



Business leaders push Gov. Blunt to fund high-tech research

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ST. LOUIS (AP) -- A group of business leaders wants Missouri to spend \$17 million a year on technology research and commercialization to boost a lagging effort to create and retain new high-paying jobs.

Officials from chambers of commerce, universities and venture capital firms in Missouri say the state is falling behind in high-tech spending, which could put Missouri at a disadvantage as other states ramp up their own investment.

The St. Louis Post-Dispatch reported Sunday that the group has authored the "Grow Me State" initiative, a five-year strategy that depends on state money to fund new high-tech companies. The group expects to present its suggestions to Gov. Matt Blunt this week.

"Investment into activities like this has a (role) in job creation," said Jay De Long, vice president of capital formation and new ventures for the St. Louis Regional Chamber & Growth Association, one of the organizations pushing the initiative.

The group helped fund a recent report that found Missouri lags in spending on programs for research and commercialization of new technology.

While high-tech research is happening in the state's universities, Missouri isn't helping use the research to form local startup firms, said the report's author, Mark Parry, a professor of entrepreneurship and marketing at the University of Missouri-Kansas City.

"There seems to be a mismatch here between the inputs that Missouri has and the ability that Missouri has to turn those into viable, vibrant, high-potential firms," Parry said.

Parry calculated that six neighboring states, on average, committed about \$2.79 per capita last year. He calculated that number by dividing the states' spending by their populations.

Missouri, Parry found, spent only 10 cents per capita for these programs in 2006. For Missouri to reach that \$2.79 figure, it would have had to invest more than \$16 million.

Based on this report, the Grow Me State initiative will ask Blunt and the legislature to:

- Establish an advisory panel to track the five-year program.
- Provide a 25 percent tax credit on certain investments in startups. The tax credits would be capped at a total of \$5 million a year.

- Establish a program to award 25 grants a year, each \$50,000, to help high-tech companies test the marketability of their ideas.

- Create a "seed capital" program to be run by a private company that would make up to 20 investments per year, ranging from \$250,000 to \$750,000, directed to startups bringing high-tech products to market.

- Encourage Missouri's 116 state and local pension funds to invest in high-tech companies within the state.

Mike Mills, deputy director of the Missouri Department of Economic Development, said state officials were already analyzing the group's initiative.

Mills said it was "impossible to say" at this point whether the program would be funded, because the legislature was just starting to draft the fiscal 2009 budget.

"There's a balance of the breadth of the governor's ... agenda and what the state can afford," he said.

Parry said it would take years before the funding of startups translated into job growth.

"I don't think you can say, 'If we do this in five years, we can expect to see an impact on job growth,'" he said. "It's going to take longer than that."

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