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## **NEW INCENTIVES AIM TO KEEP, ATTRACT HIGH-TECH BUSINESS (Published October 22, 2005, Columbia Business Times) - 10/22/2005**

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### NEW INCENTIVES AIM TO KEEP, ATTRACT HIGH-TECH BUSINESS

COLUMBIA, Mo. – A new incentives policy passed by the Boone County Commission October 6 allows the county to offer Chapter 100 revenue bonds to businesses wanting to expand or locate in Boone County.

A sea change in policy for the Columbia area, the county will be able to offer life sciences or other high-technology companies 50 percent of the normal tax revenues generated from property taxes for up to 10 years. To receive the incentive, businesses currently located in Boone County must agree to make a minimum investment of \$7.5 million, while business new to Boone County would have to meet a \$15 million investment threshold.

"The big picture here is this gives us the opportunity to at least be able to tell our story to a company that's looking to expand or relocate," said Dave Griggs, co-chair of Regional Economic Development Inc.'s incentives committee.

Griggs said professional site selection firms, which are hired by large companies to find new locations for plants, now control the process of selecting a location in almost all cases. One basic criterion used by these firms in choosing communities for consideration of new facilities is the availability of incentives. When a city such as Columbia responds to a Request for Proposals, but cannot meet that basic criterion, the city is weeded out of the selection process early and never gets a chance to display its amenities to the company that wants a new site. With the new policy in place, Columbia at least has a shot at getting noticed.

"Generally, it's worded this way – 'an incentive package commensurate with the capital investment of this project,'" Griggs said. "Until last week, when Regional Economic Development Inc. received information about a prospective company, and we replied to an RFP that, number one, we have no incentives, but we have all this other myriad of things that make Columbia such a wonderful place...the site selector puts the 'no's in one pile, the 'yes's in another pile, sorts through the yes's to find the ones that most closely match the targeted criteria that the company has told them they want, and forwards those to the company. So even though the company might really be a tremendous corporate citizen for us...they never even know about Columbia."

The policy change toward incentives was spurred by an impending decision for Columbia's

Analytical Bio-Chemistry Laboratories, which needs to expand its operating facilities and is exploring its options. The company has received lucrative offers to relocate from three other Missouri cities, said Byron Hill, president and CEO of ABC Labs.

"I don't see it as a decision to stay, as strong as has been said in some of the articles," Hill said. "What we're trying to do is manage a growth spurt as efficiently as we can. Quite honestly, without any solicitation, we've received inquiries from a variety of places, so we went to the government authorities to find out what was available in this area."

Griggs said that corporate offices of larger companies now often put out an internal RFP for their existing plants to compete for new product lines. "Just as this policy will be a tremendous help in recruitment of highly targeted, high tech, good quality, etc. jobs, we now have a tool that helps our established corporate citizens compete within their own companies to expand what they do," he said. "It's a whole lot less expensive to handle a new product line, as an example at Quaker Oats, that brings in an extra 50 people, than having to build streets, sewer lines, water lines, communication lines, etc., to a new plant that wants to build a 100,000- or 200,000-square-foot plant someplace."

The competition is fierce, an "arms race" between communities desperate for jobs. "There are communities that will give the shirt off their back for companies like ABC Labs, or even lesser companies, so you can't compete head-to-head with them," said Don Stamper, executive director of the Central Missouri Development Council.

During State Farm Insurance's recent reorganization of its Central Zone, which resulted in the closure of its Monroe, La., office, the governor of Louisiana offered the company a \$33 million incentive package to close its Columbia office and expand in Monroe, Griggs said. Although the company refused the offer, Columbia might not be so lucky in a future downsizing move by the insurance giant.

In another example, several years ago, Columbia lost the competition for Progressive Molded Plastics, a Canadian manufacturer that supplied parts for Chrysler and Ford plants in St. Louis and Kansas City, because it could not offer incentives. Located half-way between its two clients, Columbia was a perfect location for the company, and a tentative site was chosen on Lemone Industrial Drive, Griggs said. The Canadian company asked a Columbia delegation, including people with REDI, Bob Lemone and an electrical contractor to iron out technical issues, to fly to Toronto to finalize the deal.

"All the details were worked out, and the CEO looked at Bob and the other folks and said, 'I only have one other question: What will Columbia do for me to locate this plant there?' Griggs said. "The answer was, 'Nothing. We don't offer any kind of incentives.' And the next day the company announced it was going to St. Joseph, Mo., where they got 100 percent tax abatements for 10 years. They were put in an enterprise zone, which gave them additional tax abatements and credits. There was a \$250,000 cash grant from the county, or a forgivable loan -- all kinds of stuff."

"We lost three or four hundred jobs at \$10 or \$15 an hour because we just said, 'No,'" he said. "We didn't get the real chance to say, 'Well, let's at least talk about it.'"

