

**PILLAR: COMPETITIVE BUSINESS CLIMATE
 ATTRACT 21ST CENTURY TALENT**

**INCENTIVISE THE BUSINESS
ENHANCE THE EDGE CREDIT**

- The Economic Development for a Growing Economy (EDGE) Tax Credit provides incentives to create jobs, support capital investment and improve the standard of living for Indiana residents
- EDGE is a refundable state income tax credit that is calculated as a percentage (not to exceed 100%) of expected tax withholdings generated from jobs newly created
- An analysis of State Tax Credits undertaken by Ball State University Center for Business and Economic Research determined that “EDGE Credits appear to provide a significant impact with respect to job creation in the places in which these credits have been deployed.”
- Five Counties in Northeast Indiana border Ohio and Michigan are often at a disadvantage in their attempts to use EDGE Credits for competitive projects
- EDG Credits can only be allocated against employees who reside in Indiana
- In many counties of Northeast Indiana workers commute from Ohio and Michigan for employment in Indiana
- Counties that do not border a neighboring state are often able to offer EDGE incentives to employers contemplating expansion into Indiana at a more substantial rate than can the border counties.
- Indiana has tax reciprocity with Ohio and Michigan. Despite this, EDGE Credit calculations cannot include those workers who reside in other states

PROVIDE EDGE CREDITS AS INCENTIVES TO THE BUSINESS

- Allow Indiana employers to utilize EDGE Credits for employees who reside in a state which has an established tax reciprocity with Indiana
- Acknowledge that EDGE Credits provide incentives to an employer to create jobs or to make capital investments
- Permit all the Northeast Indiana Counties to maximize the value of EDGE Credits as incentives for business investment
- Indiana revenues are not adversely impacted due to established reciprocity agreements
- Border communities are better able to compete for some business investments on competitive projects

PILLAR: 21ST CENTURY TALENT

CONTINUED EXPANSION OF EARLY CHILDHOOD DEVELOPMENT

It has been well documented that an earlier start in education for children paves the way for greater learning success in life.

- The Regional Chamber of Northeast Indiana has consistently supported Early Childhood Education, especially for families of low-income households
- The Indiana Legislature established and expanded pre-kindergarten programs for lower income families
- It is widely agreed that poverty is intergenerational, it is passed from one generation to another much in the same way that wealth is intergenerational
- Families mired in poverty cost state and local taxpayers significant sums of money as long as individuals and families are dependent upon public assistance for even the basics of life
- Poverty is a long-term problem and it requires long term solutions
- The Jim Clifton book, "The Coming Jobs War" details the loss of hope as a key indicator of students failing and subsequently dropping out of school
- One key to moving families and individuals from poverty to self-sufficiency is to motivate them through training educational accomplishment
- Investments made early in life do establish a learning norm and to reverse generations of poverty and the need for public assistance
- Ultimately, investments today translate into future savings
- During this time of economic growth, the State would be wise to invest in additional Early Childhood Education for low income families

Regional Chamber Proposal:

- Encourage and support expansion of state support for Early Childhood Education

PILLAR: COMPETITIVE BUSINESS CLIMATE

FINANCING FLEXIBILITY FOR LOCAL UNITS OF GOVERNMENT

During the past several years a new consensus regarding the importance of communities investing in quality of place and quality of life to attract 21st Century Talent and to transform local, regional, and the state economy into a 21st Century, knowledge-based model.

- A lengthy study by the Indiana University Public Policy Institute entitled “Thriving Communities, Thriving State” examined changing state demographics and the economic realities of urban, mid-sized, and rural communities
- This study also provided a clearer view of the path forward for all Hoosier leaders and communities
- The Ball State University, Indiana Communities Institute “Primacy of Place” study established the “single most important element in strengthening local economies is the ability to attract and retain talented individuals” and how this requires “Not only good jobs and schools, but also attention to the quality of life in individual communities”
- The Indiana Office of Community and Rural Affairs working with the Purdue Center for Regional Development determined five Community Vitality Indicators that demonstrate the need for local governments to invest in quality of place projects to grow rural and mixed urban-rural counties
- The constitutional amendment that established property tax caps severely limit a local unit of government’s ability to invest to encourage and support quality of place projects designed to attract and retain 21st Century Talent
- The Legislature recognized the stress that local units of government incur as they try to invest in quality of place projects while providing services and it expanded the uses of income taxes for these purposes
- The conundrum is how local elected officials can make quality of place investments, intended to encourage population growth, without the flexibility or the tools with which it can make these investments
- The Regional Chamber of Northeast Indiana recognizes the inability of many of our local communities to make the investments required to make them more attractive to the workforce required by our existing businesses and the supply chain of these businesses
- The legislative agenda of The Regional Chamber of Northeast Indiana includes various proposals, such as authorizing each of the eleven counties of the Northeast Indiana Region to adopt a Food and Beverage Tax to generate through which our member communities might access to make critical quality of place investments; and establishing Housing Tax Increment Financing to encourage development of Attainable Workforce Housing

Regional Chamber Proposal

- The state should empower local officials to be creative in their approach to quality of place investments
- Provide the flexibility for communities to choose to fund strategic investments through bonding of local income taxes, or property taxes



PILLAR: ATTRACT & RETAIN 21ST CENTURY TALENT

HATE CRIME LEGISLATION

To date 45 states and the District of Columbia have passed Hate Crime Laws. The exceptions are Arkansas, Georgia (whose hate crime statute was struck down by the Georgia Supreme Court in 2004), Indiana, South Carolina, and Wyoming. State Hate Crime Laws impose tougher penalties upon criminals who target victims due to race, religion, ethnicity, sexual orientation, gender identity, or disability. Hate Crime Legislation is important to economic development because companies are contemplating this issue prior to making decisions upon where to invest capitol. The concern is the ability to hire staff with 21st Century skills.

Unfortunately, in the recent past Indiana has had a few instances of widely reported crimes against either people or property that would be classed as hate crimes in the remaining states. This can establish a disadvantage for Indiana and our businesses in competitive situations as we strive to attract and diversify commerce and industry within the state.

Many of Indiana's largest businesses, the State Chamber of Commerce, other trade associations, and site selectors (such as Ginovus) are encouraging passage of a State Hate Crimes law.

The Regional Chamber supports the passage of State Hate Crime Legislation or authorization for Indiana's cities and counties to adopt their own version of Hate Crime legislation.

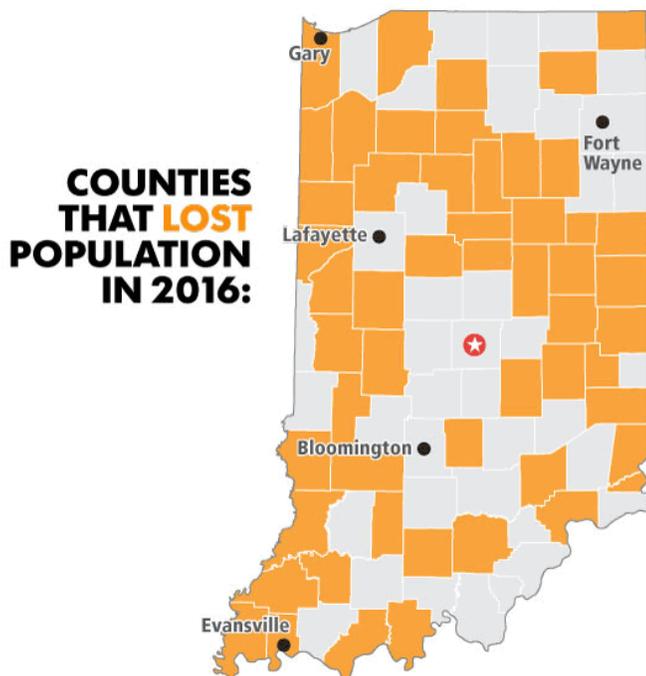
Policy Priority: Reinvesting in Rural Indiana

PILLAR: Competitive Business Climate

Rural communities across the nation, and specifically those across Indiana, have seen an outward migration of people to larger metropolitan areas. Communities throughout Indiana have had to re-invent themselves over time to adjust to a changing economy, specifically smaller communities that have seen larger employers close. Those smaller communities are disadvantaged as they compete against their larger counterparts for investment and talent attraction.

Indiana Challenges:

- Nearly half of Indiana's communities saw population decline in 2017, with the majority of growth seen in the counties surrounding Indianapolis¹
- 85% of Mayors recently responded to a survey that attracting millennials (age 20 to 30) was a top priority of their administration²
- 70% of young college graduates decide where to locate based on quality of life factors. Urban life and city amenities influence their choice of city more than economic conditions³
- Larger communities in Indiana have more access to economic development tools such as Certified Technology Parks, Community Revitalization Enhancement Districts, etc.



¹ <https://news.iu.edu/stories/2018/03/iub/releases/22-indiana-communities-saw-population-growth.html>

² <https://www.politico.com/magazine/story/2017/10/30/mayors-poll-millennials-cities-urban-policy-215765>

³ <https://www.aier.org/research/what-are-best-job-destinations-college-grads>



Policy Priority: Reinvesting in Rural Indiana

PILLAR: *Competitive Business Climate*

Regional Chamber Proposal: Heritage Commerce Districts

1.) Identify eligible communities:

- ✔ City or Town with a population less than 25,000 people
- ✔ The municipality has been designated an Indiana Main Street Program Area for the two previous years

2.) Provide funding

- ✔ \$10 million state funding per fiscal year through a budget appropriation
- ✔ \$500,000 capped grants for eligible communities
- ✔ Recipient communities must match state funds
- ✔ The Program will be administered by the Office of Community and Rural Affairs

3.) Eligible projects

- ✔ Public Infrastructure Improvement Projects
- ✔ Rehabilitation of Property Located Within the HCD
- ✔ Capital Investments that will Improve the Design, Safety, Appearance, or Aesthetics in the HCD which will Increase Business Competitiveness, Economic Development, and the Quality of Life Within the HCD by Leveraging Both Public and Private Investment
- ✔ Capital Investments and Program Expenditures for Co-Working Spaces, Business Incubator and Accelerator Facilities, and Conference and Training Facilities
- ✔ Indiana Main Street Program Initiatives
- ✔ Support for Capital Investments that are Awarded from the Twenty-First Century Research and Technology Fund

PILLAR: Attracting – Retaining 21st Century Talent

Support the Ivy Tech Community College Capital Budget Request

A 21st Century Workforce requires various skills and education levels. In order to achieve the workforce growth required to meet the challenges of commerce and industry we must not only create a quality of place that is attractive to young people from places outside of Indiana but must support Indiana educational institutions that will train and educate our young people as we work to create economic and employment opportunities that will encourage them to remain Hoosiers following completion of their training and education.

Ivy Tech Community College is critical to the needs of Indiana employers, especially in Northeast Indiana with an economy that is heavily dependent upon manufacturing. Technology and advanced manufacturing with relative high compensation levels and opportunities for growth can support our manufacturing sectors by training and educating Hoosier students to develop the skills required by this sector.

Harshman Hall was part of the State Developmental Center gifted to Ivy Tech by the State Legislature. Harshman Hall requires a substantial renovation that will require \$17.39 million to complete the renovation. It will transform the facility into a complete student services and support hub, including admissions, advising, enrollment, testing/certifications, individual and group tutoring, students with disabilities, individualized instruction through math labs and writing labs, TRIO (services for first generation, high risk students) career services including job placement. The plan also includes a learning commons with open, flexible classroom space.

Through renovation, the Ivy Tech footprint on the North Campus will be reduced by 67,000 s.f. by demolishing Carroll Hall, another building given to Ivy Tech by the State Legislature. It has been kept providing the boiler and utility tunnel that currently supports Harshman Hall.

The renovation of Harshman Hall will transform the student experience with Ivy Tech, Ft. Wayne by providing more efficient services. A more efficient open facility in an attractive modern layout will not only enhance the student experience but may very well reduce costs of operation.

PILLAR: ATTRACT AND RETAIN 21ST CENTURY TALENT

Support Purdue University Ft. Wayne's Budget Request

“The transition to Purdue Ft. Wayne has allowed the campus to present a clarified institutional identity and value proposition to prospective students, at both the undergraduate and graduate levels.”

Based upon completion of a comprehensive analysis of the strengths of its curricula and the needs of the regional workforce, three immediate and strategic needs for academic investment and a recurring annual investment of \$2 million to fund 15 new faculty lines. In certain economically critical area. They are:

1. Materials, Biomaterials, and Bioengineering.
 - a. 5 new faculty positions requiring an annual investment of \$611,000. The positions are;
 - i. Mechanical Engineering
 - ii. Electrical and Sensor Bioengineering
 - iii. Materials Science Tissue/Materials interfaces
 - iv. Materials Science Metals and Metallic Surfaces
 - v. Materials Science Nanometals
2. Data Science, Applied Statistics, and Computer Information Systems
 - a. Five new Faculty Positions totaling \$567,000 annually;
 - i. Data Science
 - ii. Applied Statistics
 - iii. Information Systems and Data Analysis
 - iv. Computer Engineering, Internet of Things
 - v. Cyber Security
3. Strategic and Risk Management, Financial Services, and Financial Information Systems
 - a. Five new faculty positions totaling \$822,000 annually;
 - i. Management Information Systems
 - ii. Strategic Management
 - iii. Financial Analysis and Risk Management
 - iv. Financial Accounting
 - v. Accounting Information Systems

These areas of strategic academic investment are aligned with documented workforce needs of the region and the state. Assuming an average starting wage of \$80,000 for undergraduate students and \$95,000 for graduate students and enrollment growth of approximately 250 students, this will generate a total annual income of approximately \$20.6 million. Application of a standard economic multiplier of 3.5 it is estimated that the total economic impact to the region will be more than \$72 million annually.

The university's capital priority is for the construction of a new Advanced Manufacturing and Industrial Technology Building projected to add 70,000 square feet of new space at a cost of about \$45 million. It will free up laboratory and classroom space in the currently crowded Engineering, Technology, and Computer Science Building for expansion of bioengineering and computer science.



**PILLAR: WORLD-CLASS INFRASTRUCTURE
 COMPETITIVE BUSINESS CLIMATE
 ATTRACT AND RETAIN 21ST CENTURY TALENT**

MAKE NORTHEAST INDIANA RDA A SUSTAINABLE REALITY

- Northeast Indiana’s Regional Development Authority (RDA) provides a mechanism to pool debt-financing in support of large-scale economic development projects on a multi-county level
- Funds accumulated in a Northeast Indiana RDA can be utilized to promote strategic sites, facilities, and infrastructure that benefits the entire Northeast Indiana Region
- The RDA provides a more robust mechanism to finance projects of a regional importance, including but not limited to capital improvements, certified sites, facilities, airport, rail and intermodal facilities, regional public transportation systems, regional trails, and other infrastructure projects of regional economic development significance
- Eleven counties are active members of the Northeast Indiana RDA, making it the largest in the state
- The RDA is governed by a five-member Board elected by the member counties
- To Maximize the potential of the Northeast Indiana RDA and leverage enough resources to spur transformational regional economic development projects, a sustained financial investment from member counties is essential
- Despite the Legislature expanding use of local income taxes nearly all local budgets are under stress as they are limited by the constitutional caps on property taxes
- Creating a new revenue source that will be dedicated in part to funding the RDA will allow for aggressive and transformational economic development projects and quality of life projects to occur in Northeast Indiana

REGIONAL CHAMBER PROPOSAL

- Permit any county that is part of a Regional Development Authority to adopt a food and beverage tax and require that a portion of the revenue generated is committed to funding the RDA
- Generally, food and beverage tax rates in counties that adopt them are 1% of gross taxable food and beverage sales
- Counties belonging to an RDA should have the ability to adopt a food and beverage tax of up to 2%
- If a county that is part of an RDA has already adopted a food and beverage tax of 1% it should be permitted to increase the tax to 2% with a portion of the increase used to provide funding for the RDA



PILLAR: COMPETITIVE BUSINESS CLIMATE / 21st CENTURY TALENT

Support Regional Cities II

Indiana as a state is in serious need of increasing the size and skill level of the workforce. Growing our workforce is essential to the continued viability of Northeast Indiana and our economic resurgence. 21st Century Talent and the Competitive Business Climate are both adversely impacted by our need to attract talent and to retain home grown talent. The state has 54 counties in either absolute decline and another 24 in relative decline. The state as a whole is experiencing relative population decline. Accordingly, the largest segment experiencing population decline is the 25-60 demographic. This has a very negative impact upon our ability to attract or to retain business or to raise our per capita income.

To reverse this population decline we must support efforts to improve the quality of place adding elements of education, leisure, recreation, housing, health and fitness. The original Regional Cities program has been successful in Northeast Indiana as it has leveraged significant additional public and private equity. The kinds and types of investments made would likely have been impossible without the Regional Cities program. Ten of the eleven counties that are Northeast Indiana had plans and projects in place and were able to access funding and to leverage additional investment to improve the quality of life.

The 2017 Ball State Study University indicated that the State's investment of \$122 million had already leveraged \$835.5 million in private investment and estimated that the state will recognize \$54.7 million in new taxes within three years while adding 7,960 people to our population. The entire study can be viewed at <http://bsu.edu/cber/publications>.

The proposed Regional Cities II initiative will continue the momentum and facilitate additional growth in private sector investment, while adding additional state tax revenue and growing our population.

The proposal will establish a pool of state funding administered by IEDC that will support development projects with regional impacts. Regions would be required to have an Regional Development Authority in place through which communities can access state funds to support individual regional development projects. Match requirements are expected to be consistent with the original Regional Cities program.

**PILLAR: COMPETITIVE BUSINESS CLIMATE
 ATTRACT & RETAIN 21ST CENTURY TALENT**

Sustained Funding for Regional Economic Development

- The Indiana General Assembly created the Regional Cities Initiative in 2015 to incentivize communities to collaboratively develop a plan to transform their regions into nationally recognized regions in which to live, work, plan, and to raise a family
- One of the requirements of the Regional Cities Program was for the counties that were collaboratively planning to form Regional Development Authorities (RDA) to develop and administer their plan
- The governor's office accepted a total of seven Regional Cities Plans and ultimately deemed three worthy of funding
- Subsequently, the governor sought funding for these three Regional Cities Plans and the legislature provided funding in 2016
- The grants of \$42 million each were awarded to Northeast Indiana with 38 regional development projects with a total of \$703 million in investments, Southwest Indiana whose plan included 19 regional development projects totaling \$926 million of investments and North Central Indiana whose plan included 39 regional projects with \$703 million in investments
- A study undertaken by Ball State University estimated that the Regional Cities Program will result in new Regional Development Projects with a total value of \$836 million, that each \$1 of state funding will leverage \$9 of local and private equity funding, generate a 45% ROI in three years and attract 7,960 new residents to the State of Indiana
- A Regional Development Tax Credit is proposed to augment quality of place projects to enhance Indiana's ability to attract new workforce and to retain future generations of Hoosiers
- A project will be eligible for the credit if it is a part of a local development plan with demonstrable regional impacts or a part of a regional development plan adopted by an RDA and approved by IEDC
- Regional Development Projects will be eligible for a maximum credit of 15% of the qualified investment if the project is part of a local plan, and 25% of qualified investment if the project is in a regional development plan
- The IEDC will maintain the ability to reclaim a portion of the credit to support state economic development efforts
- Transformative regional economic development requires a sustained funding commitment from state and local entities

REGIONAL CHAMBER RECOMMENDATION

Create a state tax credit to support Regional Development Projects

U.S. ROUTE 30 FREEWAY UPGRADE: A DRIVER FOR CHANGE

PILLAR: WORLD CLASS INFRASTRUCTURE

Upgrade existing four-lane U.S. Route 30 to a freeway with interchanges at major intersections.

Industry along the U.S. Route 30 corridor, including the Northeast Indiana Region identified transportation infrastructure challenges as a primary barrier for growth for logistical reasons as well as for employee quality of life. Traffic is forecast to grow along this corridor, with truck volumes reaching similar percentages that are experienced along the Indiana Interstate highways, but without the benefits of a freeway. Safety, ease of navigation, and congestion, and quality of life will be substantially improved with this upgrade.

The need for this project has been recognized by the LEDO Council of Northeast Indiana, the Mayors and Commissioners Caucus of Northeast Indiana, many of the businesses operating within Northeast Indiana, the Governor's Blue-Ribbon Panel on Transportation Infrastructure, Conexus, and others.

There are currently 549 impediments to a U S 30 freeway between Ft. Wayne and Valparaiso, including stoplights, intersections, driveway cuts, etc. Each represents a place or cause for congestion and/or safety hazards.

According to INDOT analysis

Converting to a freeway would lead to an additional 10,000 additional jobs and over \$900 Million in real Personal Income growth.

Drivers along the corridor would see 18,382 hours of vehicle delay saving per day.

With a freeway in place, there would be 323 fewer total accidents and 4 fewer fatalities per year along the Corridor.

The improvement will provide more than \$1.3 billion in travel time savings for drivers, \$565 million in Vehicle operating costs, \$715 million in accident cost savings, reduce carbon omissions and pollution.

INDOT will not establish a project number and commence any planning activity until funds are dedicated to the project. With increased funding becoming available as a result to increases in gasoline taxes other areas are attempting to accelerated proposed highway projects. It is therefore essential for Northeast Indiana to take unified actions to move this project forward as rapidly as possible. Therefore, it is out intention to seek \$5million of funding from the 2019 budget to begin an environmental impact study of converting the U.S. 30 highway to a freeway with interchanges at major intersections.

Regional Chamber Recommendation:

Seek \$ 5,000,000 from the 2019-2020 state budget to pay the cost of environmental studies for the upgrade of U.S. Rt. 30

**PILLAR: COMPETITIVE BUSINESS CLIMATE
 21ST CENTURY TALENT**

Support Workforce or Attainable Housing Development

- Rural and mixed urban rural counties continue to struggle with issues of population loss, declining school enrollment, disinvestment, and in many cases, declining real estate values
- Efforts to encourage investment and job creation are difficult due to workforce availability and other quality of place issues
- The potential loss of wealth in the form of vanishing real estate equity will impact not only those counting upon equity in their homes to help fund retirement, but entire communities and counties
- The recession of 2008 especially hurt residential developers and homebuilders, many of which will no longer consider investing or contracting in communities removed from urban cores
- In order to attract business investment these communities must also attract a resident workforce. Without quality, affordable housing it is impossible to do so
- Many of the communities most at risk are unable to provide assistance or incentives sufficient to attract and support private sector involvement
- Serious consideration must be given to authorization of local incentives to encourage development and construction of single family detached housing for individual ownership, or multi-family semi-detached, row, or walk-up dwelling units for rent to support a workforce

The Regional Chamber of Northeast Indiana Supports:

- The use of residential Tax Increment Financing of sites, and site improvements including streets, sidewalks, drainage, street lighting, sanitary sewers, water, gas, electric, and broadband communications to encourage private sector investment in quality, affordable attainable housing for the workforce