communities as well as the state and national averages.

- Other useful economic indicators relating to income and wages include **Median Family Income** and the **Poverty Rate**, which are also provided by the Census Bureau. **Per Capita Income**, which is the total income in a specified geographic area divided by the number of people within the geographic area, can also be useful in evaluating prosperity of residents. Useful income and wage indicators available through the BLS include **Wages by Industry** and **Average Wage per Job**.

**Educational Attainment**

Evaluating the study community’s percentage of citizens with a high school diploma, bachelor’s degree, and advanced degrees is valuable when conducting a community assessment. Educational attainment can be accessed on a number of geographic levels through the Census Bureau.

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costs, prices, productivity and unit labor costs, and more.

A number of detailed data sources are available for communities and regions specifically within Indiana. Stats Indiana, developed and maintained by the Indiana Business Research Center at Indiana University’s Kelley School of Business, provides community data on topics ranging from population, commuting patterns, healthcare, and workforce. Hoosiers by the Numbers, which is provided by Stats Indiana in partnership with the Indiana Department of Workforce Development, has a number of customizable profiles on economic, labor, and workforce data at the city, county, metropolitan area, or state level. Unique to Hoosiers by the Numbers is the website’s publication lookup tool. This tool enables a user to generate detailed reports for Indiana’s economic growth regions or smaller geographic areas.

Depending on local characteristics and needs of the community, other data sources may also be useful. Some examples include crime data that can be accessed through the Bureau of Justice Statistics or the Cost of Living Index, provided by ACCRA. Data available through the Bureau of Economic Analysis provides statistical data on the regional, national, and international level in a number of areas. Most notably, gross domestic product (GDP) and personal income can be accessed through the Bureau of Economic Analysis (Bureau of Economic Analysis, 2012).

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3 Data available through Stats Indiana can be accessed at [www.stats.indiana.edu](http://www.stats.indiana.edu).
4 Data available through Hoosiers by the Numbers can be accessed at [www.hoosierdata.in.gov](http://www.hoosierdata.in.gov).
5 The publication tool through Hoosiers by the Numbers can be accessed at [www.hoosierdata.in.gov/publookup/default.aspx](http://www.hoosierdata.in.gov/publookup/default.aspx).
6 Data available through the Bureau of Justice can be accessed at [http://bjs.ojp.usdoj.gov](http://bjs.ojp.usdoj.gov).
7 Cost of living data can be accessed through the Council for Community and Economic Research at [www.c2er.org](http://www.c2er.org).
8 Data available through the Bureau of Economic Analysis can be accessed at [www.bea.gov](http://www.bea.gov).
While data used to evaluate a community should be reflective and relevant on a geographic level, Blakely stresses that it should also be dynamic. Blakely stresses that data should be consistent enough over a certain time period that it can be studied historically. As explained by Blakely, “Change is important to economic development analysis because it shows trajectories, which are important in planning for the future” (Blakely & Bradshaw, 2002).

1.2 Economic Analytical Techniques

A number of economic techniques and other analytical tools can be utilized with data obtained from the U.S. Census Bureau, the Bureau of Labor Statistics, and other relevant data sources. It is very common for communities to examine the share of major industries in their metropolitan region in comparison to peer cities, as well as state and national averages. Two commonly used techniques for measuring major industries within a region include the location quotient and shift-share analyses. Other techniques used to evaluate the local economy include input-output models, retail market analysis and market-share analysis, among others (Moore, Meck & Ebenhoh, 2006).

The Location Quotient can be used to measure the concentration of an industry in a specific geographic area in relation to a larger area (Moore et al., 2006). In addition to determining the share of a specific industry within a region, the location quotient can also provide “some indication of export-orientation and the extent to which certain industries are traded or basic” (Moore et al., 2006). A value greater than 1.0 indicates that the industry is more concentrated in the local area than in the reference economic area. The reference area is often the state or nation. Industries with a high location quotient may be considered traded, meaning that goods and/or services in that industry are exported.
outside of the community. A location quotient less than 1.0 indicates that an industry is
less concentrated in the smaller area than in the larger area (Moore et al., 2006). Non-
traded industries with a low location quotient import goods and/or services in that
specific industry.

As described by Moore et al., “The location quotient is more or less a ratio of ratios” (2006). It is calculated by taking the regional industry employment over the
regional total employment, divided by the state industry employment over the state
overall employment. Figure 1 shows how the location quotient is calculated and what the
result indicates.

![Figure 1: Location Quotient Equation and Rules](source)

A comprehensive online location quotient calculator is available through the
Bureau of Labor Statistics (BLS). This online tool uses timely data sources from the
BLS’ Quarterly Census of Employment and Wages (WCEW) data (Bureau of Labor
Statistics, 2005). As described by the BLS, “The user can specify a base or reference area
and a base or reference industry, where industries are classified by the North American
Industry Classification System (NAICS) basis.” One to three geographic areas may be
compared to the base area. While the location quotient technique is an effective tool for

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9 The Bureau of Labor Statistics’ Location Quotient Calculator can be accessed at
understanding the concentration of employment and economic activity in a specific region, data is not dynamic and not predictive of future trends.

Similar to the location quotient, shift-share analysis can be used to evaluate a local economy’s share in a particular industry in reference to the state or national averages. As described by Blakely and Bradshaw, “Shift-share analysis is a powerful technique for analyzing the changes in the structure of the local economy in reference to the state or nation” (Blakely & Bradshaw, 2002). Whereas the location quotient is a static measure, shift-share is dynamic. According to Nolan, “Shift-share analysis seeks to explain changes in an economy by decomposing actual changes that have occurred in three main sources” (Nolan, 2004). These three sources include the national share, industry mix, and regional shift (Nolan, 2004). The national share represents the influence of the national economy (Moore et al., 2006). The industry mix identifies the influence of an industry’s national growth rate on a region (Moore et al., 2006). The regional share reflects the fact that industries are generally expanding more or less rapidly in some regions than at the national level (Moore et al., 2006).

In addition to the location quotient and shift-share techniques, input-output analysis can be used to “show the overall effect on a local economy of a change in one local industrial sector” (Moore et al., 2006). Input-output analysis “directly measures the change one industry has on the output, employment, or income in other industries with which it trades goods and services” (Moore et al., 2006). As described by Blakely, “The framework for the input-output analysis lists the industries in a region along both the horizontal and vertical axes of a table. The industries on the vertical plane are suppliers; the industries on the horizontal plane are buyers” (Blakely & Bradshaw, 2002). The
input-output technique is not as widely used as the location quotient and shift-share analyses, as it is more complicated to calculate.

Retail market analysis, which “projects the amount and type of retail activity required to meet local demand,” is another technique that can be used to evaluate the local economy (Moore et al., 2006). It is used to determine if there is a gap in the market, and if so, where the gap exists. This enables communities to retain dollars that otherwise have been spent elsewhere through import substitution (Moore et al., 2006). Import substitution replaces goods produced externally with goods produced internally, or within the community. Import substitution helps to build local economic capacity. Retail market analysis can be conducted using data on the supply of gross and net leasable square footage of retail space. Data is generally available through local property tax assessors (Moore et al., 2006).

In addition to retail analysis, market share analysis can be used to illustrate “how an area’s share of a larger area’s business activity is changing over time” (Moore et al., 2006). Unlike retail share market analysis, market share analysis can be applied to industrial, office, and retail (Moore et al., 2006). As described by Moore et al., “Once the market areas has been identified, the next step is to gather data to provide a measurement of the local economy’s share of that market” (Moore et al., 2006). The most commonly used data source for such analysis is the U.S. Census Bureau’s Census of Retail Trade. Conducted every five years, the report includes information on sales receipts.

There are a number of other economic analytical tools and techniques available. Blakely and Bradshaw suggest Cluster Analysis to “understand the clusters in their region and adapt programs to support the needs of firms in the cluster” (2002). In addition to
Cluster Analysis, Blakely and Bradshaw propose the use of a Prosperity Index to evaluate the value of the creation of jobs in specific industries. The Prosperity Index “measures the ratio between job growth and wage growth in an industry at the local level” (2002). The Economic Base Model is widely used to examine a community’s share of basic (exporting) and non-basic (non-exporting) industries (Schaffer, 2010). Each of the above economic analytical techniques has advantages and disadvantages. Communities may select which techniques to use based on local dynamics and individual characteristics.

1.3 Benchmarking

Data alone does not accurately depict the overall economic health and performance of a community. It can be difficult to determine if economic indicators for a community are good or bad, if no reference is given. Benchmarking a community’s economic indicators and data against other similar cities helps communities to evaluate their condition and performance.

The selection of peer cities does not have to be a complicated process. As explained by Blakely, “Data for economic development analysis build on comparisons that look at a community in relation to someplace else that is a valid referent” (Blakely & Bradshaw, 2002). Comparison communities should be of similar size to, and share essential characteristics of, the study community. Analysts should select communities with economic backgrounds, industries, and labor markets that are similar to the study community.

As an alternative to the selection of peer cities, it can be helpful to include communities that are seen as “role models” in the assessment. Role model communities may have once been similar to the study community, but through planning and other
economic development initiatives, have improved. A benchmarking report completed by the Indiana Business Research Center for Richmond, Indiana compares the city to other Hoosier communities and, as well as U.S. peer cities. As described in the report, “Communities included in the study that have outperformed Wayne County can serve as “role models” for the Richmond area” (IBRC, 2009).

In a similar report entitled Benchmarking South Bend, key economic indicators for the South Bend Metropolitan Statistical Area (MSA) are compared to Indiana peer cities and role model communities throughout the Midwest. The Midwest benchmark cities included in Benchmarking South Bend included Albany, Ann Arbor, Lexington, Madison, and Wichita (King & Roos, 2010). The report explains that peer cities selected throughout the Midwest were “clearly superior” to South Bend in Forbes’ ranking for “Best Places for Business and Careers” (King & Roos, 2010). The report further states that, “In a competitive global economy, these are the kind of cities South Bend will have to equal or surpass in order to move forward” (King & Roos, 2010). The inclusion of role model communities in benchmarking provides the study community with an attainable goal for which to aim. Additionally, aspirational peers can offer insights into how the study community could “stimulate its own prosperity” using strategies and initiatives already proven successful for comparable communities.

1.4 Conclusion

Relevant and timely data is available from a variety of sources. The U.S. Census Bureau, the Bureau of Labor Statistics, Stats Indiana, and Hoosiers by the Numbers are just a few organizations that provide reputable data that is helpful in conducting a community assessment. From these data sources, a number of economic indicators are
available or can be calculated. Ultimately, the individual community conducting the analysis should decide what measures to include. These should be determined by the individual community taking into consideration local dynamics, characteristics, and goals of the economic development plan. While a community assessment need not contain every social and economic indicator available, it should feature some economic analysis and relevant benchmarks to similar communities, both in region and size.

The quantitative analysis of a community will serve as the first step in determining an overall economic development plan. The analysis may reveal shortcomings in wages or educational attainment of the region’s population. It may also show a weak market share of a specific industry. From this information, communities should select areas of focus and develop strategies to address deficiencies and capitalize on strengths. The economic analysis serves as a starting point for the development of an economic development plan.
Partnerships and Relationships

Effective partnerships and relationships with relevant stakeholders are crucial for advancing an economic development plan. Whether the economic development plan is developed and managed by a community, public agency, or local economic development organization (LEDO), partnerships and relationships with other relevant organizations are required for success. As stated in a report completed by the Hubert H. Humphrey Institute of Public Affairs, “Economic development agencies need to work closely with other partners, such as businesses, nonprofits, and community organizations to develop a path toward the future” (Humphrey Institute of Public Affairs, 1995).

In addition to the ability to work with relevant stakeholders within a community, the importance of regional collaboration has become increasingly important, as many economic development topics, such as workforce development and marketing, are considered to be a regional effort. Input and support from the business community in the form of public-private partnerships is also important. Finally, input and support from citizens and the community at-large is also needed. Having support from a broad range of relevant stakeholders and the public will ensure that the community is vested in the plan. During plan kickoff and implementation, ownership and support helps to keep criticisms to a minimum.
2.1 Local Economic Development Organizations (LEDOs)

Almost all communities and regions in Indiana have specific organizations that perform economic development activities for the municipality, county, or region. Local economic development organizations, or LEDOs, usually cover one community or one county. Alternatively, they are referred to as EDCs, or economic development corporations. Multi-county organizations, which focus almost entirely on economic development marketing, are usually comprised of several counties, all of whom typically have their own LEDO. These are separate from the regional organizations that focus on workforce development, regional planning, development, and metropolitan planning. A complete list of LEDOs for the State of Indiana can be found in Appendix A: Local Economic Development Organizations in Indiana.

LEDOs carry out economic development activities such as attraction, retention, expansion, economic gardening, workforce development, and more on behalf of a city, county, or region. If an economic development plan is administered by the community’s LEDO, the local governing bodies, business community, and regional affiliates should be partners in the development and implementation of the plan.

2.2 Local Governing Bodies

Business attraction, one of the core components of many communities’ economic development strategy, requires a unified vision among the LEDO, relevant governing bodies, and private investors. A community’s attraction strategy may center on attracting any new business to the community, focusing on firms in a specific industry, or specifically working to attract firms that will provide jobs that grow median household incomes. Regardless of what attraction strategy a community utilizes, it is important to
have input and buy-in from necessary partners and stakeholders. As described by McGahey and Vey (2008), “Strategies must engage and work with, but not be captured by government…Too many critical factors—infrastructure, education, taxation, and regulation— are the responsibility of the public sector” (McGahey & Vey, 2008). For example, a region may decide to grow its share of distribution and warehousing firms. While a LEDO may be successful in arranging a site visit for a potential distribution center, it is often the community’s responsibility to finalize the contract. This may be in the form of approving site plans or making an incentive offer. Typically, local incentive offers, such as tax abatement and financial assistance with building, site, and infrastructure improvements, must be approved by the local governing body, not the LEDO.

While the local economic development organization often generates the lead and is the company’s main contact, the local governing body must be involved in the process. For this reason, strong partnerships between economic development organizations and governing bodies are integral for the advancement of an economic development strategy. While partnerships between LEDOs and local governing bodies are important for developing an economic development plan, having relationships with the existing business community is also important.

2.3 The Existing Business Community

Maintaining a strong relationship with the business community is important both in developing and executing an economic development plan. Several economic development organizations receive funding from private firms who invest in the local economic development effort. These investors often include hospitals, banks, real estate
agencies, manufacturing firms, and more. When private firms provide funding for economic development efforts in a community, they often want some input in the overall strategy and work plan.

In addition to receiving and integrating input from the business community in the development of the plan, it is important that existing businesses be active and vested in its implementation. In looking again at the business attraction component of an economic development plan, existing businesses can play an important role. New businesses evaluating whether or not to locate in a community will often look to existing businesses to determine how easy it is to do business in the city or county. The opinion of local businesses can, for better or worse, influence site selection decisions for future businesses. As described by Morse (2004), “Satisfied existing businesses can be a community’s best ambassadors when recruiting new firms to the area, as well as serving as a source of leads when seeking new firms to recruit” (Morse, 2004). To maintain a “business friendly” image that is conducive to the implementation of an economic development plan, local economic development organizations and communities must be proactive in developing partnerships and strong relationships with the business community.

Finally, existing businesses are valuable sources of information in understanding the local economy. Existing firms are in tune with the current economic conditions and are able to articulate both positive and negative aspects of the local environment. Valuable information relating to infrastructure limitations, workforce challenges, other issues affecting the local economy, and more can be gleaned from open discussion with the business community.
2.4 Chambers of Commerce

Chambers of Commerce can play a significant role in driving economic development efforts. As explained by Moore et al., “The era of chambers as purveyors of pancakes and parades has disappeared…chambers are returning to their century-old roots as builders and promoters of local and regional economies” (Moore, Fleming, & Hovey, 2008). In addition, there is a growing trend of chambers of commerce serving as the designated LEDO, or local economic development organization, for a community. In this role, chambers in Indiana and across the country are now performing traditional economic development activities such as business attraction, retention, and expansion. According to Moore et al., this is a role that chambers of commerce are suited to take. “Working with business leaders, entrepreneurs, developers, and site selectors provides chambers with a clearer sense of what might be missing or deserving of ongoing support…” (Moore et al., 2008). Chambers are important and effective partners in advancing an economic development strategy because of their resources and evolving role in the communities they serve.

2.5 Regional Partnerships

Regional economic development has gained significant attention in recent years. As described in a report by the Humphrey Institute of Public Affairs, “…more and more economic development professionals are seeing the benefits of cooperation, particularly through regional economic alliances” (1995). This can be seen in the emergence of a number of regional economic partnerships that contain multiple counties and broader geographic territories. In Indiana, the Northeast Indiana Regional Partnership, a regional economic development organization, encompasses ten counties (Northeast Indiana
The Northeast Indiana Regional Partnership’s website can be accessed at www.neindiana.com.  

The Indy Partnership’s website can be accessed at www.indypartnership.com.  

The Indy Partnership works on behalf of nine counties that comprise the Indianapolis metropolitan area (Indy Partnership, n.d.). Many of Indiana’s regional economic development organizations focus largely on marketing for business attraction, while local economic development organizations continue to operate as the primary economic development entity. Additionally, many regional organizations in Indiana are charged with workforce development, as a community’s workforce often draws from a multi-county region and is not contained by a city or county line.

In the past, neighboring cities and counties competed against one another for new firms and investment. As described by McGahey and Vey, “Far too often, relationships between core cities and smaller regional cities and suburbs are hostile and unproductive, even though they all are part of the same regional economy” (McGahey & Vey, 2008). However, perceptions are changing. It is now widely accepted among economic development professionals that neighboring jurisdictions must work on a regional level to leverage their assets and develop competitive advantages unique to their area. As described in a report published by the Organization for Economic Cooperation and Development:

In most cases, a 21st century economic region will spill across county lines and often cross state lines. To develop a globally competitive region, therefore, the partners must reach across jurisdictional borders that have all too often been barriers to collaboration… (OECD, 2006).

According to a report completed by Stats America, to begin building regional partnerships, “Regional leaders must avoid two common traps: fragmentation and insularity” (Stats America, n.d.). Fragmentation occurs when individual organizations

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10 The Northeast Indiana Regional Partnership’s website can be accessed at www.neindiana.com.  

11 The Indy Partnership’s website can be accessed at www.indypartnership.com.
pursue their own agenda that is not in line with the regional strategy (Stats America, n.d.). Insularity arises when certain communities “continue old strategies of recruitment and incentive shopping” (Stats America, n.d.). In addition to the elimination of competition among neighboring jurisdictions, regional partnerships should collaboratively develop an economic development strategy. As described in a report published by Stats America, “An effective [economic development] strategy leverages the region’s assets to take advantage of emerging opportunities.” In developing an economic development program for an individual community, the focus and goals of the broader region should also be considered.

2.6 Nonprofits and Other Relevant Agencies

Depending on the specific focus and goals of the economic development plan, it almost certainly will be necessary to partner with nonprofits and other relevant agencies. For example, workforce issues are consistently identified as barriers to economic development in Indiana communities. Workforce issues occur on varying levels, and may range from a high number of high school dropouts in a community, lack of middle skill workers, or lack of workers with a specialized, technical skill. Regardless of the specific workforce issue, economic development officials must work with relevant agencies in a region to develop a plan and solutions. As described by Eberts and Erickcek, “Local partnerships play an important role in the delivery of workforce and economic development activities in the United States” (Eberts & Erickcek, 2002). If workforce is an issue that should be addressed in an economic development plan, relevant partners in
Indiana may include WorkOne\textsuperscript{12}, the Indiana Department of Workforce Development, local school corporations, Ivy Tech, other community colleges in the area, any local task force on workforce development and education, among others. Workforce development is only one of many issues that may be addressed in an economic development plan. Whether a plan includes strategies and actions relating to public policy, infrastructure, transportation, housing, or education, relevant organizations should be involved in developing the strategy.

2.7 Conclusion

The development and implementation of an economic development plan requires the participation and collaboration of a number of key partners and stakeholders. Regardless of which entity is developing and implementing the plan, participation from the community, local economic development organizations, chambers of commerce, regional partners, nonprofits and other relevant agencies is necessary. Each of these organizations has a part in successfully implementing the plan. Accordingly, each should have a place at the table in crafting the strategy.

\textsuperscript{12} WorkOne’s website can be accessed at \url{www.in.gov/dwd/WorkOne/}. 

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Typical Components of Economic Development Plan

Every community is different. Local dynamics and conditions vary. An economic development plan must reflect the unique characteristics, needs, and goals of the individual community. While one community may focus on traditional economic development activities, such as business attraction or retention and expansion, others may prioritize the improvement of quality-of-life amenities for residents. This chapter contains an overview of typical categories and strategies included in an economic development plan. The inclusive strategic planning process should identify the appropriate areas of focus.

3.1 Business Retention and Expansion (BRE)

Business retention and expansion, commonly referred to as BRE, is a core component of almost every community’s overall economic development plan. It is described by Retention and Expansion International as an “economic development strategy that focuses on the retention and expansion of existing businesses in the community…Programs are designed to help support existing businesses develop and expand in today’s global economy” (Business Retention & Expansion International, n.d.).

In recent years, there has been a growing awareness of the importance of including business retention and expansion activities in an economic development program. Numerous studies have documented the significant economic impact that
existing businesses have on local economies. Birch (1987) reported that up to 80 percent of net new job growth comes from existing businesses. In addition, reports have documented the positive fiscal impact that small businesses have on the local economy. A report completed by Teamwork Arkansas found that “National statistics show that in one year, a small business employing fifteen individuals on average generates $430,000 in payroll for the local community, $45,000 in property taxes and makes $15,000 in charitable donations to local causes” (Teamwork Arkansas, n.d.). In addition, Morse reinforces that, “Keeping a business in your community is less costly than attracting new industry…existing businesses may seek some of these incentives, but more often than not, the fiscal cost per job created is less for an existing business” (Morse, 2004). In addition to maintaining jobs and a tax base, a strong business expansion and retention program can strengthen business attraction efforts. Existing businesses can positively or negatively represent the community to new businesses.

According to Cothran, there are two broad approaches for administering a business retention and expansion program. These include the traditional approach, which involves volunteers, and the continuous approach, which utilizes paid staff (Cothran, 2008(a)). The majority of urban cities and counties in Indiana employ the continuous approach. Most have designated local economic development organizations (LEDOs) and paid staff dedicated to business retention and expansion. Economic development professionals who administer BRE programs conduct site visits and interviews with key businesses in their community. As described by Cothran, “BRE is a contact sport” (Cothran, 2008 (b)). The BRE program manager must be proactive in reaching out to businesses in the form of personal, face-to-face visits. According to Cothran, these visits
have three purposes: “learning about the concerns of the business, introducing a program or service to the business, or responding to a request for specific assistance” (Cothran, 2008 (b)).

There is generally a broad scope of services provided by economic development professionals in a BRE program. As explained by Cothran, “Existing businesses need access to a wide range of programs and services, including diverse areas such as workforce development, marketing, land acquisition, and financing” (Cothran, 2008). An economic development professional may provide a business with assistance on an application for a building permit or assist a company in a local site search. In Indiana, an economic development staff person often provides technical assistance to businesses by working as an intermediary between the business and the Indiana Economic Development Corporation when applying for tax credits and other incentives.

A community’s economic health is highly dependent on existing businesses. Thus, a strong business retention and expansion program is an integral component of a community’s economic development program. A continued presence among existing businesses helps to ensure retention and growth.

3.2 Business Attraction

Though business retention and expansion has been shown to provide better opportunities for investment and new employment, many communities include business attraction in the economic development program as well. Business attraction involves the recruitment of new firms. To be successful in business attraction, the program should be well-researched and targeted. As described by Moore et al., “Before an economic development agency or local government undertakes a program to attract a business, the
objective of the program should be clear” (Moore et al., 2006). Communities should identify specific industries and sectors, based on local dynamics, competitive factors, and growth potential. Moore et al., recommend utilizing North American Industry Classification Systems (NAICS) codes to gain information on existing and growing industries in the region and to target potential businesses (2006).

A common attraction strategy is building relationships with site selectors, industry associations, and existing businesses. According to Moore et al., “Industry estimates suggest that 40 percent of site selection decisions are heavily influenced by a site-selection consultant…leading site-selection consultants have a substantial impact on the economic development success of every region in the country” (Moore et al., 2008). Building and maintaining relationships with site selectors that assist firms in location decisions can help in making communities more visible to potential firms, particularly in industrial areas in the Midwest that have suffered from decline. As described by Moore and his colleagues, “Weak markets often miss out on the investment attraction opportunities that more naturally flow to strong, growing regions, so it is particularly important for these communities to cultivate positive relationships with these individuals” (Moore et al., 2008).

Having a presence at relevant industry associations helps communities to better understand the needs of firms in a specific industry, maintain greater visibility, and improve attraction efforts. As described in the business retention and expansion section, existing businesses can be a resource in attraction efforts. Business attraction strategies often target suppliers or clients of existing businesses in the community. As described by Cothran, the existing business community can act as “partners in recruitment, and in
many cases, lead to targeted industry attraction efforts” (Cothran, 2008b). The greater visibility a community has to potential decision-makers, the more successful it will be in attracting investment.

Another integral piece of a successful attraction strategy is developing and maintaining a positive, pro-business image to potential firms. According to Morse, this involves removing “turf” barriers that inhibit business attraction strategies and using public relations initiatives to showcase a pro-business environment (Morse, 1990). It is imperative that local governing bodies and leaders from the existing business community cooperate. While it is widely recognized that the majority of new jobs and capital investment are achieved through business retention and expansion, business attraction remains a key component of many communities’ economic development plan.

3.3 Entrepreneurship, Small Business Development and Economic Gardening

Entrepreneurship and small business development are widely recognized as key drivers of the local economy. According to Spulber, “Entrepreneurs are fundamental to economic equilibrium, as they set the economy in motion” (2008). Spubler further states, “Firms are responsible for practically all economic activity outside of government: innovating, pricing, contracting, employing resources, labor, and capital goods, raising financial capital, organizing production, and marketing goods and services” (2008). The importance of entrepreneurship and small business development is further reinforced by Blakely and Bradshaw who state that, “Small firms constitute the vast majority of all business enterprise, and they provide employment for the majority of Americans” (Blakely & Bradshaw, 2002).
Morse’s book, *The Retention and Expansion of Existing Businesses*, was one of the first publications to emphasize the economic impact that small firms have on job creation and the economy. Using U.S. Census Bureau, Morse evaluated job creation patterns in the East North Central (ENC) region from 1976 to 1980. He found that “Small businesses- those establishments with less than one hundred employees-generated most of the jobs in the ENC census division” (Morse, 1990). Furthermore, Morse concluded that “the smaller the existing business, the more likely it is to generate jobs through expansion and the less likely it is to lose jobs through contraction” (Morse, 1990).

To capitalize on the economic benefits that entrepreneurs and small businesses provide, communities are increasingly focusing on and investing resources to support entrepreneurship and small business development. In recent years, the concept of “economic gardening” has gained popularity with municipal and economic development professionals. Conceived in 1987 in Littleton, Colorado, economic gardening embraces the notion that the economy is driven by entrepreneurship, noting that “only 3 to 5 percent of all companies were high growth, but determined that those gazelles were creating the great majority of new jobs” (Kauffman, 2012).

Communities that elect to include entrepreneurship and small business development as components of the economic development plan should ensure that there are sufficient resources available to support new and growing business. Coaching or technical assistance in areas such as accountancy and legal requirements, access to capital, and workforce development are common areas in which entrepreneurs need assistance. Indiana is one of seven states that provide business coaching and technical
support to businesses through state-supported Small Business Development Centers (SBDCs) (SBA, n.d.). There are ten SBDC locations in Indiana (shown in Figure 2). These include Central, East Central, Hoosier Heartland, North Central, Northeast, Northwest, South Central, Southeast, Southwest, and West Central. Partnerships with appropriate higher educational institutions, municipalities, local business associations, and other relevant agencies allow SBDCs to leverage resources, providing a breadth of services to clients.

One of the most commonly cited barriers to startups is the lack of access to needed capital. According to Finkle et al., the most common financing sources available for small businesses include revolving loan funds, micro loan programs, seed capital, and minority and female business programs (Finkle, Garmise, & Nourick, 2008). Additional sources of funding may also include state and federal financing programs offered through the Small Business Administration (SBA), Economic Development Administration (EDA), Housing of Urban Development (HUD), and the Department of Treasury through the Community Development Financial Institutions Program (Finkle et al., 2008). Depending on the business and local climate, venture capital may also be a potential source of funding for new businesses.
Given the various entities that exist to support and grow new and existing businesses, according to Blakely, it is important to have one, central location that entrepreneurs can visit for information needs. A “one-stop business center, which serves as a key contact point between businesses of all kinds and local government” is a common component of local government today (Blakely & Bradshaw, 2002). While every entrepreneur and small business is different, there is still a set of core resources that communities can offer. Partnerships, mentoring, access to capital, and a positive, pro-business climate can positively impact the growth of new and existing firms in a community.

3.4 Workforce

A community’s ability to attract and retain firms is highly dependent on the availability, skills, cost, and quality of the local labor force. As described by Blakely and Green Leigh, “In developed economies, a specialized, skilled workforce is among the most important economic development assets and targeted workforce initiatives are common tools for enhancing local and regional economic competitiveness…” (2009). Workforce can enhance or inhibit economic development. This is especially true in older, industrial areas that are still trying to shift from a manufacturing economy to a knowledge-based economy. As described by Vey, “As the economy continues to shift from a manufacturing economy to a knowledge-based economy, older industrial areas are still struggling to find their niche” (2008). To be competitive in a global market, the local labor force must have the skills and education to meet the needs of new and growing firms. While local economic development organizations may not be directly involved in workforce development and education, it is important that they work with key
stakeholders in identifying issues, developing solutions, and creating a roadmap to advance the local labor force.

Kazis and Seltzer argue that there are two broad areas communities can improve upon that have a drastic impact on workforce development, for which LEDOs can play an integral role. These strategies include (1) ensuring that workforce and economic development strategies are aligned; and (2) improving the outcomes of the education and skill development pipeline for youth and adults (2008). As described by Harper-Anderson, “Historically, public workforce development and local economic development have been separate and disconnected public endeavors” (2008). However, Harper-Anderson argues that working together with a unified vision is necessary to develop mutually beneficial innovative strategies (Harper-Anderson, 2008).

Kazis and Seltzer’s also argue that outcomes should be improved for the education and skill development of youth and adults (2008). This includes the attainment of four-year degrees, but also includes two-year degrees, academic performance in primary and secondary school, high school completion rates, and other post-secondary credentials (Kazis & Seltzer, 2008). While the attainment of four-year, bachelor’s degrees is important in advancing economic development in a region, significant demand exists for middle-skilled workers as well. According to a report by the National Governors Association, approximately 40 to 45 percent of all job openings will be in middle-skill occupations (2010). The report emphasizes the importance of “high-quality technical education, especially community colleges in key sectors such as manufacturing, energy, and healthcare” (National Governors Association, 2010). Depending on the local characteristics and dynamics of a community, other workforce related issues may also
need to be addressed in a workforce development plan. This may include brain drain or a lack of workers with a specific skill that is in demand in the community.

The success of a local economy is highly dependent on the skills and talent of the local workforce. If workforce issues inhibit economic growth in a community, it is important for local economic development personnel to be involved in the discussion. While LEDOs may not work day-to-day with workforce development or higher education, they have a unique role to act as an advocate and convener between the private sector, workforce development organizations, and higher education institutions. A successful workforce development strategy of an economic development plan will utilize the resources of key stakeholders to resolve issues that inhibit economic growth.

3.5 Infrastructure and Technology

Infrastructure continues to play an integral role in economic development efforts. Firms in all sectors rely on a comprehensive transportation network to effectively and efficiently move goods and services. As described by Moore et al., “From agriculture to entertainment, energy to information technology, business health and growth depend on effective transportation and infrastructure” (2008). While the Midwest benefits from a highly developed transportation and infrastructure networks, it is important to note deficiencies and opportunities that may inhibit, or enhance, economic development efforts.

Inadequate connectivity or a poorly maintained transportation network can negatively affect attraction, retention, and expansion efforts. According to Moore et al., “Key infrastructure uses such as road quality, sewer capacity and linkage, water quality and energy, can make or break opportunities in attracting new development” (2008). To
ensure competitiveness, communities must establish priorities to ensure that projects are planned, funded, and prioritized (Moore et al., 2008).

Capitalizing on advances in technology infrastructure can also give a community a competitive advantage in attracting and retaining firms. Ensuring reliable and comprehensive broadband access can help in the attraction of high-technology firms. As described by Vidal and Wieck, “Across a broad variety of data sets covering differing regional scopes, timeframes, and analytical approaches, we find robust evidence for a significant economic impact of ICT (information and communications technology) investment” (2010). While the organization developing and implementing the economic development plan may not directly control the provision of infrastructure and technology in a community, it is important to identify strengths and weaknesses that may impact economic development efforts.

3.6 Brownfield Redevelopment

In some communities, the redevelopment of brownfields may be part of the community development program or economic development program. In other cases, it may be included as a component of both programs. The State of Indiana defines a brownfield as “a property where redevelopment is complicated due to actual or potential environmental contamination” (IFA, n.d. (a)). Additional definitions of brownfields may include:

- A parcel of real estates that is abandoned or inactive; or may not be operated at its appropriate use;
- And on which expansion, redevelopment, or reuse is complicated;
- Because of the potential presence of a hazardous substance, a contaminant, petroleum, or a petroleum product that poses a risk to human health and the environment (IFA, n.d. (a)).
Brownfields are common in many Indiana communities, a result of the state’s deep industrial roots. Featherson and Plews reinforce this by stating, “exist in every Indiana city and town of any size and in many smaller communities” (Featherson & Plews, 2000). Some general examples of brownfields may include “factories, former gasoline stations, boarded-up stores, rail yards, and trucking depots” (Featherson & Plews, 2000). The environmental remediation and redevelopment of brownfields can have significant environmental, as well as economic, effects for communities.

Paul (2008) cites some of the positive economic impacts associated with brownfield redevelopment as the ability to leverage new investment and employment, as well as neighborhood revitalization, as measured by property value increases. In addition, positive fiscal impacts may include an increase in local tax revenue and lower investment in infrastructure for the community, as compared to new development in Greenfield locations (Paul, 2008). According to the State of Indiana, brownfield redevelopment helps by “rejuvenating neighborhoods, increasing the tax base, mitigating threats to human health and the environment, and reducing blight” (IFA, n.d. (a)).

The Indiana Brownfields Program offers communities educational, technical, legal, and financial assistance for brownfield remediation. In terms of outreach and education, the Indiana Brownfields Program offers workshops throughout the state on brownfield redevelopment. Technical assistance is provided through environmental oversight and review of all projects that receive financial or legal assistance (IFA, n.d. (a)). Legal assistance helps communities engaged in brownfield remediation with concerns regarding liability. Finally, a number of financial incentives are available for the redevelopment of brownfields. Some of the past financial incentives available to
communities include a revolving loan fund, supplemental environmental projects, and the automotive sector brownfields assessment initiative (Indiana Brownfields Program, 2012). Communities can work collaboratively with the Indiana Brownfields Program to effectively redevelopment brownfields to mitigate environmental barriers impeding local economic growth (IFA, n.d.(a)).

3.7 Tourism

Many communities have recognized the direct and indirect economic impacts of the travel and tourism industry. According to the U.S. Travel Association, travel and tourism is one of America’s largest industries (U.S. Travel Association, 2013). In 2010, travel and tourism generated $1.8 trillion in economic impact, with an additional $1 trillion in other industries (U.S. Travel Association, 2013). According to the Association of Indiana Convention and Visitors’ Bureaus, tourism is a big business in Indiana, “resulting in more than 257,000 jobs and $6.84 billion in annual wages paid for 2006” (AICVB, 2013).

Several convention and visitors bureaus in Indiana provide economic impact data on tourism and their communities. Some of the Indiana convention and visitors bureaus that have released comprehensive data on the economic impacts of their organizations include Visit South Bend/Mishawaka13, Muncie Indiana Visitors Bureau14, and Visit Michigan City/LaPorte15, among others. Table 1: Economic Impacts of Indiana Convention and Visitors Bureaus, shows total expenditures, employment, wages, and taxes for three convention and visitors’ bureaus in Indiana.

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13 Visit South Bend/Mishawaka’s website can be accessed at www.visitsouthbend.com.
14 Muncie, Indiana Visitors Bureau’s website can be accessed at www.munciecvb.com.
15 Visit Michigan City/LaPorte’s website can be accessed at http://www.michigancitylaporte.com/.
The development of tourism is important from an economic standpoint, but also contributes to the State of Indiana’s overall quality of life. As described by AICVB, “through the support of the tourism industry and the visitors it generates, local resident enjoy parks, museums, fairs and festivals, great local eateries, and unique experiences that might not be sustainable without the trade provided through tour and travel” (AICVB, 2013). Tourism development provides both economic and social benefits to Indiana residents.

While tourism development is often planned and executed by the convention and visitors’ bureau, the community, local economic development organization (LEDO), and other relevant stakeholders can be strong partners. One strategy proposed by Blakely and Bradshaw to plan for tourism is *townscaping*, which is “a physical, attitudinal, and management process” for developing a theme for the town center (2002). This is similar to the Main Street program, in which the “town theme is incorporated into plans for building or rebuilding the existing landscape and built environment” (Blakely & Bradshaw, 2002). The development of Main Street and town centers requires buy-in and

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**Table 1: Economic Impacts of Indiana Convention and Visitors’ Bureaus**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Year of Data</th>
<th>Total Expenditures (Direct and Indirect)</th>
<th>Total Employment (Direct and Indirect)</th>
<th>Total Wages</th>
<th>Total Taxes (State, Local, and Federal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit South Bend/ Mishawaka</td>
<td>2011</td>
<td>$695,353,699</td>
<td>8,589</td>
<td>$144,136,089</td>
<td>$172,737,080</td>
</tr>
<tr>
<td>Muncie Indiana CVB</td>
<td>2008</td>
<td>$186,900,847</td>
<td>3,037</td>
<td>$39,579,198</td>
<td>$44,658,388</td>
</tr>
<tr>
<td>Visit Michigan City/ LaPorte</td>
<td>2010</td>
<td>$572,295,196</td>
<td>5,741</td>
<td>$100,271,541</td>
<td>$175,888,602</td>
</tr>
</tbody>
</table>

Source: Data retrieved March 17, 2013 from [www.visitsouthbend.com](http://www.visitsouthbend.com), [www.munciecvb.com](http://www.munciecvb.com), and [www.michigancitylaporte.com](http://www.michigancitylaporte.com)
participation from the government, downtown association, local businesses, and residents.

3.8 Quality-of-Life

Though not thought of as a “traditional” component of an economic development plan, a community’s overall quality-of-life is tied to economic growth. As the United States continues to shift from a production economy toward a knowledge-based economy, firms often choose to locate where there is a skilled and talented workforce. Due to technological advances, it has become increasingly easy for employees to work remotely or not in the office. As described by Kempner, “An increasing number of jobs can be done off-site” (Kempner, 2008). Kempner goes on to say that, “In response to the growing importance of human capital, companies are now commonly establishing operations around the smart people, not vice versa” (2008).

To capture educated, skilled workers, communities should invest in civic, cultural, recreation, and other amenities. As described by Richard Florida, an urban studies theorist best-known for his concept of the creative class, “Quality of place—particularly natural, recreational, and lifestyle amenities- is absolutely vital in attracting knowledge workers and supporting high technology firms and industries” (Florida, 2000). In addition to helping with the attraction of a skilled and talented workforce, a high quality of life also ensures workforce stability. If a community is livable, workers are more likely stay and not seek out opportunities in more desirable communities.

To ensure that a community is not overlooked by talented, skilled workers and high technology firms, it is important to address quality-of-life amenities. According to Kempner, communities can build on existing resources to offer a wider range of
amenities. As described by Kempner, “The key is not necessarily creating a large amount of new infrastructure, but leveraging existing resources such as parks, waterfront spaces, and performance venues that can be utilized in nontraditional ways” (Kempner, 2008). Furthermore, Kempner states that many older industrial cities have a competitive advantage over competing regions due to their “existing offerings which include museums, opera houses, professional sports teams, historic architecture” (2008). By capitalizing on existing civic, cultural, and recreational amenities, older, industrial communities in Indiana can increase their ability to attract firms and a skilled, educated workforce.

3.9 Conclusion

The concepts discussed in this chapter provide an overview of common components of an economic development plan. The ideas presented do not represent an exhaustive list. Communities should not necessarily include every component discussed here. Areas of focus for the economic development plan should be determined by the planning process and on local characteristics, competitive advantages, existing industry strengths, or ‘industry clusters’, and other unique local or regional assets.
Economic Development Tools and Incentives

A number of tools, programs, and incentives are available to Hoosier communities that can be used to promote and advance economic development. This chapter will provide an introduction to and overview of various economic development tools, financing sources, and incentives available at the local and state levels in Indiana.

4.1 Local Tool

Local tools include Tax Increment Financing (TIF), general obligation bonds, and tax abatement. The following local tools can be used to finance projects that can help spur economic development and attract private investment.

4.1.1 Tax Increment Financing (TIF)

Tax increment financing (TIF) is a public financing tool that can be used to subsidize redevelopment, capital projects, and community improvements projects. Some examples of how TIF funds can be used include the construction of a new facility for

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**Tax Increment Financing: Erskine Commons in South Bend, Indiana**

Erskine Commons, now a thriving commercial center on the south side of South Bend along the US 31/20 bypass, was once the site of Scottsdale Mall and a former landfill. In 2005, the city established a TIF to finance $7 million in needed infrastructure improvements to prime the area for private investment (Blasko & Fosmoe, 2012). Improvements completed with TIF funds included the widening of Ireland Road, relocation of utilities, the demolitions of the mall, and environmental remediation of the landfill investment (Blasko & Fosmoe, 2012).

TIF helped to attract private investment that likely would not have occurred without city support. Erskine Commons alone has led to the development of 476,000 square feet of new commercial space and 720 new jobs (South Bend ON, 2011). Erskine Commons and Erskine Village together have generated approximately $130 million in returns over the original investment (South Bend ON, 2011). TIF bonds for this project were paid off in only five years, fifteen years ahead of schedule (South Bend ON, 2011).
an existing company, improvements to major corridors, demolition of blighted property, and façade improvements of downtown buildings.

To establish a TIF district in Indiana, a municipality must have or establish a redevelopment commission with five voting members. The TIF district must be designated as a redevelopment area or economic development area. If establishing a redevelopment area, the municipality must make a finding of blight. If establishing an economic development area, the proposed redevelopment project should result in a significant economic benefit, jobs, and private investment for the area.

Once a TIF district is established, the total assessed value of all property is calculated. Debt, typically in the form of public bonds, is issued to fund redevelopment projects. After redevelopment projects are complete, property values rise, increasing the amount of property taxes collected. The additional tax revenue generated above the initial assessed value is deposited into an account and used to pay off the bond debt that financed the improvements. Figure 3: Tax Increment Financing Diagram provides a visual illustration of the TIF process.

![Figure 3: Tax Increment Financing Diagram](http://citiesmcr.wordpress.com/tag/planning/)

**Figure 3:** Tax Increment Financing Diagram; **Source:** cities@manchester; Accessed March 2013 from [http://citiesmcr.wordpress.com/tag/planning/](http://citiesmcr.wordpress.com/tag/planning/)
In economic development, tax increment financing funds are used to remove barriers to development. Additionally, TIF funding can be used to leverage private and other investment in an area.

4.1.2 Tax Abatement

Tax abatement is an incentive that local governing bodies in Indiana can use to attract private investment and spur job creation. Tax abatement provides a temporary reduction or elimination of real and/or personal property taxes for a new project. In Indiana, it can be used to encourage the retention and/or attraction of jobs and companies. The abatement amount is typically determined by the amount of new investment and number of jobs created.

Historically, taxes have been phased in during a ten-year period; however, in recent years, abatements have been given in a three to five-year term. To issue tax abatement in Indiana, the local governing body or LEDO submits an application with a local offer to the State (IEDC). While tax abatements within Tax Increment Financing (TIF) districts are permitted in Indiana, communities should evaluate the impact of combining both incentives. Awarding tax abatement within a TIF area delays the “growth of incremental assessed value,” elongating the time period it takes municipalities to pay back the initial investment (INDOT, 2008(a)). When used strategically, tax abatement of real and personal property can be a powerful leveraging tool in attracting private investment, as well as in the creation and retention of jobs.
4.1.3 General Obligation Bonds

General obligation bonds are municipal bonds that localities use to finance public projects such as power plants, schools, sewer/water systems, and other capital improvement projects. General obligation bonds must be approved by voters. They are pledged with “full faith and credit,” in that localities that issue bonds commit all resources, including taxes and credit, to repaying bondholders (MSRB, n.d.). States, local governing bodies, and school districts may issue general obligation bonds.

The use of general obligation bonds to finance major capital projects, such as airports, bridges, and other transportation improvements, can help communities improve their logistical advantages to potential companies. Other infrastructure improvements financed by municipal bonds, such as the improvement of water/sewer systems, remove barriers to development for the private sector.

4.2 State Programs and Initiatives

Included within State Programs & Initiatives are Certified Technology Parks (CTP), the Industrial Development Grant Fund, the Skills Enhancement Fund (SEF), the Shovel Ready program, and Tax Exempt Bonds through IEDC. These state programs and initiatives are aimed at expediting development and providing incentives to retain and grow existing business and attract new businesses.

4.2.1 Certified Technology Parks (CTP) Program

To aid in the attraction and growth of high technology firms and promote technology transfer opportunities, the State of Indiana created the Certified Technology Parks (CTP) program. Only counties, municipalities, or townships have the authority to propose a CTP, “under the jurisdiction of a redevelopment commission and designated by
the Indiana Economic Development Corporation” (IEDC) (Harmon & Landers, 2010). The designation by IEDC is “predicated on the business activity and level of job creation by the business” (Harmon & Landers, 2010). Examples of firms that are suitable for a CTP include “advance computing, advance materials, biotechnology, electronic device technology, engineering or laboratory testing for product development, technology for assessment or prevention of health and environmental threats, medical device technology, product research and development, and advance vehicles technology” (Harmon & Landers, 2010). CTPs should leverage support and funding from higher education institutions, private, research-based institutions, and/or military research and development divisions (Harmon & Landers, 2010). A list of all CTPs in Indiana can be found in Appendix B: Certified Technology Parks in Indiana.

To finance public improvements, the territory compromising the CTP may be designated as a TIF (Harmon & Landers, 2010). Once a park receives certification, it may capture up to $5 million in taxes over the life of the park in incremental sales and income taxes that can be used to fund projects within the park (IEDC, n.d. (a)). Certified Technology Parks must remain in compliance with the terms outlined by IEDC and must be recertified every four years (Harmon & Landers, 2010).

4.2.2 Industrial Development Grant Fund

The industrial development grant fund, offered through the State of Indiana, “provides money to local governments for off-site infrastructure projects associated with an expansion of an existing Indiana company or the location of a new facility in Indiana” (IEDC, n.d.(b)). Governing bodies in negotiations with potential businesses must apply to IEDC for approval of the use of the funds. Eligible entities include “cities, towns,
counties, special taxing districts, an economic development corporation (EDC), nonprofit corporations, corporations established under IC 23-17, and conservancy districts” established for special purposes (IEDC, n.d. (b)). The amount available is based on the number of jobs created and the amount of capital investment generated. Eligible projects include “construction, extension and completion of: sanitary sewer lines, waterlines, roads and streets, rail spurs and sidings, information and high technology infrastructure, preparation of surveys, plans, and specifications for the construction of publicly owned and operated facilities…” (IEDC, n.d. (b)). Communities that receive Industrial Development Grant Fund monies are typically required to match the award by 50 percent (IEDC, n.d. (b)).

4.2.3 Skills Enhancement Fund

The State of Indiana’s Skills Enhancement Fund (SEF) provides financial assistance to new and existing companies for workforce training. According to IEDC’s website, “Grants are provided to reimburse a portion of eligible training costs over a period of two full calendar years” (IEDC, n.d. (c)). Eligible expenses include Occupational Safety and Health Administration (OSHA) training, trainee wages, and orientation of new hires (IEDC, n.d. (c)). The typical grant amount for SEF is 50 percent of eligible training costs (IEDC, n.d. (c)).

For IEDC’s reporting period spanning from July 1, 2007 to June 30, 2012, 80/20 Inc. of Columbia City was awarded a maximum of $55,995.39 in SEF funding (IEDC, 2012). The company, which manufacturers an Industrial Erector Set, retained, hired, and trained an estimated 184, 40, and 217 employees, respectively (IEDC, 2012). A number of factors influence the Skills Enhancement Fund application process. The overall
economic need of the affected community, in addition to the project’s alignment with the State of Indiana’s strategic future are considered during the application process (IEDC, n.d. (c)).

4.2.4 Shovel Ready

To improve the marketability of sites for future development, the Indiana Economic Development Corporation (IEDC), in partnership with the Office of Community and Rural Affairs (OCRA) created the Indiana Shovel Ready program. The program helps “companies and communities identify sites that can be rapidly developed” (IEDC, 2006). The program is geared at “improving the marketability of Indiana communities in the site selection process” (IEDC, 2006).

Sites that are certified Shovel Ready have “undergone an environmental process and are qualified for expedited permitting with state regulatory agencies to allow quick investment and expansion” (IEDC, 2006). The minimum standards include “community support, site control of property, infrastructure in place (or acceptable plan), phase I environmental review, and a completed water delineation” (IEDC, 2006). Sites that are certified Shovel Ready are attractive to developers because “site information is available before development, potential risks of investing and improving new land are reduced for businesses” (IEDC, 2006). The Shovel Ready program helps communities identify sites ripe for development and promote economic development in Indiana counties, cities, and towns.

4.2.5 Tax-Exempt Bond Programs

The Indiana Finance Authority (IFA) offers the Tax-Exempt Bond program to “lower the cost of financing for manufacturing projects, health care facilities, private
institutions of higher education, and other qualified projects” (IFA, n.d.(b)). Private Activity Bonds, known commonly as Industrial Revenue Bond (IRBs) or Industrial Development Bonds (IDBs), are issued by local governmental entities for the benefit of a private company that is not a 501(c)3 (IEDC, n.d. (d)). Interest accumulated on the bonds is tax-exempt from federal income taxes for investors, resulting in lower long-term interest rates for the borrower (IEDC, n.d. (d)). In terms of structure, tax-exempt bonds are similar to a term loan or mortgage (IFA, n.d. (b)). Interest rates are determined by the company’s “financial situation, credit enhancements, method of sale of bonds, as well as the current market” (IFA, n.d. (b)).

4.3 State Credits and Exemptions

Through the Indiana Economic Development Corporation (IEDC), the State of Indiana offers a number of state credits and exemptions, aimed at attracting, retaining, and growing businesses in Indiana. According to IEDC’s website, the tax credits and deductions are aimed at improving “capital access for fast-growing companies and deductions based on job creation and training.” The following provides a general overview of the credits and exemptions offered by IEDC. Included within State Credits & Exemptions is Economic Development for a Growing Economy (EDGE), Hoosier Business Investment Tax Credit, Headquarters Relocation Tax Credit, Industrial Recovery Tax Credit, R&D Tax Credit, Venture Capital Investment Tax Credit, Patent Income Exemption, and R&D Sales Tax Exemption.

4.3.1 Economic Development for a Growing Economy (EDGE)

The Economic Development for a Growing Economy (EDGE) tax credit program is a widely-used tax credit that is available when Indiana “is competing against another
state or country for a company’s site location” (IEDC, 2010). The tax credit is calculated as a “percentage of payroll tax withholding for net new Indiana jobs” and “may be awarded for up to 100 percent of the projected withholdings and up to 10 years” in length (IEDC, 2010).

During IEDC’s reporting period spanning from July 1, 2007 to June 30, 2012, Abrasive Blasting & Coating Services of Elkhart received a maximum EDGE award of $52,151 (IEDC, 2012). The company, which specializes in corrosion control, was awarded EDGE funding for a business attraction, adding 12 new employees. To be eligible for EDGE, companies must commit to staying in Indiana for at least two years after the EDGE credit is completed (IEDC, 2010).

### 4.3.2 Hoosier Business Investment Tax (HBI) Credit

The Hoosier Business Investment Credit is a corporate tax credit that “provides an incentive to businesses to support job creation and capital investment” (IEDC, n.d. (e)). The credit is calculated as a “percentage of the eligible capital investment to support the project” (IEDC, n.d. (e)). Eligibility is contingent upon the applicant’s ability to raise total earnings of employees in Indiana, the average wages paid, the economic vitality of the project, and the positive fiscal impact the potential project would have on the state (IEDC, n.d. (e)). Tax credits received are nonrefundable and may be certified annually (IEDC, n.d. (e)).

During IEDC’s reporting period spanning from July 1, 2007 to June 30, 2012, Covance Laboratories, Inc., a drug development company in Greenfield, was awarded a maximum HBI funding in the amount of $123,207 (IEDC, 2012). The amount was based on an expansion that retained 250 employees and created 315 new jobs (IEDC, 2012).
4.3.3 Headquarters Relocation Tax Credit

The State of Indiana’s Headquarters Relocation Tax credit offers an incentive for corporations that relocate their headquarters to Indiana. The tax credit is equivalent to “half the moving costs and is assessed against the corporation’s state tax liability” (IEDC, n.d. (f)). To qualify for the credit, the corporation must have minimum annual worldwide revenue of at least $100 million (IEDC, n.d. (f)). In addition, the company must have at least 75 employers in Indiana after the relocation and the location must be defined as the “principal office of the principal executives” (IEDC, n.d. (f)).

4.3.4 Industrial Recovery Tax Credit

Commonly known as the “dinosaur building” tax credit, the Industrial Recovery Tax Credit provides a financial incentive for companies to invest in older, industrial buildings. The Industrial Recovery Tax Credit is calculated as an amount of the qualified investment multiplied by 15, 20, or 25 percent, depending on the age of the building (IEDC, n.d. (g)). Older buildings more than 40 years old are eligible for a higher credit than newer buildings (IEDC, n.d. (g)).

<table>
<thead>
<tr>
<th>Age of Building</th>
<th>Applicable Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 15 and 29 Years</td>
<td>15 percent</td>
</tr>
<tr>
<td>Between 30 and 39 Years</td>
<td>20 percent</td>
</tr>
<tr>
<td>40 Years or Older</td>
<td>25 percent</td>
</tr>
</tbody>
</table>

Source: Indiana Economic Development Corporation

Tax credits are applied to the “gross income tax liability, insurance premiums tax liability, and financial institutions tax,” in that order (IEDC, n.d. (g)). Eligible buildings
must be a minimum of 50,000 square feet and have been “at least 75 percent vacant for one year or more” (IEDC, n.d. (g)). The Industrial Recovery Tax Credit provides companies and investors with an opportunity to take advantage of the existing building stock in Indiana.

4.3.5 R&D Tax Credit

To increase business investment in Indiana, the R&D Tax Credit “provides a credit against stat tax liability for qualified company research expenses” (IEDC, n.d. (h)). The tax credit is based on “the increase in Indiana R&D over the prior three-year base” (IEDC, n.d. (h)). According to IEDC’s website, “the credit equals 15 percent of qualified research expenses on the first $1 million of investment” and is applied against income tax liability (IEDC, n.d. (h)).

4.3.6 Venture Capital Investment Tax Credit

The Venture Capital Investment Tax Credit encourages Indiana taxpayers and entities to invest in early stage firms. Qualified firms that provide certified Indiana businesses with qualified debt or equity capital can receive a credit against their Indiana tax liability (IEDC, n.d. (i)). The maximum amount of tax credits available to investors is the total amount of investment capital provided to a business in one year multiplied by 20 percent or $1,000,000, whichever is the less (IEDC, n.d. (i)). Investments must be made within two years from when IEDC approves the investment plan (IEDC, n.d. (i)).

4.3.7 Patent Income Exemption

To encourage innovation and promote business development among Indiana entrepreneurs and small businesses, IEDC offers a Patent Income Exemption for qualified patents. Tax Exemptions for patent income are currently limited to utility patents (for
inventions) and plant patents only (IEDC, n.d. (j)). In 2004, utility patents comprised approximately 89.5 percent of patents granted by the United States Patent and Trademark Office (USPTO) (Wilmot, 2005). Eligible recipients of the credit may receive an exemption of up to “50 percent of the patent income for each of the five years,” with a lesser percentage of exemptions claimed from year five to ten (IEDC, n.d. (j)). Annual exemptions may not exceed $5 million (IEDC, n.d. (j)). The patent exemption was enacted in an effort to strengthen the state’s existing focus on biotech, pharmaceutical, medical device, and equipment companies (Hue, n.d.).

4.3.8 R&D Sales Tax Exemption

To encourage research and development within the state, Indiana offers two tax exemptions—R&D Activities and R&D Equipment (IEDC, n.d. (h)). Eligible recipients receive a “credit against their Indiana state income tax liability” (IEDC, n.d. (h)). The exemption is calculated as a percentage of qualified expenses (IEDC, n.d. (h)). Eligible R&D activities include “any activities devoted directly to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products” (IEDC, n.d. (h)). Eligible equipment includes any tangible personal property such as “laboratory equipment, computers, software, telecommunications or testing equipment” (IEDC, n.d. (h)). Equipment may not have been previously used in Indiana in any capacity (IEDC, n.d. (h)).

Conclusion

There are a number of tools available to Hoosier communities that can be used to stimulate economic development. Local financing tools, such as Tax Increment Financing (TIF) and general obligation bonds, can be used to finance public works and other capital
projects necessary to attract private investment. Programs such as the Certified Technology Park (CTP) and the Shovel Ready certification program minimize costs for businesses and developers, making Indiana sites attractive for development. Local tax abatements, as well as statewide incentives, help leverage resources in attraction, retention, and growth efforts. A number of state credits and exemptions, such as the R&D Tax Credit and Exemptions, as well as the Patent Income Exemption, help promote research, development, and innovation.
Strategic Planning

In recent years, strategic planning for economic development has grown in popularity. A report completed by the Indiana Department of Transportation (INDOT) attributes the rise of popularity in planning to the “increasing complexity of economic development theory and principles” (INDOT, 2007). As described in the report, “Tactics have evolved from the early untargeted bidding competitions to attract any business that might be considering relocation to current efforts focused on developing and supporting a quality of life that makes a community attractive to individuals and companies” (INDOT, 2007).

The previous chapters discuss the preliminary steps that should be taken before an economic development strategy is selected. Utilizing the community assessment (described in Chapter 1), communities should establish an economic development vision, then develop strategies, goals, and objectives to achieve that vision. Figure 4: Economic Development Strategic Planning Process illustrates the steps that should be taken when preparing an economic development plan.

**Figure 4:** Economic Development Strategic Planning Process
Finally, the vision, strategies, goals, and objectives selected should be integrated into an implementation plan, which establishes short-term and long-term goals with needed action steps. Progress made on the plan should be monitored and evaluated.

5.1 Conformance with the Comprehensive Plan

Before any strategic planning is undertaken, the agency responsible for the development and implementation of the plan should review the community’s Comprehensive Plan, as well as any other relevant plans. While Indiana law requires communities to consider the Comprehensive Plan when making zoning or other land use decisions, it does not require communities to follow it. However, review of a community’s Comprehensive Plan ensures consistency among relevant plans and that the vision and greater goals for the community are not lost. When preparing an economic development plan, it is helpful to know what specific areas the city has designated for new development and redevelopment. In addition, review of the Comprehensive Plan ensures that previous planning efforts are incorporated into new plans.

5.2 Economic Visioning

The first step in selecting a strategy is economic visioning. As described by Moore et al., economic visioning is the “formal expression of what the local government and its citizens want to be at some point in the future” (2006). An established economic vision can help to “streamline future planning initiatives” by acting as the backbone to ensure more efficient and coordinated planning and development results (INDOT, 2008).

Engaging community members, key stakeholders, and relevant entities is essential for success in the economic visioning process. It helps to provide “a context for decision-
making and allows citizens to realize the impact of development in their community so they can provide meaningful input regarding what will happen in the future…” (INDOT, 2008). While the visioning should be open to all citizens, it should be led by a “core group within the community” (INDOT, 2008).

The economic vision should build on the community assessment, which includes “current conditions of the community, as well as future trends” (INDOT, 2007). It is important to use technical analysis derived from the community assessment as the foundation for the visioning process. As described by Moore et al., “Technical analyses help provide a context for the economic visioning process by (1) setting a context for the visioning process by establishing realistic boundaries and (2) determining which actions will most effectively move a jurisdiction toward its vision” (2006).

According to Moore et al., a successful economic development vision should meet four criteria. These include:

1. Balance what the jurisdiction would like to achieve with what resources and public support the jurisdiction can realistically expect to muster in support of that vision
2. Be consistent with the role of the jurisdiction’s economy in the larger regional and state economies
3. Be understandable to citizens without technical training or experience with economic development
4. Be produced in a way that makes it possible to incorporate it in the jurisdiction’s comprehensive plan (Moore et al., 2006).

Most importantly, an economic vision should be both desirable and feasible (Moore et al., 2006). Goga, Murphy, and Swinburn reinforce this, but describe it slightly differently by saying that an economic vision should be both “imaginative and realistic” (2006). They suggest having all participants in the visioning process contrast where the
community would be in 10 or 20 years with no intervention, as opposed to how they would like the community to be in that same timeframe (Goga et al., 2006). The economic development vision helps set priority areas and lays the foundation for the formation of goals and objectives. An effective example of an economic development vision comes from *Volume Two of the Strategic Regional Policy Plan* for Southwest Florida Regional Planning Council, which reads:

“Southwest Florida will attract, retain, and create quality businesses to diversity its economic base, while protecting the natural and cultural environments, to promote economic stability, greater job and educational opportunities, and higher income for its residents” (SWFRPC, n.d.).

**Figure 5:** Southwest Florida Regional Planning Council Economic Development Vision Statement

According to the report, the Southwest Florida Regional Planning Council’s economic development vision statement “served as the basis for the development of the following economic issues” (SWFRPC, n.d.). This example reinforces that all strategies, goals, and objectives should align and stem from the vision statement.

### 5.3 Selecting Strategies

After a vision for economic development has been determined, strategies and actions required to achieve that vision should be identified (INDOT, 2007). Successful strategies should build on a community’s strengths, while at the same time, address weaknesses (Moore et al., 2006). INDOT suggests that when selecting strategies, communities should identify issues that inhibit economic growth and select strategies to address these (INDOT, 2008). According to Moore et al., most economic development strategies can be classified as direct or indirect. Examples of direct economic
development strategies include business attraction or small business development (2006). Indirect economic development strategies inherently influence economic development efforts in a community, but are not traditionally thought of as economic development strategies. Examples of indirect economic development strategies may include infrastructure improvements or efforts to improve quality-of-life in a community.

In Planning Local Economic Development: Theory and Practice, Blakely and Bradshaw discuss four broad strategies for economic development. These include locality/physical development, business development, human resources development, and community-based development (Blakely & Bradshaw, 2002). Moore et al. expand the number of potential economic development strategies to eight. In An Economic Development Toolbox, Moore et al. discuss a wide range of potential strategies ranging from greater coordination among economic development program, land supply, and quality-of-life (Moore et al., 2006).

**Blakely’s Four Strategies**

Blakely describes four strategic approaches that communities can use for an economic development plan (Moore et al. expand Blakely’s list to eight strategies that will be discussed later). These strategies were discussed in greater detail in the previous chapter, Common Components of an Economic Development Plan. Blakely’s strategies include “(1) locality or physical development strategy, (2) business development, (3) human resources development, and (4) community-based development” (Blakely, 2002). While Blakely describes these as separate strategies to economic development, most communities utilize a combination of these for an overall economic development strategy.
The locality approach concentrates on the provision of quality infrastructure and other elements of the built environment as an economic development strategy. Elements of the built environment that would be addressed in the locality approach include “parks, roads, drainage, parking lots, as well as water and electricity supply” (Blakely, 2002). According to Blakely, the locality approach also focuses on quality-of-life elements of a community that aid in attracting workers and firms to a community.

The second approach discussed by Blakely, business development, focuses on the growth of existing firms in a community that will produce additional jobs through expansion. A business development strategy utilizes small business assistance centers (or small business development centers as referred to in Indiana), in addition to “technology and business parks, venture financing companies, business information centers, and micro-enterprise centers” (Blakely, 2002).

The human resource strategy concentrates on developing the human capital of a community. As described by Blakely and Bradshaw, “The goal of the human resource approach is to alter the human resource system in a ways that increase opportunities for good jobs for the unemployed and underemployed in the community” (2002). Blakely and Bradshaw’s final approach, the community-based option, “Seeks to promote economic development at the neighborhood level, creating opportunities for people that have been unemployed for long periods of time” (2002).

**Moore et al.’s Eight Strategies**

While Blakely describes four broad approaches to economic development, Moore et al. separates these into eight separate strategies. These include “(1) the coordination of economic development programs and support, (2) business development, (3)
development incentives and financing, (4) business attraction and retention, (5) workforce education and training, (6) land supply, (7) infrastructure, and (8) quality-of-life” (Moore et al., 2006).

Communities may focus on one or more economic development strategy, depending on the local climate, needs, and desired outcomes. However, it is important that communities be sensitive to their organizational and fiscal capacities when selecting strategies (INDOT, 2007). Strategies selected form the basis for specific goals, objectives, and action steps (INDOT, 2008).

5.4 Goals

Goals in an economic development plan should be directly tied to the findings in the community assessment. In addition, goals should stem from the vision statement and address “specific outcomes the community seeks to achieve” (Goga et al., 2006). While goals may be somewhat general, they should be “much more descriptive and concrete than the vision statement” (Goga et al., 2006). Examples of economic development goals may include “a diversified local economy” or “retention of key employers” (HUD, n.d.). Goga et al. suggest that to be manageable, the number of goals set should not exceed six (2006).

5.5 Objectives

While goals are more descriptive and concrete than the economic development vision, objectives should be even more descriptive and concrete than goals. To be effective, objectives should be time-bound and measurable (Goga et al., 2006). Furthermore, Goga et al. reinforce that when developing objectives, communities should
“capitalize on their strengths, overcome weaknesses, exploit opportunities, and deal with threats identified during the local economy assessment” (Goga et al., 2006). A recommended framework to utilize when developing concrete objectives is the SMART method. The SMART method suggests that objectives should be specific, measureable, attainable, realist, and time bound.

<table>
<thead>
<tr>
<th>Table 3: SMART Objectives</th>
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<tbody>
<tr>
<td><strong>Specific</strong></td>
</tr>
<tr>
<td><strong>Measurable</strong></td>
</tr>
<tr>
<td><strong>Attainable</strong></td>
</tr>
<tr>
<td><strong>Realistic</strong></td>
</tr>
<tr>
<td><strong>Time Bound</strong></td>
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</table>


Though not technically an economic development plan, *Virginia’s Strategic Plan for Virginia Cooperative Extension* relates to economic development and provides a good example for outlining strategies (focus areas), goals, and objectives. Figure 6 shows Focus Area V, Goal 1, Objectives 1.1 and 1.2 of *Virginia’s Strategic Plan for Virginia Cooperative Extension.*
After the necessary components of the plan are completed, all discussions, findings, and results should be compiled as a single document. This “signifies that the plan is complete and therefore should be viewed as a guiding document” (INDOT, 2008). Copies should be made available to all relevant entities and interested community members.

### 5.6 Plan Implementation

A successful economic development plan should include an implementation or action plan. The implementation/action plan should establish short-term and long-term priorities and outline action steps needed to accomplish goals and objectives. It is important to establish both short-term and long-term goals, so that projects completed early on can act as “early-wins” with visible and tangible impacts (Goga et al., 2006). Early-wins help to ensure continued support from stakeholders during the implementation process.

**Focus Area V: Cultivating Community Resiliency and Capacity**

**Goal 1: Assist communities in developing and strengthening local economies through entrepreneurship and small business development**

**Objective 1.1:** Educate Virginia entrepreneurs and community planners on local/community food systems and the connections between agriculture, nutrition, tourism, culture, and the impact on local economic and quality of life

**Objective 1.2:** Increase the capacity of entrepreneurs to identify, develop, and sustain business enterprises.

**Figure 6:** Focus Area V, Goal 1, Objectives 1.1 and 1.2 of the *Virginia Cooperative Extension Strategic Plan*

**Source:** *Virginia’s Strategic Plan for Virginia Cooperative Extension;* Accessed March 2013 from [http://www.ext.vt.edu/strategicplanning/goals-objectives.pdf](http://www.ext.vt.edu/strategicplanning/goals-objectives.pdf)
According to Goga et al., a basic action plan should include “project objectives, project inputs, a list of actions, project outputs, project outcomes, projects impacts, and project management” (Goga et al., 2006). The essential components of an action plan and a description of each can be found in the Table 4: Basic Elements of an Action Plan.

<table>
<thead>
<tr>
<th>Table 4: Basic Elements of an Action Plan</th>
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<tbody>
<tr>
<td><strong>Project Objectives</strong></td>
</tr>
<tr>
<td>Each project should have clear objectives that meet program goals.</td>
</tr>
<tr>
<td><strong>Project Inputs</strong></td>
</tr>
<tr>
<td>The necessary resources needed to implement the project, e.g. capital and revenue costs, human resource inputs and capabilities, other inputs such as land and buildings.</td>
</tr>
<tr>
<td><strong>List of Actions</strong></td>
</tr>
<tr>
<td>A summary of the main actions to be undertaken in each project</td>
</tr>
<tr>
<td><strong>Project Output</strong></td>
</tr>
<tr>
<td>The direct result from the project (i.e. construction of a business incubator)</td>
</tr>
<tr>
<td><strong>Project Outcomes</strong></td>
</tr>
<tr>
<td>These are direct results from the outputs, e.g. an outcome of the building of a business incubator could be that four new businesses be established there.</td>
</tr>
<tr>
<td><strong>Project Impacts</strong></td>
</tr>
<tr>
<td>Impacts are associated with a strategy’s goals, and the broader effect of a project over time, even after the project is completed, e.g., the development of a specific industry cluster based on the innovation center.</td>
</tr>
<tr>
<td><strong>Project Management</strong></td>
</tr>
<tr>
<td>Who will take financial and management responsibility for the project (internal to the municipality or external)? Legitimate institutional mechanisms need to be in place or envisaged as part of the plan.</td>
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</table>


Assigning specific responsibilities to individual people and organizations is a key element in the successful implementation of an economic development plan. INDOT emphasizes that establishing deadlines, timeframes, and accountability helps to “push project objectives along instead of allowing the plan to sit on the shelf” (2008).

The City of Peoria, Arizona’s Economic Development Implementation Strategy provides an excellent example of how an implementation plan should be organized. For each of the eleven initiatives, the plan identifies related goals, background information,
major action steps, a schedule, a responsible party (primary and support), resources needed (funding and other), performance measures, and a timeframe (Wadley-Donovan Group, 2010). Table 5: Initiative 4 Business Assistance Program shows selected content from the plan.

<table>
<thead>
<tr>
<th><strong>Table 5: Initiative #4 Business Assistance Program</strong></th>
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<tr>
<td><strong>Related Goals Primary</strong></td>
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<tr>
<td><strong>Related Goals Secondary</strong></td>
</tr>
<tr>
<td><strong>Background Information</strong></td>
</tr>
<tr>
<td><strong>Action Steps and Schedule:</strong> Existing Business Contact Program (8 total, 1 example shown)</td>
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<tr>
<td><strong>Action Steps and Schedule:</strong> Rapid Response Team (5 total, 1 example shown)</td>
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<td><strong>Responsibility (Primary)</strong></td>
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<td><strong>Responsibility (Support)</strong></td>
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<td><strong>Resources (Funding)</strong></td>
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<tr>
<td><strong>Resources (Other)</strong></td>
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<tr>
<td><strong>Performance Measures</strong></td>
</tr>
<tr>
<td><strong>Timeframe</strong></td>
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</tbody>
</table>

The implementation of an economic development plan requires discipline; however, organizations should not be too narrow or detailed. INDOT emphasizes that, as issues change, the original recommendations in the plan may become obsolete (2008). Conversely, organizations should not be “afraid to dream of higher goals and possibilities,” yet at the same time, “remain grounded” (INDOT, 2008). In terms of a timeframe for implementation, Goga et al. suggests approximately three to eight years for most strategic economic development plans (2006). Finally, during the implementation phase, the city, town, or agency should “remind the community of the mission and vision frequently through meetings, mailings, and press so as not to lose focus” (Goga et al., 2006).

5.7 Monitoring & Evaluating Progress

Documenting, monitoring, and evaluating progress are essential to implementing an economic development plan. Progress made on the plan should be monitored against the established goals, starting at the beginning of the program and at each benchmark or new phase of the plan. INDOT suggests that communities establish periodic “stepping stones” or evaluation points at which to measure progress and success. To monitor progress, indicators should be defined at each project level to “measure outputs, outcomes, and impact for each project” (Goga et al., 2006). According to Goga et al., it is important that objectives are clearly defined, as “good monitoring and evaluation cannot occur unless there has been good project design where clear statements of measurable objectives exist” (Goga et al., 2006).
According to Goga et al., indicators of performance can be both quantitative and qualitative (Goga et al., 2006). Quantitative indicators may include numbers and percentages; qualitative measures may focus on the quality of result (Goga et al., 2006). The Town of Prescott Valley, Arizona’s Focus on Success: Strategic Economic Development Plan provides examples of both qualitative and quantitative benchmark indicators (shown in Figures 7 and 8).

As new data becomes available during the implementation process, communities should “reconsider the appropriateness of previously established goals and action steps” (INDOT, 2007). As described by INDOT, “a strategic economic development plan should not be a static document” (INDOT, 2007). It should be constantly evaluated and updated to remain current and relevant.

Goga et al. suggest that communities involve the public and any relevant stakeholders during the implementation process as well. According to Goga et al., the municipality, steering committee, and the public should be involved in reviewing and assessing the implementation and progress of the plan. Surveys and focus groups can be

**Figure 7:** Quantitative Performance Indicator; Number of businesses contacted and hits to Prescott Valley’s website

**Source:** Town of Prescott Valley Focus on Success Strategic Economic Development Plan; Accessed March 2013, http://www.pvaz.net/Index.aspx?page=60

**Figure 8:** Qualitative Performance Indicator

**Source:** Town of Prescott Valley Focus on Success Strategic Economic Development Plan; Accessed March 2013, http://www.pvaz.net/Index.aspx?page=60
used to obtain valuable information regarding public opinion on the outcomes of the plan (Goga et al., 2006).

5.8 Conclusion

Strategic planning is an important component of preparing an economic development plan. Conformance with the Comprehensive Plan ensures consistency among other city plans and that the greater vision and goals of the city are incorporated into the economic development plan. Developing a vision, strategies, goals, and objectives helps set direction, as well as short-term and long-term priorities. Involving the public and other relevant entities in the development and implementation of the plan ensures buy-in and support. Monitoring progress and evaluating results against expected outcomes helps the organization to stay on track and adjust the plan as necessary to remain relevant and effective.
**Conclusion**

A proactive approach to economic development through the preparation and implementation of a strategic plan can help communities to select strategies and areas focus based on individual needs and priorities. As described by INDOT, “The preparation and use of a strategic economic development plan ensures that investments in economic development efforts use local resources effectively and efficiently” (INDOT, 2007). This ensures that valuable resources, like staff time and funding, are spent in a focused, strategic approach.

The community assessment, discussed in Chapter 1, provides a vital foundation for subsequent planning efforts. Using relevant and timely data, communities can document current conditions, evaluate their economic strengths and weaknesses, and put their community in a regional, state, and national context. The community assessment provides the foundation for the development of a vision, strategies, goals, and objectives.

Ensuring cooperation among all relevant stakeholders and entities is a critical piece of developing and successfully implementing an economic development plan. Support and buy-in from the community, the chamber of commerce, regional economic development organizations, the local business community, and nonprofits is essential for the implementation of the plan. To get all relevant entities on board and ensure buy-in, it is important that each organization be involved in the planning process.
There are many possible components of an economic development plan. Core components of an economic development program may include business retention and expansion, business attraction, and small business development and entrepreneurship. Other communities may focus on areas that are not traditionally classified as economic development, but still impact economic development. Examples of these may include workforce development, improving the quality-of-life in a community, infrastructure, technology, brownfield remediation, and tourism. One community may focus on direct economic development activities, while another may prioritize indirect functions. Others may include elements of both in their overall strategy. Communities should select areas of focus based on local individual characteristics, priorities, and goals.

Communities in Indiana also have a number of financing tools, incentives, and programs that can be used to stimulate economic development. Financial incentives, such as tax abatement, can be used to attract new businesses to a community. TIF funds can be used to eliminate barriers to development, priming an area for private investment. In addition to local incentives, there are a number of state sponsored economic development incentives and programs available to communities through Indiana Economic Development Corporation (IEDC).

When developing a strategy to undertake economic development activities, a community should use the strategic planning method, developing an economic development vision, strategies, goals, and objectives. Community members and all relevant stakeholders should be invited and encouraged to participate in the planning process. The inclusion of all relevant entities ensures buy-in and support for the plan in both the short-term and long-term.
The material generated during the strategic planning process should be integrated into an implementation plan, which delineates action steps needed to accomplish short-term and long-term strategies, goals, and objectives. Progress made on the plan should be consistently monitored and evaluated. Finally, during the strategic planning process, it is important to review the community’s Comprehensive Plan and any other relevant city plans. Review of existing plans ensures consistency with the city’s overall vision and goals, and ensures that previous planning efforts are incorporated into the economic development strategic plan.
Bibliography


Appendix A: Indiana LEDOs

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<td>mcedc.org</td>
</tr>
<tr>
<td>Monongahela</td>
<td>Monongahela County Economic Development Corporation</td>
<td></td>
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<tr>
<td>Newton</td>
<td>Newton County Economic Development</td>
<td>Jennifer Whelley</td>
<td>219.285.0653</td>
<td>newtoncountyin.com</td>
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<tr>
<td>Noble</td>
<td>Noble County Economic Development</td>
<td>Rick Scherck</td>
<td>502.363.3800</td>
<td>noblecountychamber.com</td>
</tr>
<tr>
<td>Ohio</td>
<td>Rising Sun/Ohio County Economic Development Corporation</td>
<td>Lance Skelton</td>
<td>812.438.4654</td>
<td>risingsunworks.com</td>
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<tr>
<td>Orange</td>
<td>Orange County Economic Development Partnership</td>
<td>Judy Gray</td>
<td>812.273.3388</td>
<td>ocedc.org</td>
</tr>
<tr>
<td>Owen</td>
<td>Owen County Chamber of Commerce &amp; Economic Development Corporation</td>
<td>Denise Shaw</td>
<td>812.829.3745</td>
<td>owencountychamber.org</td>
</tr>
<tr>
<td>Putnam</td>
<td>Putnam County Economic Development</td>
<td>Alan Arden</td>
<td>765.361.3643</td>
<td>putnacountychamber.com/about_us</td>
</tr>
<tr>
<td>Pike</td>
<td>Pike County Development Corporation</td>
<td>Cheryl Witt</td>
<td>812.547.6277</td>
<td>pikecounty.org</td>
</tr>
<tr>
<td>Pike</td>
<td>Pike County Growth Council</td>
<td>Paul Lake</td>
<td>813.336.5971</td>
<td>pikecountyin.org</td>
</tr>
</tbody>
</table>

**Source:** Indiana Economic Development Corporation (IEDC)


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Appendix B: Certified Technology Parks in Indiana

1. ANDERSON
Flagship Enterprise Center
765.625.0400
ceo@flagshipenterprise.org
FlagshipEnterprise.org

2. BLOOMINGTON
Bloomington Technology Park
Doreen A. Austin
812.333.3477
dlaud@bloomington.in.gov

3. COLUMBUS
InfoTech Park
Jason Hester
812.237.7200
jhester@columbusind.org
ColumbusIN.org

4. CROWN POINT
Purdue Technology Center
Northwest Indiana
Gregory Deason
VP, Research Park Development
765.868.3383
gwdason@pfr.org
John Hanak
Director, Purdue Technology Centers
317.614.0790
jhanak@pfr.org
PurdueResearchPark.com

5. EVANSVILLE
Innovation Pointe
Debbie Dewey
812.401.4243
debbye@evansvillegage.com
EvansvilleGage.com/Innovation

6. INDIANAPOLIS
Downtown Indianapolis Certified Technology Park
Indiana University Emerging Technologies Center
317.278.4100
luneo@indiana.edu
iuetc.org

9. INDIANAPOLIS
Indiana Park
Jodi Hogan
317.574.3044
jhogon@auth.net
iTechPark.com

10. INDIANAPOLIS
Purdue Research Park of Indianapolis
Armitage-Indianapolis
Jim Sartek
317.514.0792
PurdueResearchPark.com/Indianapolis
John Hanak
Director, Purdue Technology Centers
317.614.0790
jhanak@pfr.org

11. JEFFERSONVILLE
Northpoint Technology Center
Barry Caniff
812.283.9049
dcaniff@cityofjeff.net

12. KOKOMO
Inventek Technology Park
Director, Jan Hendrix
765.457.2000
GreaterKokomo.com

13. MUNCIE
Innovation Connector
Tad Richter
765.281.4900
TadRichter@InnovationConnector.com
InnovationConnector.com

14. RICHMOND
Richmond Certified Technology Park
Uptown Innovation Connector
765.962.8151

Source: Indiana Economic Development Corporation (IEDC)