

# News & Views: Economic Development

An Informational Resource

## Sonoma County Boosts Spending

To help retain existing companies and recruit new ones, boost workforce training and create business clusters around industry segments, Sonoma County plans to add \$600, 000 to its economic development budget.



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## Nevada's Identity Crisis

Nevada politicians have talked about economic development and diversifying that state's economy for years, but little progress has been made. The economic downturn has exacerbated the problem as state leaders look for new ways to bring businesses and jobs to the state.

A new report by the Brookings Institution and SRI International outlines the issues and opportunities facing Nevada. The 178-page report suggests how the state can spur economic development.

The challenges cited are not new: underperforming education and health care systems, high energy costs and dependence on consumption-based industries (gambling and associated businesses) that suffer when people stop spending money in slow economic times. Haphazard economic develop efforts

were evident during the boom years in Nevada.



To address its economic problems, Nevada's Legislature created a new board and a cabinet-level office. However getting lawmakers to agree on how

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## Virginia to Market More in India

In Mumbai, India, Virginia Governor Bob McDonnell, announced that his state will add two people to its marketing staff in India in an effort to increase exports to that country.



It was the latest stop on McDonnell's job creation and marketing mission to Israel and India. To encourage Indian companies and investors to do more business in the Commonwealth state, Virginia offers incentives based on their capital investment and the number of created jobs. Rather than tax credits, Virginia pays businesses directly with

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## Iowa Demands Accountability

Since some Iowa companies are failing to fulfill promises to create jobs in exchange for tax breaks, the state is now demanding documented results. According to a report in The Des Moines Register, 15 companies that received tax breaks in the past

fiscal year defaulted on promises to create or retain jobs—or triple the number of companies that failed in the previous three years. While more than 900 jobs had been promised, only 620 were created during the life-time agreements.



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It follows a recent study aimed at enhancing economic development and support for private-sector job creation in this California community.

Health care, manufacturing and agriculture are its targeted industries.

The program also aims to expand broadband Internet service to businesses and residents in rural areas and help businesses secure financing. Four county jobs would be added immediately to carry out the five-year plan, a move that would roughly double the county's economic development staff.

On the bright side, twice as many companies made good on their promises after receiving job creation/retention tax credits.

*(Continued from page 1 - Nevada)* taxes should be used to stimulate the economy is now a priority. On the one hand, Nevada has one of the lowest tax levels in the nation. As a result, the state has one of the best business climates in the nation; but this hasn't attracted a significant number of businesses to Nevada.

Since low taxes haven't done the job, some legislators say that Nevada must raise taxes to invest in education, infrastructure and in other areas that businesses value.

The defaults are being blamed on the economy and some companies have requested revisions to their incentive contracts. Last year Iowa tried to recoup \$7.7 million from 51 projects. And while only about \$3 million was collected, that was far more than the previous two years.

*(Continued from page 1 - Virginia)* cash incentives.

The state's information technology (IT) talent pool, location, and transportation system make it an attractive business partner for Indian companies. Virginia is also working to grow its advanced manufacturing and aerospace industries.

Last year, Virginia exported almost \$300 million in goods to India

The additional marketing resources will help Virginia enhance its business relationships and create many new job opportunities in the process.

Thirty one Fortune 1000 firms are headquartered in Virginia and several large Indian conglomerates have a presence there. The state is targeting the following industries: plastics, advanced manufacturing, IT and energy.



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