



IEDC BOARD OF DIRECTORS

12.11.2013



SUMMARY REPORT OF RESEARCH FINDINGS

RESEARCH FOCUSES

- ▶ **Two reports completed and released**
 - “A Study of the Efficiency, Effectiveness and Regional Equity of the IEDC”
 - “An Analysis of State and Local Tax Incentives in Indiana”
- ▶ **Third report in progress**
 - “Key Economic Sectors in Indiana”
- ▶ **Spin-off report**
 - “Local Tax Abatement in Indiana”



*Center For Business And Economic Research
Presented by Dagney Faulk, PhD
Director of Research*

SUMMARY REPORT OF RESEARCH FINDINGS

OBJECTIVES & FINDINGS

▶ Study of Efficiency, Effectiveness and Regional Equity

- Compared programs, incentives and activities performed by IEDC with similar agencies in competing states
 - Findings:
 - Public-private partnership model
 - Focused set of services
 - Increasing number of jobs associated with IEDC project



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SUMMARY REPORT OF RESEARCH FINDINGS

OBJECTIVES & FINDINGS

▶ Study of Efficiency, Effectiveness and Regional Equity (*continued*)

- Analyzed effects of economic development spending on job creation and business investment measures
 - Findings:
 - Positive effects of business finance, business attraction and domestic recruitment expenditures on investment or jobs growth
 - International trade offices are correlated with greater exports
 - No statistically identifiable effect from business assistance, workforce development, technology transfer or film business support
- Examined the geographic distribution of IEDC projects in Indiana
 - Findings:
 - IEDC projects are equitably distributed



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SUMMARY REPORT OF RESEARCH FINDINGS

RECOMMENDATIONS

- ▶ **Study of Efficiency, Effectiveness and Regional Equity (*continued*)**
 - Continued evaluation of the scope of the public-private partnership
 - Continued review of performance-related data
 - Review geography of regional IEDC offices
 - Create an advisory/ombudsman function
 - Continue to improve website offerings
 - Allocate assistance for EB-5 applications
 - Increase economic policy focus in state through the Secretary of Commerce
 - Review areas of expenditures



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SUMMARY REPORT OF RESEARCH FINDINGS

OBJECTIVES & FINDINGS

► Analysis of State and Local Tax Incentives in Indiana

- Examined the type, scale and effectiveness of state and local economic development incentives
 - Findings:
 - One new job is created for each \$6,000 to \$8,000 in state and local incentives offered through IEDC
 - No impact on earnings
 - Job creation through EDGE credits ranges from 5.3 to 6.1 jobs per \$1000 of incentive
 - Regional Development Authorities matter.
 - \$1 million in abated property value is associated with 7 to 8 new jobs over 10 years



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SUMMARY REPORT OF RESEARCH FINDINGS

RECOMMENDATIONS

- ▶ **Analysis of State and Local Tax Incentives in Indiana** (*continued*)
 - Promote creation of Regional Development Authorities covering all counties
 - Continue with EDGE as currently designed
 - Monitor HBI and SEF
 - Review of state-enabling legislation on local tax abatement



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GOOD TO GREAT PLAN

HUNT

► *Mid-Cap Strategy Update

- 94 companies (51% towards goal)
- 53 counties (57% towards goal)
- 38 roundtables
- 33 mayors
- 25,000 miles traveled
- 21 of 94 companies are considering acquisition as a means of growth
- 14 companies are actively pursuing acquisitions
- 7 new projects as a result of company meetings



GOOD TO GREAT PLAN

HUNT

► Brand



A STATE THAT WORKS

GOOD TO GREAT PLAN

HUNT

► Brand



GOOD TO GREAT PLAN

HUMAN CAPITAL

► Talent Recruitment & Retention

- Press rollout in November highlighted IndyXpat and IndyXtern.
- **IndyXpat** is an events and communications program targeted to 24-40 year old expatriates and out-of-towners with tech-related, executive, sales, marketing and start-up skills.
 - The first event will be IndyXmas, held in late December. It will showcase what tech companies and high-tech jobs Indianapolis has to offer.

“Companies in the Indianapolis area have posted more than 9,000 technology-related jobs so far in 2013 alone. TechPoint surveyed area tech companies and found that 83 percent of them find hiring to be a challenge with 54 percent finding competition for tech talent in Indianapolis to be at a very high level. Executives at area growth companies continue to tell me that one of their critical needs and areas where TechPoint can help most is recruiting skilled talent.”

- Mike Langellier, president and CEO, TechPoint



www.indyx.org

GOOD TO GREAT PLAN

HUMAN CAPITAL

► Talent Recruitment & Retention

- **IndyXtern** is a "summer in the city" immersive internship program for where tech-skilled college students work for the summer at some of the top tech companies in Indianapolis.
 - Participants will live together, experience the city and advance their careers through exposure to guest speakers, company tours and special projects.
 - Program will launch summer 2014.

"A key component of growing Indiana's economy is connecting skilled Hoosiers to companies in the state's burgeoning tech sector. Tech-focused companies are already choosing Indiana as their home because of the state's strong business environment. With the new programming planned by TechPoint through IndyX, I'm confident that more people with Hoosier connections will choose Indiana as their permanent home as well."

- Eric Doden, president, Indiana Economic Development Corporation



www.indyx.org

GOOD TO GREAT PLAN

PRODUCT DEVELOPMENT

► Mega Sites

- The IEDC is now performing due diligence on 5 potential mega sites.
- An engineering firm is providing cost estimates for intensive site review.
- The IEDC will host an information session with potential candidates to discuss interest in participating in the program.

► Spec Buildings

- There are 9 available spec buildings statewide in IEDC's system, 5 of which were constructed in 2013 and 4 are currently under development.
- Available top-grade product is vital to putting communities on the short list for site selectors.
- Several of these buildings are being financed in partnership with localities to share the upfront risk.

GOOD TO GREAT PLAN

PRODUCT DEVELOPMENT

► Transportation Corridor Linking Economic Engines

- In July, state and local partners announced plans to commit a combined \$22.5 million to complete the transportation corridor between the River Ridge Commerce Center and the Port of Indiana – Jeffersonville.
- IEDC continues to work with INDOT and local authorities to move this project forward and increase transportation connectivity for River Ridge (a vital mega site).
- The project is currently in final stages of approval to construct a heavy haul road from River Ridge to the Port, providing much needed access for raw materials.

"Indiana has distinct advantages in location, infrastructure, economy, tax structure and regulation environment. By leveraging a critical asset in the southeast corner of our state, logistically speaking, this commitment will keep Indiana moving in the right direction as a state that works for business."

- Governor Mike Pence



Governor Mike Pence announced funds secured for the transportation corridor in New Albany on July 12th.

GOOD TO GREAT PLAN

INTERNATIONAL

▶ 2013 Project Results

- 12% of all IEDC projects (9 attractions and 20 expansions)
- 12% of all IEDC new job commitments (2,417 projected new jobs)
- 30% of all IEDC new capital investment (\$870 million)

▶ Hosted EU Ambassador Joao Vale de Almeida in November.

▶ 2013 Overseas Jobs and Economic Development Missions

- February: Turkey
- April: Germany
- June: Italy
- September: Governor's inaugural trip to Japan
- October: Germany
- November: Japan



EU Ambassador Vale de Almeida discusses ways to strengthen Indiana's ties to Europe with Secretary of Commerce Victor Smith and other state officials.

GOOD TO GREAT PLAN

INTERNATIONAL

► Office Updates

- Japan office moving from Nagoya to Tokyo
- UK office closed in September

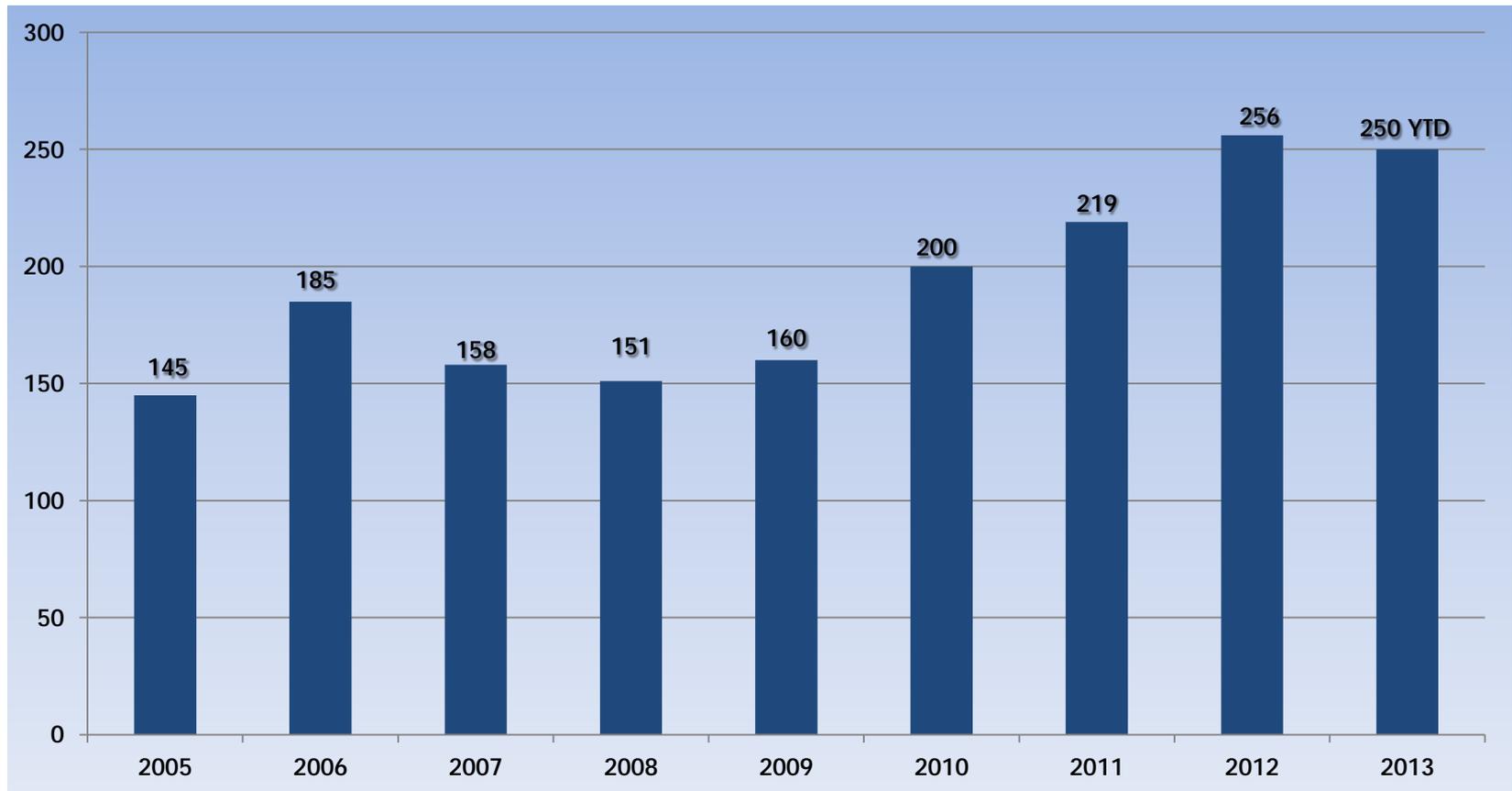
► 3 New Team Members

- Special advisor for Asia
- Senior project manager and counsel
- Northern Italy project manager



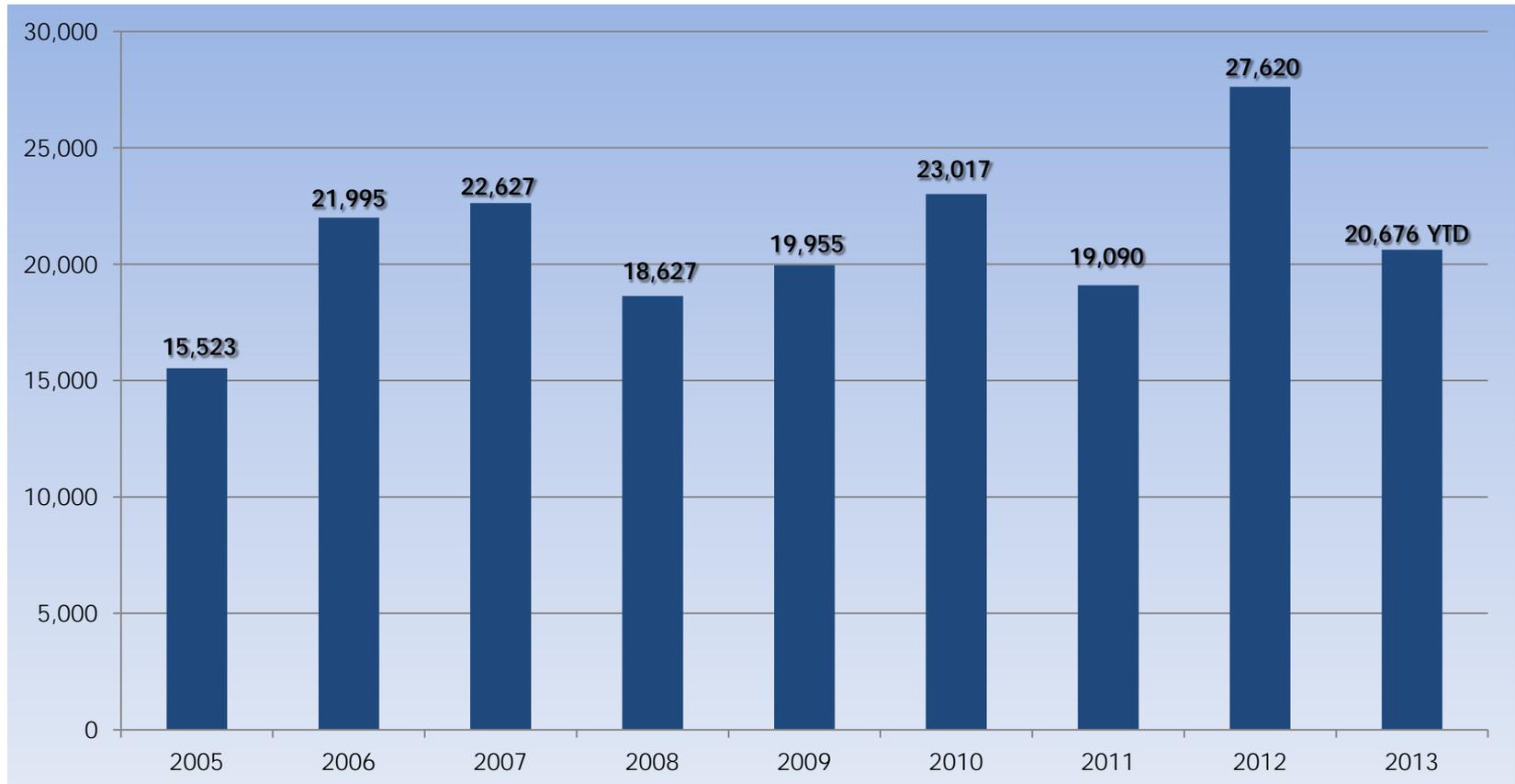
The IEDC has four international offices overseas.

TOTAL COMPETITIVE PROJECTS



YTD as of 12.11.13

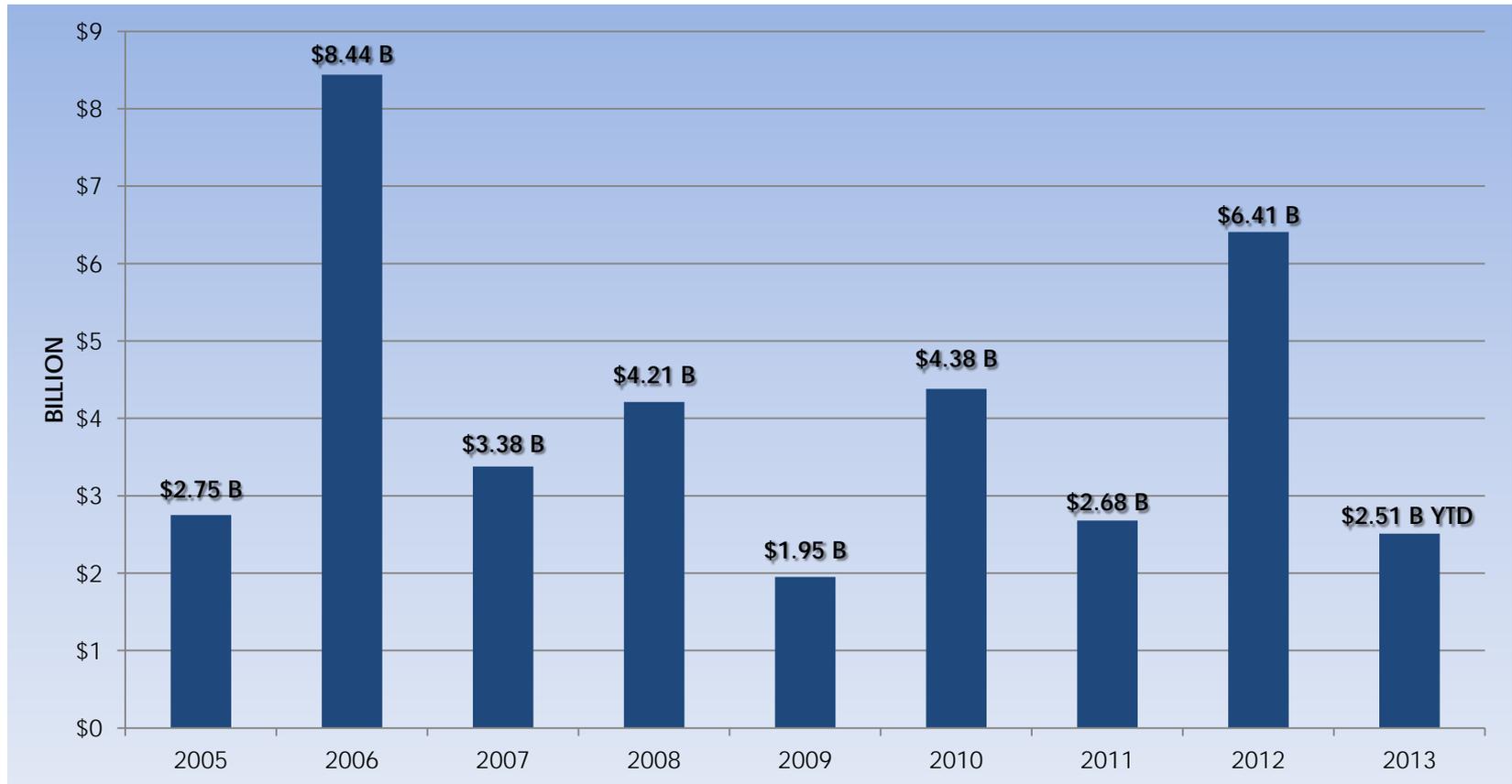
PRIVATE SECTOR JOB PROJECTIONS



Companies reported 91.8% job realization rate from 2005-2012, according to 2013 Crowe Horwath, LLC independent review.

YTD as of 12.11.13

PRIVATE SECTOR INVESTMENT PROJECTIONS



YTD as of 12.11.13

ROADMAP: JOBS FIRST



TOYOTA MATERIAL HANDLING, COLUMBUS



ALLEGION, CARMEL



WAYZATA, CONNERSVILLE



LIPPERT, ELKHART



LAND O'FROST, MUNSTER



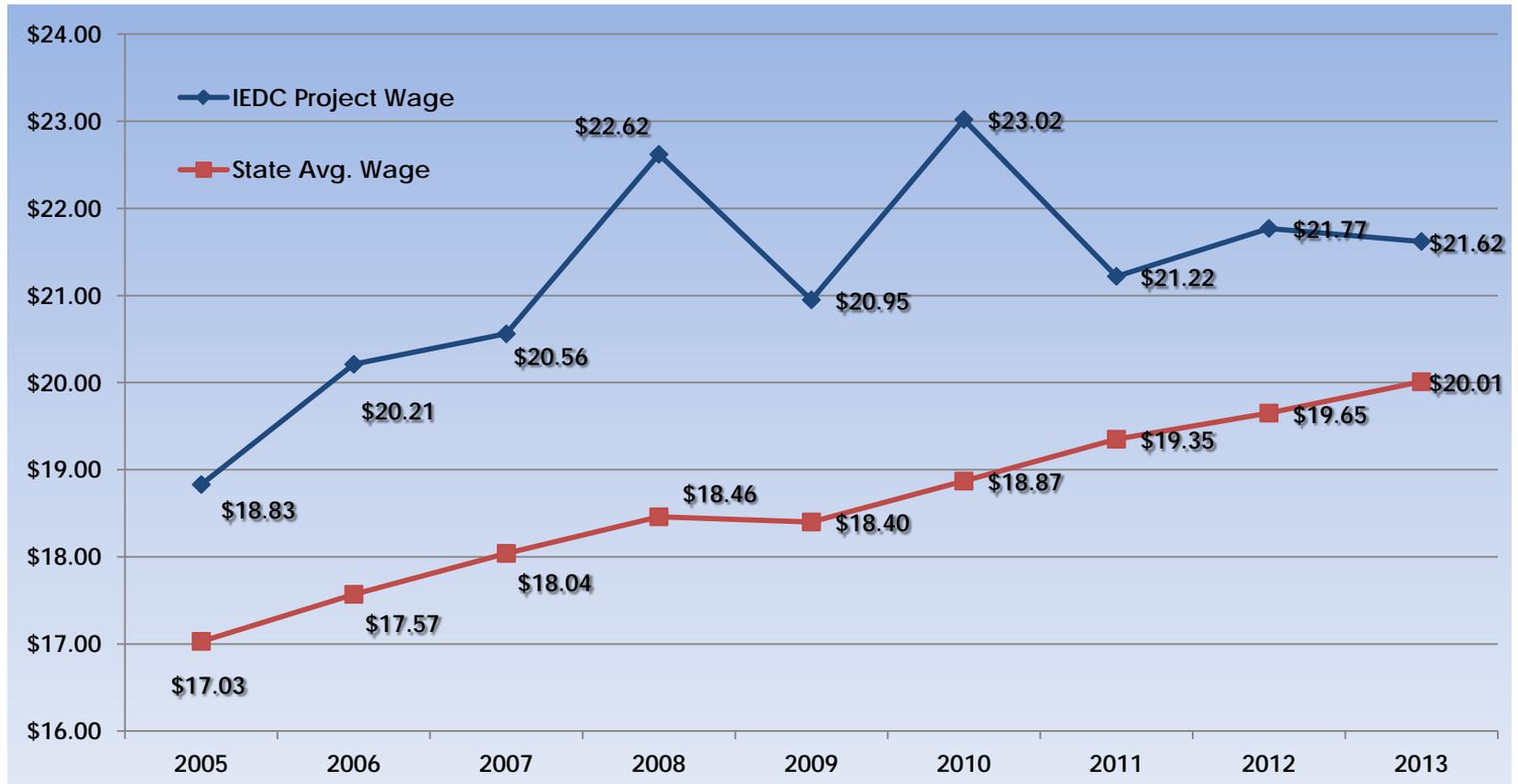
CATAMARAN, JEFFERSONVILLE



WIN ANALYSIS

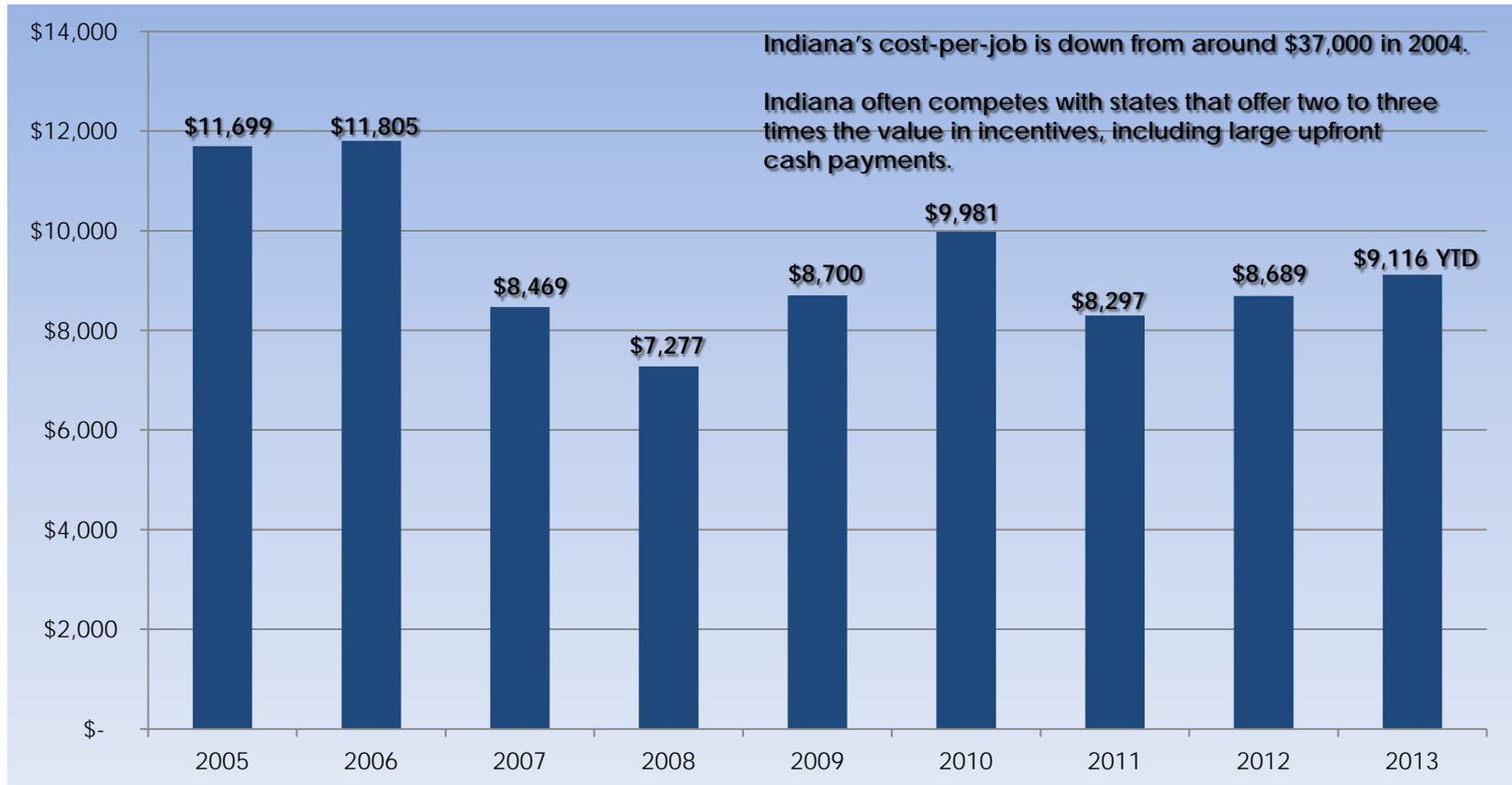
| | 2007 | 2010 | 2011 | 2012 | Dec.10, 2013 |
|----------------------------------|--------------|--------------|--------------|--------------|---------------------|
| Job Projections Per Project | 143 | 115 | 87.1 | 92.4 | 83 |
| Projected Investment Per Project | \$21,392,905 | \$21,914,019 | \$12,244,882 | \$13,797,234 | \$10,093,749 |

HOOSIER AVERAGE WAGE



YTD as of 12.11.13

CONDITIONAL INCENTIVES PER JOB

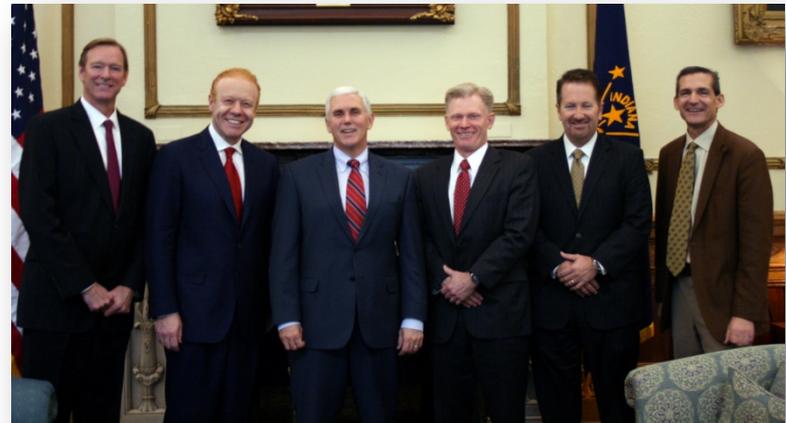


YTD as of 12.11.13

PROJECT WIN REPORT

PRATT PAPER, VALPARAISO

- ▶ Georgia-based Pratt Paper is a paper and packing company.
- ▶ The company will construct a 100 percent recycled paper facility adjacent to its existing box-making plant in Valparaiso.
- ▶ Pratt currently employs more than 320 associates in Valparaiso and more than 4,000 across North America.
- ▶ 137 projected new jobs
- ▶ \$260 million capital investment
- ▶ **Key Deal Factors:** A skilled, reliable workforce was the company's top deciding factor.



Governor Mike Pence met with Anthony Pratt, global chairman of Visy Industries and owner of Pratt Industries, and other Pratt executives in November.

PROJECT WIN REPORT

NEWEGG, *INDIANAPOLIS*

- ▶ Newegg is a California-based electronics-focused e-retailer.
- ▶ The company will locate a distribution center at the AmeriPlex Business Park to serve its Midwest customer base.
- ▶ The company considered existing facilities in Indiana and Illinois for the new warehouse.
- ▶ 150 projected new jobs
- ▶ \$20 million capital investment
- ▶ During the June sales trip to California, IEDC officials and regional partners met with Newegg.
- ▶ **Key Deal Factors:** Cost of doing business, availability of real estate and incentives were the company's top deciding factors.



PROJECT *MID CAP* WIN REPORT

ASH BROKERAGE CORP., *FORT WAYNE*

- ▶ Started in Fort Wayne in 1971, Ash is the nation's largest independently owned and operated wholesale insurance brokerage firm in the country, employing 225 Hoosiers in Fort Wayne and more than 315 associates across the country.
- ▶ Ash plans to construct a new, multi-story headquarters in downtown Fort Wayne.
- ▶ 115 projected new jobs
- ▶ \$19.6 million capital investment
- ▶ **Key Deal Factors:** The company cited the city and state's public/private partnership and ability to attract high-quality talent through the new downtown investment as its top deciding factors.



PROJECT *MID CAP* WIN REPORT

ADKEV, MONTICELLO

- ▶ Founded in Goodland, Ind. in 1987, Adkev is an injection and insert molding manufacturer that today employs 315 full-time Indiana associates.
- ▶ Adkev will expand its Monticello facility by adding manufacturing space and installing new injection molding machines, doubling Adkev's production capacity.
- ▶ 60 projected new jobs
- ▶ \$11 million capital investment
- ▶ **Key Deal Factors:** The company cited proximity to its Goodland headquarters, a highly skilled workforce and local and state support as its top deciding factors.



Governor Mike Pence shakes hands with Adkev employees after joining Adkev executives to announce the company's plans to expand its Monticello operations.

PROJECT LOSS REPORT

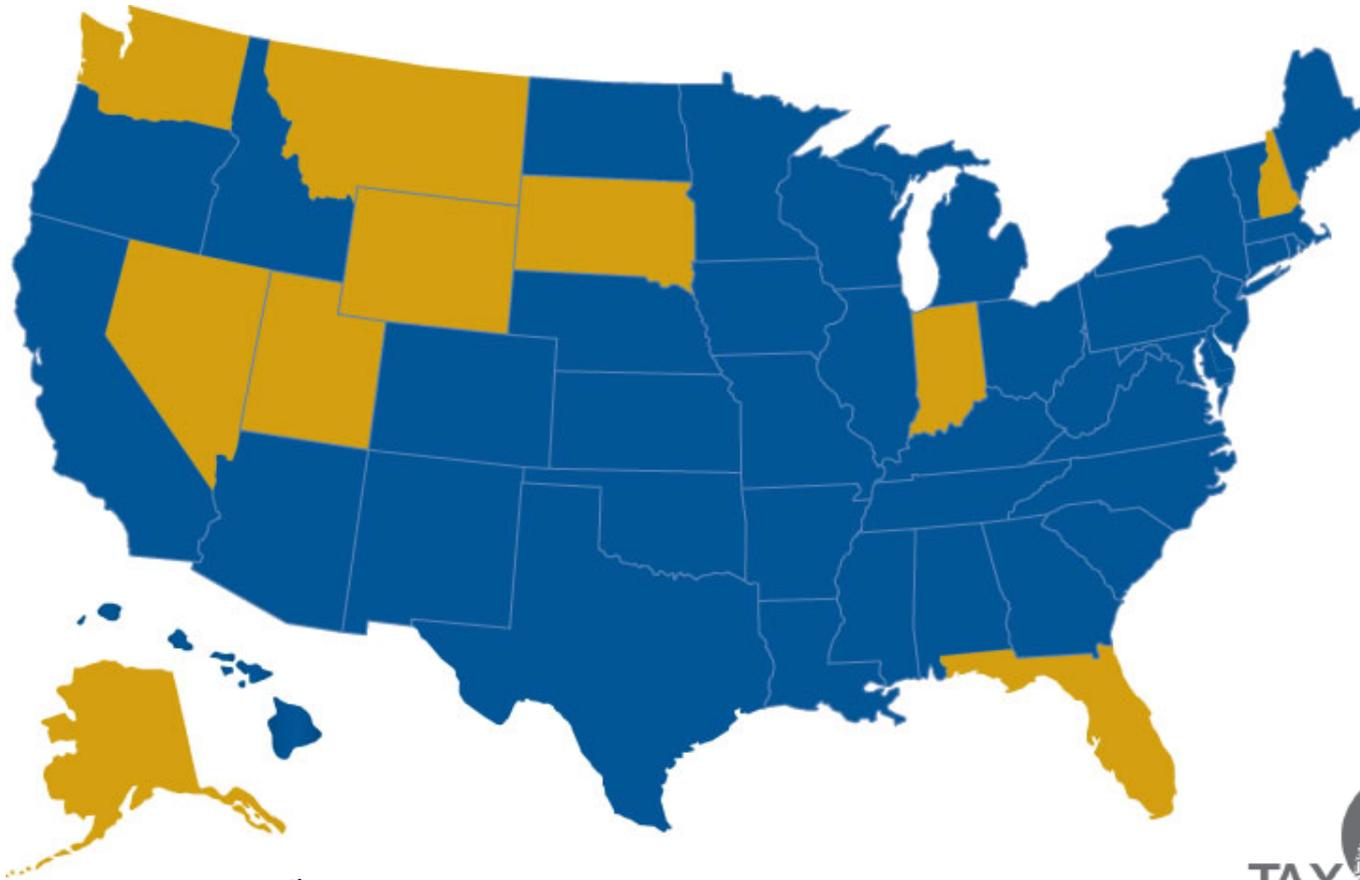
PROJECT GIANT, *FISHERS*

- ▶ An attraction project for a financial services firm's data center that would serve its international network of corporate offices.
- ▶ 10 jobs, with higher than average wages
- ▶ \$30 million in capital investment
- ▶ The company is still considering Chicago, Ill., and Denver, Colo.
- ▶ **Key Deal Factors:** The key driver of the company's decision to eliminate Indiana is the state's sales tax on the purchase of information technology equipment. Both Colorado and Illinois have vehicles to eliminate/offset sales taxes related to the purchase of information technology equipment. The sales tax is a significant impediment for data center projects considering Indiana.

COMPLIANCE REPORT

| | <u>January-November 2013</u> | <u>Number of Companies</u> |
|--|------------------------------|----------------------------|
| Received | \$2,384,220 | 27 |
| <i>Cash</i> | \$542,473 | 11 |
| <i>Forgone credits</i> | \$1,841,747 | 16 |
| Write-offs | \$209,042 | 8 |
| Referral for tax assessment or collection | \$1,373,750 | 5 |
| TOTAL | \$3,967,012 | 40 |
| (projects originating 1994 to present) | | |

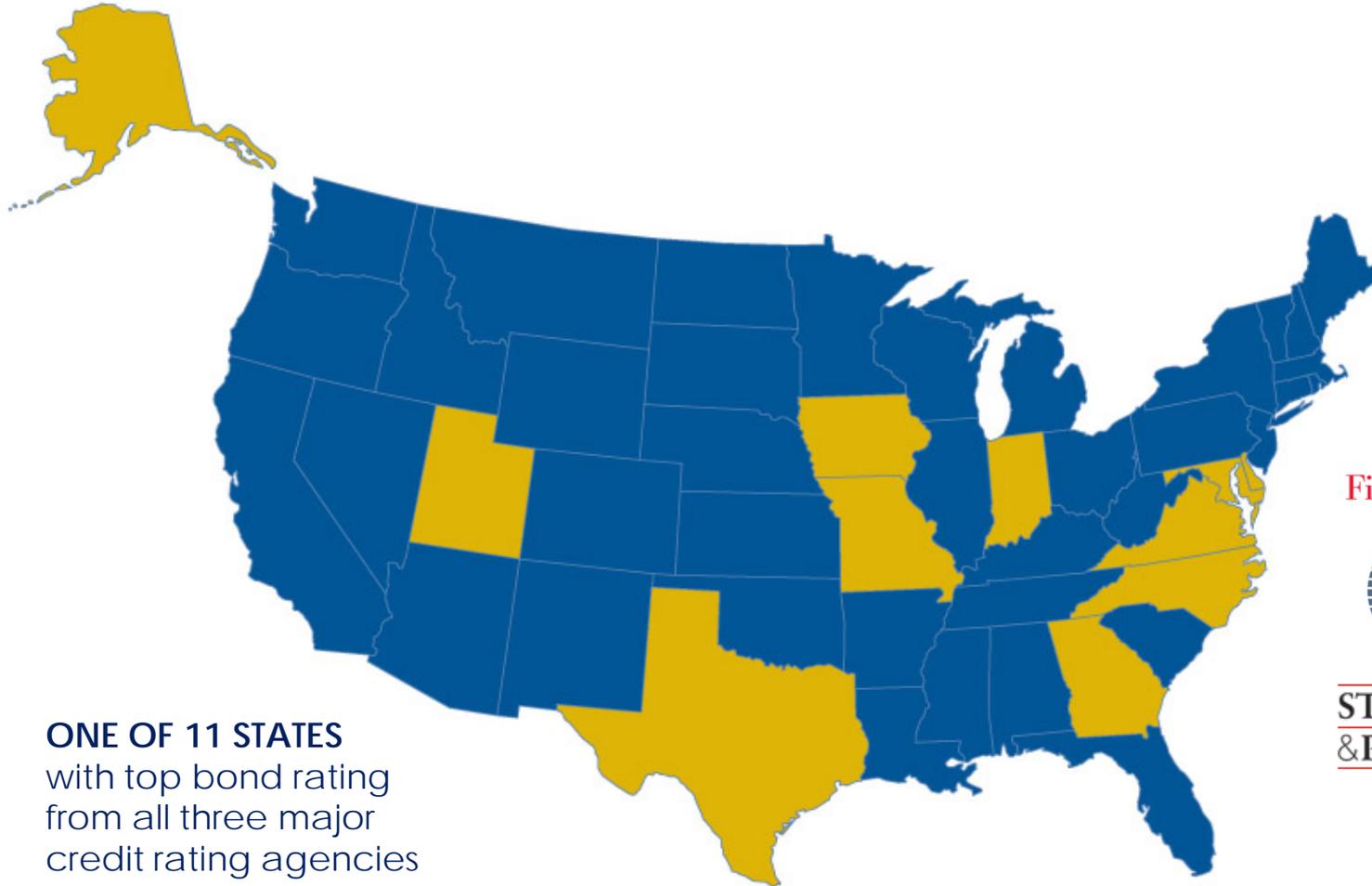
LOWEST TAXES IN THE MIDWEST



Best in the Midwest and 10th Nationally

Illinois (31), Kentucky (27),
Michigan (14), Ohio (39)

INDIANA MAINTAINS AAA BOND RATING



FitchRatings



STANDARD
& POOR'S

ONE OF 11 STATES
with top bond rating
from all three major
credit rating agencies

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