

Economic Development Insight

Economic Stimulus Recommendations

By Joan Bethell

There is much concern about the economy and speculation about President Barack Obama's Economic Stimulus package currently being prepared. As part of that preparation, on December 16, 2008 economic development leaders from across the country were invited to meet with President-elect Barack Obama's Treasury Transition Team in Washington, D.C. to provide recommendations. According to the International Economic Development Council, the recommendations they provided are “essential to shaping a viable economic stimulus package to lift the nation out of the economic crisis and meet long-term needs for sustainable development.” Summaries of the recommendations as well as the full papers of each participating organization are available at www.iedconline.com.

The following organizations have provided recommendations for the economic stimulus package (in addition to IEDC): the Association of Defense Communities (ADC), the California Association for Local Economic Development (CALED), the Council on Competitiveness, the Council of Development Finance Agencies (CDFA), the International Downtown Association (IDA), the National Association of Development Organizations (NADO), and the National Association of Development Companies (NADCO).

These organizations unanimously recommend that the federal stimulus projects be consistent with regional and local economic development strategies, acknowledging that while the economic recovery program is essential in the short-term, it should have long-term strategic value and sustainability. Below is a compilation of their recommendations.

Invest in shovel-ready infrastructure projects that strengthen the long-term competitiveness of the economy. Stimulus priorities are:

- Enact shovel-ready projects within 100 days, including sustainable and strategic investments.
- Include military communities in the stimulus package.
- Provide tax-exempt, federally-guaranteed Compete bonds for regular citizens to invest in to help make the U.S. more competitive.
- Increase funding for the EPA Brownfield Clean-up Grant program.

Increase access to capital rapidly to get business activity moving. Stimulus priorities are:

- Change elements in the federal tax code for improving the use of tax-exempt Industrial Development Bonds (IDBs) for financing manufacturers.
- Bolster the Small Business Administration (SBA) and revise the SBA 504 to enhance investment and job creation.
- Reauthorize the New Markets Tax Credit to stimulate investments in low-income communities.
- Strengthen the Community Reinvestment Act and expand it to financial and insurance institutions.
- Allocate funds to cities and intermediary non-profits for effective public-private partnerships.

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Use existing agencies to manage and administer stimulus activities. Stimulus priorities are:

- Permanently reauthorize the Economic Development Administration (EDA) as a major vehicle to deliver economic development projects.
- Utilize the USDA Rural Development to address rural water, community, and broadband projects.
- Waive the local match requirements for grant programs.
- Spend money on capacity building of economic development organizations

Invest in green technology to meet the short-term goals of stimulating our economy today and the long-term goal of building a competitive economy tomorrow. Stimulus priorities are:

- Enact tax provisions that allow individuals and small businesses to deduct a full value of products that are Energy Star certified or that have recognized efficiency rating.
- Enact a \$200 billion national Clean Energy Bank to provide debt financing and drive private investment in the development of sustainable energy solutions and infrastructure.
- Expand and permanently reauthorize the Clean Renewable Energy Bonds Program (CREBs).

Emphasize workforce development to help unemployed workers to transition to new jobs and new industries, existing workers to be more productive and to strengthen the talent pool for long-run competitiveness. Stimulus priorities are:

- Focus on job retention as well as creation.
- Invest in the creation of permanent, rather than temporary jobs (e.g. green industries).
- Fund community colleges for urgently needed job training.

Ensure regulation is appropriate to the task at hand. Stimulus priorities are:

- Streamline the regulatory and eligibility requirements for stimulus projects.

I say, kudos to our President-elect, who continues to seek counsel and input from those closer to the issues affecting our nation.

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