

Non-Infrastructure Funding Program(s) Options

Wyoming Business Council report to the
Joint Minerals, Business and Economic Development Committee

Aug. 13, 2021

SUMMARY

Wyoming Business Council surveys of the state's businesses and communities continually reveal gaps in non-infrastructure funding needs for economic development and diversification.

Per the Joint Minerals, Business and Economic Development Committee's June 24, 2021, request, below are options for the committee to consider for possible creation of non-infrastructure funding to execute the state economic development strategy, add value to Wyoming's core industries, activate new sectors, provide good jobs for Wyomingites, and empower communities to sustainably develop their unique economies.

These are ideas to consider, and we don't yet have all the answers. WBC staff look forward to discussing these options with the committee on Aug. 13, 2021, in Laramie, and to continued collaborative efforts during the 2021 interim to determine solutions for these identified challenges.

BUSINESS RECRUITMENT AND EXPANSION

Business Recruitment Closing Fund

- Description: "As a business owner who is relocating my business, I need assistance to pay for moving my operations and equipment so that my business can continue to operate and keep my finances in order. I am fielding offers from several states that offer this type of incentive."
- Customer Group Served: Private businesses.
- Benefits to Customer:
 - Maintain business as usual efficiently as possible, i.e. avoid getting "underwater" trying to balance moving expenses with operations and marketing budgets.
 - Seal the deal, i.e. alleviate a major budget concern when making the final decision between Wyoming and another state.
- Benefits to State:
 - Good-paying jobs at start, and opportunity for business market expansion and growth leading to increased employment.
 - Increased sales and property tax revenue.
 - Increased GDP.
 - Regional, national and global state-brand awareness.
 - Potential to bolster Wyoming supply chain opportunities, or develop supply chain recruitment, and grow industry clusters.
 - Opportunity to add value to core industries and activate new sectors (economic diversification).

- How it Executes the State Economic Development Strategic Plan:
 - Recruit companies and offices that employ highly skilled and highly educated workforce in core sectors.
 - Transform disruption into new economic opportunity.
 - Develop a culture of innovation that attracts transforming companies and people to Wyoming.
 - Market Wyoming's knowledge, creative and advanced manufacturing economy.
 - Recruit companies in new sectors.
 - Develop services that clearly meet the needs of business, industry and partners.
- Risks/Constraints:
 - Wyoming State Constitution doesn't allow state funds to be given directly to private businesses without adequate consideration. It can be difficult to determine what adequate consideration is.
 - No guarantee a business will succeed.
- Funding:
 - Grant program and/or forgivable loan based on "X"? We don't know the number yet, but potentially could use ARPA funding. If ARPA funding isn't available, we can ferret out demand and determine funding source.

Existing Business Expansion Partnership

- Description: "As a Wyoming business owner looking to expand, I need assistance with equipment purchases, retooling and reskilling."
- Options to consider:
 - Grant program and/or forgivable loan based on "X"? Evaluate risk up front.
 - Funding: We don't know the number yet, but potentially could use ARPA funding. If ARPA funding isn't available, we can ferret out demand and determine funding source.
 - WBC partner Manufacturing-Works provide existing businesses advising/technical assistance on equipment purchases necessary for business growth?
- Customer Group Served: Existing Wyoming businesses.
- Benefits to Customer:
 - Grow and expand markets/develop new markets.
 - Enhance the speed at which businesses looking to pivot can accomplish their goal.
 - Manufacturing-Works provides technical assistance including any necessary certification, employee reskilling, and training for employees to use and maintain/upgrade equipment and software over time.
 - Incorporate Manufacturing-Works' ability to leverage other sources of funding including National Science Foundation, NASA and National Institute of Standards and Technology (NIST) – the parent organization of Manufacturing-Works via the federal Department of Commerce.
 - Encourage existing businesses' use of NIST's Lean and Process Improvement technical assistance.

- Manufacturing-Works can make referrals to its partner, the Wyoming Small Business Development Center Network, for business planning, market research, etc.
- Could be a big benefit to existing businesses when it comes to the GBSD and Natrium projects.
- Benefits to State:
 - Opportunity for existing business growth and market expansion leading to increased employment.
 - Increased sales and property tax revenue.
 - Increased GDP.
 - More oversight of public dollars.
 - Creates an incentive program for existing Wyoming businesses.
 - Regional, national and global state brand awareness.
 - Opportunity to bolster Wyoming supply chain opportunities, or develop supply chain recruitment, and grow industry clusters.
 - Use Manufacturing-Works/NIST metrics to monitor program performance.
- How it Executes the State Economic Development Strategic Plan:
 - Drive innovation to create new markets for Wyoming extracted and grown goods.
 - Increase access to domestic and international export markets for core industries.
 - Help existing knowledge, creative and advanced manufacturing businesses expand.
- Risks/Constraints:
 - Wyoming State Constitution doesn't allow state funds to be given directly to private businesses without adequate consideration. It can be difficult to determine what adequate consideration is.
 - Calculated risk, but these are existing businesses, and their financials would be vetted.

SSBCI Program

- Description:
 - Wyoming underserved, typically unbankable or new businesses lack available funding options to support their growth needs.
- Option to consider:
 - Include existing business expansion and business relocation assistance for loan instruments in Wyoming's share of federal State Small Business Credit Initiative (SSBCI) funds via the American Rescue Plan Act (ARPA).
 - Funding: Wyoming's allotted share of SSBCI funding via ARPA currently is \$56M+. The State is awaiting further Treasury guidance.
- Customer Group Served: Business recruits, existing Wyoming businesses and startups/entrepreneurs.
- Benefits to Customer:
 - Business Recruits:
 - Maintain business as usual efficiently as possible, i.e. avoid getting "underwater" trying to balance moving expenses with operations and marketing budgets.
 - Potentially opens a new recruiting strategy for businesses looking for equity investment. (SSBCI has loan and equity components).

- Seal the deal, i.e. alleviate a major budget concern when making the final decision between Wyoming and another state.
 - Existing Wyoming Businesses:
 - Grow and expand markets/develop new markets.
 - Enhance the speed at which businesses looking to pivot can accomplish their goal.
- Benefits to State:
 - Potentially advances Wyoming beyond the “chicken and egg” dilemma by growing our entrepreneurial ecosystem – i.e. strengthening Wyoming’s equity funding options for high growth-focused entrepreneurs.
 - Opportunity for existing business growth and market expansion leading to increased employment.
 - Increased sales and property tax revenue.
 - Increased GDP.
 - Creates an incentive program for business recruits and existing Wyoming businesses.
 - Regional, national and global state brand awareness.
 - Opportunity to bolster Wyoming supply chain opportunities, or develop supply chain recruitment, and grow industry clusters.
- How it Executes the State Economic Development Strategic Plan:
 - Drive innovation to create new markets for Wyoming extracted and grown goods.
 - Increase access to domestic and international export markets for core industries.
 - Recruit companies and offices that employ highly skilled and highly educated workforce in core sectors.
 - Encourage development of new technology to create new expansion opportunities.
 - Transform disruption into new economic opportunity.
 - Help existing knowledge, creative and advanced manufacturing businesses expand.
 - Recruit companies in new sectors.
- Risks/Constraints:
 - Equity program likely not applicable to most existing Wyoming businesses, although loan option remains.
 - We can’t yet fully gauge demand for a loan assistance program, rather than a grant program.

COMMUNITIES

Economic Development Non-Infrastructure Match Fund

- Description:
 - “As a Wyoming economic developer, it seems our options to fund projects are limited or too complicated. I do not have the capacity to dedicate more of my time to navigate this complex landscape, and I think we are missing opportunities all the time.”
- Option to Consider: In a constrained budget environment, communities and the State must leverage third-party funds more than ever. Many Economic Development Administration, Department of Energy and other federal grants are for non-infrastructure projects such as entrepreneur development, revolving loan funds, apprenticeship programs, and network and

connection development. These grants often require matches. There currently is not a designated budget for such uses.

- Other Potential Uses:
 - Administrative Funding for Communities to Establish Seed Funds for New Businesses: Developing new businesses is critical to staying ahead of changing global markets. A project like this would not provide funds directly to startup companies but would provide administrative funds to help communities raise their own seed funds.
 - Funding for Communities to Build Workforce Attraction Programs: COVID-19 enabled many workers, especially knowledge sector workers, to work remotely. This has made the Wyoming and US workforce more mobile and increased the need for communities to retain their current workforce and attract new workers. This funding would enable communities to develop programs to position themselves through marketing and other incentives. Casper has done this through its [Choose Casper](#) initiative.
 - Funding for Communities to Establish Industrial Facilities, Systems, Development and Coordination and Administration for Fundraising Capital for Value-Added Products and Companies: For years, we've talked about how we can add value to minerals. Currently, we can fund buildings and infrastructure, but not services such as business coaching, education, innovation, and accelerator programs that make the difference in developing technologies that fit a market need and can move the needle on value-added products in Wyoming.
- Customer Group Served: Communities (local and regional), local economic development professionals and startups/entrepreneurs.
- Benefits to Customer:
 - Communities/Economic Developers:
 - Enhances local control.
 - Provides greater emphasis on local/regional planning.
 - Encourages local and regional collaboration.
 - Eases local economic development capacity issues.
 - De-clutters access to state and federal funds.
- Benefits to State:
 - Increased leveraging of federal funding sources.
 - Allows for more smaller, high-impact projects, giving the state more swings at bat, more chances to create more opportunities.
 - Allows the state to be more proactive in staying ahead of business needs, and responsive to changes in economic conditions.
 - Would help Wyoming get ahead of other states rather than try to catch up to their growth.
- How it Executes the State Economic Development Strategic Plan:
 - Foster startups in core industries.
 - Use Wyoming's advantages in tourism and outdoor recreation to attract workforce.
 - Encourage development of new technology to create new expansion opportunities.
 - Transform disruption into new economic opportunity.
 - Create a vibrant community of startups and investors and capital.

- Develop a culture of innovation that attracts transformative companies and people to Wyoming.
- Market Wyoming's knowledge, creative and advanced manufacturing economy.
- Foster a culture of regional connectedness among communities.
- Empower communities to sustainably develop their unique economies.
- Work with partners to develop effective approaches to economic and community development in rural communities.
- Increase communication across partnerships.
- Increase alignment and clarity of roles and shared objectives.
- Revise programs to create investments with expected and measured return.
- Develop services that clearly meet the needs of business, industry and partners.
- Risks/Constraints:
 - State or municipality has no collateral, except what can be specified in an agreement, in the event a business fails.
 - State or municipality does not have a way to directly recapture revenue or utilize proceeds for future economic development.
 - Perception the state wants to dictate what happens locally.
 - Less opportunities for random popular projects.
 - Efforts needed to develop this investment model and framework.
- Funding:
 - We don't know the number yet, but potentially could use ARPA funding. If ARPA funding isn't available, we can ferret out demand and determine funding source.