



TIDC MEMBERS ENCOURAGE LEGISLATIVE SUPPORT FOR DEVELOPMENT ISSUES

TIDC members recently took advantage of an opportunity to emphasize to state legislators the need to put their full support behind the critical investment programs of the Tennessee Department of Economic & Community Development (ECD.) The 2002 Legislative Reception was held March 13 at the Downtown Nashville Sheraton and was well attended.

The Tennessee Industrial Development Council was created to further industrial development in this state. To do so, we need our members to continually encourage legislative support to reinstate full recurring funding for the Tennessee Industrial Infrastructure Program (TIIPS) and the Industrial Training Services Program (ITS).

Now is not the time, especially in light of current economic conditions, to be cutting back on our state's most successful and important development and job creation programs. These investments are vital to Tennessee's economic future, especially in our most rural counties. TIIPS and ITS are the state's most tangible and flexible tools to help create new and better paying jobs in local communities.

It is the responsibility of the TIDC to see that legislators remain aware that the results of previous funding of TIIPS and ITS are tangible. Their tax dollars were used wisely. Statistics show that for each dollar invested in TIIPS and ITS in 2001 that \$107 was returned to the state's economy through new capital investment and job creation. This money was well spent. They were never used for speculation but instead backed only private sector investments firmly committed to relocation and expansion.

The ECD continues to help our local communities, employers and employees become successful. Their aggressive selling of the state and their wise investment in Tennessee's greatest resources - communities and people - has been extremely successful. Thanks to the ECD, Tennessee has realized nearly \$40 billion in record-breaking private business investment and job creation during the past seven years.

Support TIDC and Help Tennessee continue to assist existing companies and recruit new industries for maximum new business investment and job creation across the state. A huge thank you to those that joined us at the legislative reception and demonstrated the cooperation, understanding and support that are the backbone of our organization and an example of the strength of business in Tennessee.

SPRING CONFERENCE RETURNS TO DESTIN APRIL 24-26

Don't miss the 2002 TIDC spring conference in sunny Florida! This year's conference will be held April 24-26 at the Holiday Inn in Destin. The theme is "Promoting Positive Media Coverage". The conference will feature a host of speakers offering valuable information and will allow for excellent networking opportunities.

Thursday's General Session I will feature Mimi Bliss of Bliss Communications. Friday morning's session will include updates from the Tennessee Valley Authority, SEDC, and TIDC. Commissioner Tony Grande will also offer an Economic and Community Development update. The session will conclude with the election and installment of new TIDC officers.

Sponsorship opportunities are available and range from sponsoring coffee breaks or Continental breakfasts to

receptions, dinners or general sponsorships. Contact Joe Brandon at 931.389.4897 for more information.

Remember - you are responsible for making your own reservations at the Holiday Inn-Destin. Call them toll-free at 877.837.6181. If you are planning to stay beyond conference dates, rates will be slightly higher for those days.

Conference registration is \$100 for members, \$150 for non-members, and \$50 for guests. Register online at www.tidc-ecdev.org or obtain a registration form by calling Suzie Lusk at 615.256.5141.

Last year a record number of members attended our spring conference. We're working hard to make sure this year's conference will be even bigger and better. See you in Destin!

TAX POLICY HAS CONSEQUENCES

By Dave Goetz

Tennessee lawmakers continue to consider requiring consolidated or unitary filing for corporations. If I can keep your eyes from glazing over, let me ask you to consider why this is a bad idea.

Currently multi-state corporations only pay taxes on their Tennessee operations and any profits that can be attributed to Tennessee. They may have out of state subsidiaries that do not have a presence here and therefore are not subject to Tennessee taxes.

Consolidated filing would say if a company files for federal taxes on a consolidated basis, including all subsidiaries instead of allowing each to file its own return, then the company would be required to file a consolidated return here.

This would subject the entire operation to Tennessee taxes, whether or not Tennessee had anything to do with how the profits were earned. If you think of the profits as a pie, you have just increased the size of the pie where Tennessee takes its cut. None of the states we compete with do this.

Many Tennesseans depend on multi-state corporations for their best paying jobs. The competition to keep jobs here and to bring in new ones depends on things like taxes, workers' compensation and other costs a state can control.

Fully three-quarters of our new jobs come from expansions at existing facilities. There are no land costs and often the buildings are already there. The cost of equipment will be the same whether the location is Tennessee or North Carolina. The wage costs are likely to also be similar. The competition inside these multi-state companies comes down to a relatively narrow band of costs.

If Tennessee has a much higher tax burden, we are at a disadvantage. If our tax enforcement policies are particularly unfriendly, we are further out of bounds with the competition. And if we adopt tax policies that will make us an economic island different than every state in the southeast, we simply won't even make the first cut. We will never know about the jobs we will lose, and Tennesseans will see their incomes fall relative to the rest of the country.

This same logic applies to keeping the jobs we have. For example, here is a manufacturing facility in east Tennessee that has been one of the leading corporate citizens in its community for 75 years. Because of the age of its facility, it is less efficient than its competitors, who are in Mexico where wage costs are substantially less. Every two years its corporate headquarters tells the managers to take a sharp pencil to making further investment in that facility to modernize it. Other states have attempted to steal it away. And it has proven how much less costs would be south of the border. Yet for years it has stayed the course and continued to provide Tennesseans good jobs.

Now nearly every tax plan being discussed here in Nashville has a provision that will cost this company \$1.5 million a year. No state around us has this tax policy. No state has implemented it in 15 years.

Tax policy has consequences. We can't afford to ignore where we are relative to other states. And Tennesseans can't afford to drive out the companies that give us and our neighbors good paying jobs.

"Tennessee Means Technology" program launched

Commissioner
TONY GRANDE



As many of you may know, we have officially launched **Tennessee Means Technology**, a new initiative focused on growing and recruiting the jobs of the future.

Over the last 20 years, Tennessee has led the nation in leveraging our state's strategic location, skilled workforce and right to work status to move from humble beginnings in the automotive industry to being fourth in the nation in auto production with three major assembly plants and more than 800 automotive suppliers.

Today, we have another chance to grow and attract the high-tech jobs of the future. The new Tennessee Means Technology initiative joins the Department of Economic and Community Development (ECD), Tennessee Technology Development Corporation (TTDC) and a host of other technology companies in an effort to leverage and sell Tennessee's abundant science and technology resources.

Over the fall and winter, we have traveled across the state spreading the word about Tennessee's current technology assets and the state's new focus.

In addition, Gov. Don Sundquist proclaimed the week of Feb. 11, 2002 as Tennessee Means Technology Week in the state to promote the importance of Tennessee's science and technology advantages. Throughout the week, top technology, education, government and business leaders convened in Nashville for Tennessee Means Technology Week on the Hill. They met with key officials and legislators regarding the importance of continued technology investment and development in Tennessee. During the event, TTDC unveiled its New Economy Strategy, a five-year strategic plan focused on technology development.

In the following weeks and months, you will be seeing many more press releases, new advertisements and other activities designed to highlight our technology partners and the business success stories they are helping create. We want to make sure others know that Tennessee Means Technology.

NEVER UNDERESTIMATE THE POWER OF TEAMWORK

By Rhonda Rice, TIDC President 2001-2002



Working together is a phrase that sometimes may be over-used but in my opinion can never be worn out. The benefits far outweigh the efforts. As professionals, we all work with a variety of individuals; in our

communities, our regions and as a state. The TIDC membership has been working extremely well as an organization and I thought you should know.

It has been a challenging year. We are reminded of tragic world events, a recessive economy, and state financial woes that have overshadowed many things. We have been through a lot of these times together and are fortunate to be involved in a business that allows friendship with our colleagues through both good times and bad. We have occasion to see each other while working on projects, at social events, team trips, conferences, meetings, etc.

It is the TIDC membership that I would like to compliment because you have been working together. You have shown that as a professional organization you are concerned about the future well-being of our state. When you were asked to contact your legislators this year, you did. The issues were numerous: TIIPS, training, ECD budget, unfair taxes, education and more, but all are related. I was very pleased at the number of copies of letters, e-mails, and notes from meetings that you sent. You wanted to make certain to deliver the message that the decisions and actions that are made impact us all and how we move forward as a state.

Most recently at the Education Session and Legislative Reception you turned out in large numbers to continue to show support for the goals that we as an organization are trying to accomplish. Overused or not, I just wanted to thank the TIDC membership for working together in these efforts, I do believe they have been noticed.

ECONOMIC GROWTH FOR FIRST QUARTER

Company	City	New Jobs	Investment
Mitsui and Company (USA), Inc.	Nashville	60	0
Johnson Controls, Inc.	Pulaski	50	4,200,000
Southern Lighting and Graphics	Paris	60	n/a
AdvancePCs	Knoxville	400	12,000,000
The Bing Group	Smyrna	250	n/a
Licensing Ventures, Inc.	Memphis	64	2,000,000



Fishing/Sightseeing Boat For Conference Goers

fun fishing relaxation sightseeing adventure

The Yates Companies (Yates, Blaine & Jesco) have a large fishing boat docked in Destin.

the spring conference from 12 noon until 6 pm each day.

The company would like for TIDC members to know that the boat will be available on Wednesday, Thursday and Friday during

Interested parties should contact Kirk Huddleston with Blaine Construction Corporation at 865-693-8900.

New TIDC Members

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CALENDAR OF EVENTS

April 10-12	Nat'l Assoc. of Manufacturers/FORTUNE, Nashville, Tennessee
April 24-26	TIDC Spring Conference, Destin, Florida
April 30-May 1	Small Business Day on the Hill, Nashville
May 14-19	Black Enterprise Conference, Nashville, Tennessee
June 9-13	BIO, Toronto, Ontario
Oct. 9-11	TIDC Fall Conference
September 11-13	Governor's Conference, Nashville - Nashville Radisson
November 12-13	Venture Capital Conference, Nashville

People On The Move...



Rhonda Rice has been named Vice-President of Economic Development for the Knoxville Chamber Partnership

Photograph and Address Change Request

If your picture is not currently included in the TIDC photo directory, please forward a copy of your photograph to Suzie Lusk at 611 Commerce Street, Suite 3030, Nashville, TN 37203.

Also, please remember to forward any address changes to Suzie Lusk at suzie.lusk@tennbiz.org.

The 2002-2003 directory will be printed in May. Deadline for new photos and addresses is April 30.

