

## BUSINESS CLIMATE STUDY - BACKGROUND MEMORANDUM

### INTRODUCTION

House Bill No. 1504 (2003), attached as Appendix A, provides for the study of the state's business climate, including the creation of an index of key objective measurements that address the state's competitiveness with other states; the consideration of methods of creating business partnerships with North Dakota Indian tribes in order to increase primary sector business growth in the state; and active participation in the activities of the primary sector business congress. In conducting the study the Legislative Council is to create a primary sector business congress. The purpose of the congress is to assist in the business climate study; evaluate the impact of existing state economic development programs on primary sector businesses; identify methods to increase primary sector business job growth in the state; and prioritize for the Legislative Council the state's primary sector business economic development programs and initiatives.

### LEGISLATIVE BACKGROUND

#### Related Studies

House Bill No. 1019 (2003) directs the State Board of Higher Education to report regarding the implementation of the centers of excellence program (Economic Development Committee) and provides that annually, the Commerce Commissioner is to report regarding specified economic goals and associated benchmarks, including the creation of quality jobs that retain North Dakota's workforce and the attraction of new high-skilled labor (Economic Development Committee).

Under North Dakota Century Code (NDCC) Section 40-63-03 the Division of Community Services is to report to the Legislative Council regarding renaissance zone progress (Economic Development Committee).

Under NDCC Section 15-10-41 the State Board of Higher Education is to report to the Legislative Council on definitions and eligibility criteria regarding the centers of excellence program relating to economic development (Economic Development Committee).

House Concurrent Resolution No. 3055 (2003) provides for a study of growing the population of North Dakota (Economic Development Committee).

House Concurrent Resolution No. 3060 (2003) provides for a study of the state's unemployment compensation system (Commerce Committee).

The Legislative Council directed a study of corporate and personal income taxes; tax preferences for products, services, and entities; and the implementation

and effect of the streamlined sales tax (Taxation Committee).

#### North Dakota Century Code - Definition of "Primary Sector Business"

The term "primary sector business" is used and defined in a variety of places in the code. The most common elements of these statutory definitions include the use of knowledge or labor to add value to a product that results in the creation of new wealth.

#### North Dakota Development Fund, Inc.

For purposes of the law relating to the North Dakota Development Fund, Inc., NDCC Section 10-30.5-01(4) provides:

"Primary sector business" means an individual, corporation, limited liability company, partnership, or association which through the employment of knowledge or labor adds value to a product, process, or service that results in the creation of new wealth. The term includes tourism but does not include production agriculture.

#### Certified Nonprofit Development Corporation

For purposes of the law relating to certified nonprofit development corporations, NDCC Section 10-33-124(1)(b) provides:

"Primary sector business" means an individual, corporation, limited liability company, partnership, or association that, through a process employing knowledge and labor, adds value to a product produced for resale.

#### North Dakota Low-Risk Incentive Fund

For purposes of the law relating to the North Dakota low-risk incentive fund, NDCC Section 26.1-50-01(4) provides:

"Primary sector business" means an individual, corporation, limited liability company, partnership, or association that through the employment of knowledge or labor adds value to a product, process, or service which results in the creation of new wealth. Qualification as a primary sector business under this subsection must be determined by the department of commerce division of economic development and finance.

#### Tax Exemptions for New and Expanding Businesses

For purposes of the law relating to tax exemptions for new and expanding businesses, NDCC Section 40-57.1-02(3) provides:

“Primary sector business” means an individual, corporation, limited liability company, partnership, or association which through the employment of knowledge or labor adds value to a product, process, or service that results in the creation of new wealth.

### **New Jobs Training**

For purposes of the law relating to new jobs training, NDCC Section 52-02.1-01(11) provides:

“Primary sector business” means an employer engaged in locating to or in this state which previously had no presence in this state, or in expanding its operations within this state, which through the employment of knowledge or labor, adds value to a product, process, or export service that results in the creation of new wealth, excluding production agriculture, if it meets the following eligibility criteria:

- a. An employer entering into an agreement, and increasing its base employment level by at least one employee, or in the case of an employer without an established base employment level in this state creating at least five employees, within the time set in the agreement, is entitled to the new jobs credit from withholding.
- b. An employer must have an economically productive and socially desirable purpose within the state.
- c. An employer must not be closing or reducing its operation in one area of the state and relocating substantially the same operation in another area.

### **Income Tax - Gain on Stock Sale or Transfer When Corporation Has Relocated to This State**

For purposes of the law relating to income tax gain on stock sale or transfer when a corporation has relocated to the state, NDCC Section 57-38-01.18(3)(c) provides:

“Primary sector” means any business of which at least seventy percent of operating revenues represent new wealth in this state or which generates at least five million dollars in new wealth annually in this state.

### **Seed Capital Investment Tax Credit**

For purposes of the law relating to the seed capital investment tax credit, NDCC Section 57-38.5-01(3) provides:

“Primary sector business” means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service and which results in the creation of new wealth.

### **Income Tax - Exemption for Manufacturing or Recycling Primary Sector Business Computer and Telecommunications Equipment**

For purposes of the law relating to the income tax exemption for manufacturing or recycling primary sector business computer and telecommunications equipment, NDCC Section 57-39.2-04.3(6)(g) provides:

“Primary sector business” means an individual, corporation, limited liability company, partnership, or association that through the employment of knowledge or labor adds value to a product, process, or service which results in the creation of new wealth and which has been certified by the department of commerce division of economic development and finance to be qualified under this subdivision.

## **BUSINESS CLIMATE STUDY - BACKGROUND Index of State’s Competitiveness**

The Economic Development Committee is charged with creating an index of key objective measurements addressing the state’s competitiveness with other states. There are a myriad of studies comparing state business climates and ranking the states based upon a variety of factors. Each study has a slightly different approach or focus; therefore, how a state ranks in a study depends on the unique factors or methodology used in that particular study.

In creating an index of measurements for the purpose of ranking the state’s business climate, it may be important to define the use of the term “business climate.” The definition of business climate for purposes of ranking the state may vary based upon a number of factors, including the type of business being considered. For example, an existing business, a startup business, or a business considering entering the state may each view the business climate of the state differently from the others. Additionally, the size of a business and the type of industry may also affect the view of the state’s business climate. To add to the complexity of creating an index, assuming a business climate index is created, the business climate of a region of the state may vary significantly from the business climate of the state as a whole or from the business climate of another region of the state.

Three examples of state business climate studies that rank the states include the Progressive Policy Institute's Technology and New Economy Project's *The 2002 State New Economy Index*; Beacon Hill Institute's 2002 *Metro Area and State Competitiveness Report*; and the Federal Funds Information for States' State Policy Reports' *Camelot Index*.

### The 2002 State New Economy Index

The Progressive Policy Institute's Technology and New Economy Project's *The 2002 State New Economy Index* is available on-line at [http://www.neweconomyindex.org/states/2002/PPI\\_State\\_Index\\_2002.pdf](http://www.neweconomyindex.org/states/2002/PPI_State_Index_2002.pdf). A copy of the North Dakota ranking under this index is attached as Appendix B. This index divides 21 indicators into five categories.

1. Knowledge jobs. These four indicators measure the:
  - a. Employment in information technology occupations in non-information technology sectors;
  - b. Share of the workforce employed in managerial, professional, and technical positions;
  - c. Education level of the entire workforce; and
  - d. Education level of workers employed in manufacturing.
2. Globalization. These two indicators measure the:
  - a. Extent to which the state's manufacturing workforce is employed producing goods for export; and
  - b. Share of the workforce employed by foreign-owned companies.
3. Economic dynamism. These three indicators measure the:
  - a. Share of jobs in fast-growing gazelle firms;
  - b. Degree of job churning, which is a product of new business startups and existing business failures; and
  - c. Value of companies' IPOs.
4. Digital economy. These seven indicators measure the:
  - a. Percentage of the population on-line;
  - b. Commercial (".com") Internet domain names;
  - c. Deployment and use of information technology in kindergarten through grade 12 public schools;
  - d. Use of digital technologies to deliver state government services;
  - e. Percentage of farmers on-line and using computers;
  - f. Use of the Internet by manufacturers; and
- g. Broadband telecommunications availability and use.
5. Innovation capacity. These five indicators measure the:
  - a. Share of jobs in high-tech industries;
  - b. Scientists and engineers as a share of the workforce;
  - c. Number of patents relative to the size of the workforce;
  - d. Industry research and development as a share of gross state product; and
  - e. Venture capital invested as a share of gross state product.

### Metro Area and State Competitiveness Report

The Beacon Hill Institute's 2002 *Metro Area and State Competitiveness Report* is available on-line at <http://www.beaconhill.org/BHISStudies/Compete2002Data/Compete2002.pdf>; the *State Data Tables 2002*, which support the 2002 report are available on-line at <http://www.beaconhill.org/BHISStudies/Compete2002Data/StateDataWeb2002.pdf>; and the *State Competitiveness Report 2001*, which provides the methodology for the 2002 state index and subindexes, is available at [http://www.beaconhill.org/MasterDocumentSCI\\_A1.pdf](http://www.beaconhill.org/MasterDocumentSCI_A1.pdf). A copy of the results of the 2002 State Competitiveness Index is attached as Appendix C. This index classifies indicators into nine subindexes, which consider a variety of individual factors or variables:.

1. Government and fiscal policy. This subindex is derived by considering:
  - a. State tax revenue and gross state product;
  - b. Workers' compensation collection and employment;
  - c. Average benefit for first payment for unemployment;
  - d. Bond rating; and
  - e. Budget surplus as a percent of gross state product.
2. Institutions and security. This subindex is derived by considering:
  - a. Reported crime per 100,000 inhabitants;
  - b. Percentage change in crime index; and
  - c. Murders per 100,000 inhabitants.
3. Infrastructure. This subindex is derived by considering:
  - a. Percentage of households with computers;
  - b. Percentage of households with installed telephones;
  - c. Percentage of households with Internet access;
  - d. Air passengers per capita;
  - e. Travel time to work; and
  - f. Rental costs for two-bedroom apartment.
4. Human resources. This subindex is derived by considering:

- a. Percentage of population without health insurance;
  - b. Percentage of population aged 25 and over that graduated from high school;
  - c. Percentage of labor force represented by a union;
  - d. Unemployment rate;
  - e. Percentage of population enrolled in degree-granting institutions;
  - f. Percentage of adults in the labor force;
  - g. Percentage of population born abroad;
  - h. Infant mortality rate and deaths per 1,000 inhabitants; and
  - i. Nonfederal physicians per 100,000 inhabitants.
5. Technology. This subindex is derived by considering:
    - a. National Science Foundation funding for research and development per capita;
    - b. National Institute of Health support to institutions in the state per capita;
    - c. Patents per capita;
    - d. Science and engineering graduate students per capita;
    - e. Science and engineering degrees awarded per capita;
    - f. Scientists and engineers as a percentage of labor force; and
    - g. High-tech companies as a percentage of companies in the state.
  6. Finance. This subindex is derived by considering:
    - a. Deposits in commercial banks and savings institutions per capita; and
    - b. Venture capital available per capita.
  7. Openness. This subindex is derived by considering:
    - a. Exports per capita; and
    - b. Incoming foreign direct investments per capita.
  8. Domestic competition. This subindex is derived by considering:
    - a. Employer firm births per capita; and
    - b. Employer firm terminations per capita.
  9. Environmental policy. This subindex is derived by considering:
    - a. Electricity prices, as measured in dollars per million British thermal units; and
    - b. Toxic release inventory, onsite and offsite.
1. Healthy economy.
    - a. Percentage of individuals in poverty;
    - b. Growth in employment, population, and income;
    - c. Per capita federal tax liability;
    - d. Tax capacity; and
    - e. Average pay in retailing jobs.
  2. Healthy people.
    - a. Age-adjusted death rates; and
    - b. Infant mortality rates and the percentage of nonelderly population without health insurance.
  3. Crime-free state. Rates of violent and property crimes.
  4. Educated population.
    - a. Scores on the Armed Forces Qualification test;
    - b. Pupil-teacher ratios;
    - c. High school completion rates;
    - d. Higher education tuition and fees; and
    - e. Composite measure of ACT and SAT scores.
  5. Healthy society.
    - a. Home ownership;
    - b. Percentage of population voting;
    - c. Births to unwed mothers;
    - d. Single-parent families; and
    - e. Percentage of population receiving welfare payments.
  6. Prudently managed governments.
    - a. State and local taxes as a percentage of personal income;
    - b. State-solvency index that deducts from the assets state and local debt and unfunded pension liabilities;
    - c. Structured surpluses;
    - d. Deficits; and
    - e. Bond ratings.

### Indian Tribe Business Partnerships

The Economic Development Committee is charged with considering methods of creating business partnerships with North Dakota Indian tribes in order to increase primary sector business growth in the state. This portion of the study is to focus on business opportunities that may be available to Indian tribes through the United States Small Business Administration (SBA) 8(a) business development program for small disadvantaged businesses (SDBs). Recent legislation pertaining to this particular area of the study includes Section 13 of 2003 House Bill No. 1019, the Department of Commerce appropriation, which provides it is the legislative intent that the Department of Commerce assist in the creation of business partnerships with Indian tribes in order to increase primary sector business growth on the reservations.

### Camelot Index

The Federal Funds Information for States' *Camelot Index* was printed in the 2002, Volume 20, Issue 4, of *State Policy Reports*. A copy of the index is attached as Appendix D. This index "ranks states on various performance measures; economy, health, crime, education, social stability and state management."

### North Dakota Indian Tribes and Reservations

The United States Department of the Interior, Bureau of Indian Affairs, reported as of July 12, 2002, the four Indian entities in North Dakota recognized and eligible to receive services from the Bureau of Indian Affairs are the Spirit Lake Tribe, Standing Rock Sioux Tribe of North and South Dakota, Three Affiliated Tribes of the Fort Berthold Reservation, and Turtle Mountain Band of Chippewa Indians of North Dakota. Five Indian reservations are located in this state. The Fort

Berthold Reservation, Spirit Lake Reservation, and Turtle Mountain Reservation are located wholly in North Dakota. The Lake Traverse Reservation and the Standing Rock Reservation include land in North Dakota and South Dakota. The Bureau of Indian Affairs lists the Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Reservation as located in South Dakota. Data from the United States Census Bureau, 2000 census, provides:

Geographic Area	Total Population	American Indians and Alaska Natives Population (One Race or in Combination)	Median Age
Fort Berthold Reservation	5,915	4,091	30.0 years
Lake Traverse Reservation (North Dakota portion)	191	5	42.9 years
Spirit Lake Reservation	4,435	3,368	22.8 years
Standing Rock Reservation (North Dakota portion)	4,044	3,450	23.9 years
Turtle Mountain Reservation (includes off-reservation trust land in North Dakota)	8,307	8,043	23.6 years
North Dakota	642,200	35,228	36.2 years

A copy of the pages of the United States Census Bureau 2000 census document from which this information is gathered is attached as Appendix E.

### United States Small Business Administration Small Disadvantaged Business Programs

The United States Small Business Administration administers two business assistance programs for small disadvantaged businesses--the 8(a) business development program and the small disadvantaged business certification program. The Small Business Administration reports that "the 8(a) Program offers a broad scope of assistance to socially and economically disadvantaged firms. SDB certification strictly pertains to benefits in Federal procurement." Businesses that are 8(a) firms automatically qualify for small disadvantaged business certification. The Small Business Administration regulatory rules for the 8(a) program and the small disadvantaged business certification program are at 13 CFR 124. Both of these programs provide for special rules for a firm owned by an Indian reservation under 13 CFR 124.109. Additionally, the Small Business Administration Office of Native American Affairs is designed to assist Native-American-owned small businesses.

The Small Business Administration 8(a) business development program has been in existence for over 34 years. The Small Business Administration web page reports that the 8(a) business development program was "created to help small disadvantaged businesses compete in the American economy and access the federal procurement market." <http://www.sba.gov/8abd/indexfaqs.html>. The three basic requirements an 8(a) applicant must meet are:

1. It must be a small business;
2. It must be unconditionally owned and controlled by at least one socially and economically disadvantaged individual who is a United States citizen and is of good character; and
3. It must demonstrate potential for success.

For purposes of the 8(a) program, the Small Business Administration defines a small business as a business "that is independently owned and operates, is organized for profit, and is not dominant in its field." Under the 8(a) program, in the absence of evidence to the contrary, an individual who is a Native American is presumed to be socially disadvantaged.

According to the Small Business Administration, for the 8(a) program, it is required "only that the disadvantaged individuals controlling the firm have management experience to the extent and of the complexity necessary to run the firm. However, the disadvantaged individual must demonstrate that he or she has the ultimate managerial and supervisory control over those in the firm with the technical or licensing expertise. If the critical license is held by a nondisadvantaged individual who has an equity interest in the applicant firm, SBA may find that the nondisadvantaged individual controls the firm."

For the 8(a) program the Small Business Administration lists the following factors considered in evaluating the potential for success requirement:

1. The technical and managerial expertise of the applicant firm's managers;
2. The firm's operating history;
3. Ability of the firm to access credit and capital;
4. The firm's financial capacity;

5. The firm's record of performance; and
6. Whether the applicant firm or individuals employed by the firm hold the requisite licenses if the firm is engaged in an industry that requires professional licensing.

The length of time an 8(a) program participant firm may participate in the program is limited. The Small Business Administration web page provides that participation is divided into two stages--a four-year development stage and a five-year transitional stage. A participant essentially graduates from the 8(a) program at the expiration of the participant's term. In addition to the time limit the Small Business Administration reports that 8(a) firms are required "to maintain a balance between their commercial and government business. There is also a limit on the total dollar value of sole-source contracts that an individual participant can receive while in the program . . . ."

The Small Business Administration reports a broad range of benefits of 8(a) program participation, including:

1. Participants can receive sole-source contracts, up to a ceiling of \$3 million for goods and services and \$5 million for manufacturing.
2. Federal acquisition policies encourage federal agencies to award a certain percentage of their contracts to small disadvantaged businesses. To speed up the award process, the Small Business Administration has signed memorandums of understanding with 25 federal agencies allowing them to contract directly with certified 8(a) firms.
3. Recent changes permit 8(a) program firms to form joint ventures and teams to bid on contracts. This enhances the ability of 8(a) program firms to perform larger prime contracts and overcome the effects of contract bundling--the combining of two or more contracts together into one large contract.

Although small disadvantaged business certification is available to 8(a) program participants automatically, a firm may qualify for small disadvantaged business certification independently as well. Similarities between the 8(a) program and small disadvantaged business certification eligibility requirements include the social and economic disadvantage criteria. Differences between the two programs include the ownership restrictions for nondisadvantaged individuals and how joint ventures are treated.

Program benefits of small disadvantaged business certification include price evaluation adjustments, evaluation factors or subfactors, and monetary subcontracting incentive programs. A certified small disadvantaged business may qualify for a price evaluation adjustment of up to 10 percent on certain federal procurements. Evaluation factors and subfactors allow

qualified contractors to receive a credit when using certified small disadvantaged businesses as subcontractors.

Certification as a small disadvantaged business is good for three years. An 8(a) program firm that graduates remains on the small disadvantaged businesses certified business list for three years following 8(a) program graduation. The Small Business Administration is required to maintain a central on-line register of certified small disadvantaged businesses. This on-line list is available at <http://www.pro-net.sba.gov/>. A search of this data base for North Dakota, Native American-owned, small disadvantage businesses is attached as Appendix F. It appears that 22 of these 32 firms are 8(a) program participants. A Small Business Administration 2001 annual report to the United States Congress reports that all 23 North Dakota 8(a) program participants were Native American-owned businesses, with total 2001 North Dakota 8(a) participant program awards exceeding \$14.2 million. An excerpt of that 2001 Small Business Administration report is attached as Appendix G.

### **Primary Sector Business Congress**

The Economic Development Committee is charged with creating a primary sector business congress and with actively participating with the primary sector business congress. The membership of the congress must include representatives of primary sector businesses and may include representatives of local economic developers and the executive branch.

As part of the Economic Development Committee's charge, the committee will accept the assistance of the congress in performing the business climate study and will receive from the congress a prioritized list of the state's primary sector business economic development programs and initiatives.

### **PRIMARY SECTOR BUSINESS CONGRESS - BACKGROUND**

Upon the creation by the Economic Development Committee of the primary sector business congress, the congress is charged with assisting the committee with the business climate study; evaluating the impact of existing state economic development programs on primary sector businesses; identifying methods to increase primary sector business job growth in the state; and prioritizing for the Legislative Council the state's primary sector business economic development programs and initiatives.

### **State's Business Climate**

The activities of the congress must include assisting the Economic Development Committee with the business climate study, which includes the creation of an index to compare North Dakota's business

climate with that of other states and includes studying methods of creating business partnerships with North Dakota Indian tribes in order to increase primary sector business growth in the state.

### Primary Sector Business Growth Programs

The activities of the congress must include evaluating the impact of existing state economic development programs on primary sector businesses; identifying methods to increase primary sector business job growth in the state; and prioritizing the state's primary sector business economic development programs and initiatives.

The activities of the 2001-02 Legislative Council's interim Commerce Committee may be a significant resource in assisting the congress in identifying state economic development programs and reviewing the use of these programs. Section 16 of 2001 Senate Bill No. 2019 charged the committee with studying financing and research and development programs for new or expanding businesses, including an inventory of the programs available. The 2003 final report of the committee is available on-line at <http://www.state.nd.us/lr/assembly/57-2001/interim-info/final-reports/comfinal.html>.

As reported to the Commerce Committee, the inventory of programs include:

1. Department of Commerce.
  - a. North Dakota Development Fund, Inc.;
  - b. Community development block grant;
  - c. Manufacturing extension partnership (MEP) program; and
  - d. Agricultural Products Utilization Commission.
2. Tax.
  - a. Venture capital corporation investment tax credit;
  - b. Small business investment company investment tax credit;
  - c. Certified nonprofit development corporation investment tax credit;
  - d. Seed capital investment tax credit;
  - e. Agricultural commodity processing facility investment tax credit;
  - f. Renaissance zone;
  - g. Beginning farmer income tax deduction;
  - h. Beginning business person deduction;
  - i. Exemption of gain from stock of relocated corporation;
  - j. Income tax exemptions;
  - k. Research expense credit;
  - l. Wage and salary credit;
  - m. Jobs training assistance;
  - n. Manufacturing equipment sales and use tax exemption;
  - o. Agricultural processing plant construction materials sales and use tax exemption;

- p. Power plant production equipment and construction materials sales and use tax exemption;
  - q. Wind-powered electrical generating facilities sales and use tax exemption;
  - r. Computer and telecommunications equipment sales and use tax exemption;
  - s. Property tax exemption; and
  - t. Seed capital investment tax credit.
3. Bank of North Dakota.
    - a. Startup entrepreneur program (STEP);
    - b. Business development loan program;
    - c. Beginning entrepreneur loan guarantee program;
    - d. Agriculture partnership in assisting community expansion (Ag PACE) program;
    - e. Partnership in assisting community expansion (PACE) program; and
    - f. Match loan program.

### STUDY APPROACH

This study includes the activities of the Economic Development Committee and the activities of the primary sector business congress. The study charge under House Bill No. 1504 appears to provide for the two actors to work independently as well as cooperatively. Although the Economic Development Committee is charged with actively participating with the activities of the congress and the congress is charged with assisting in the Economic Development Committee's business climate study, the congress is also charged with reporting to the committee a prioritized list of the state's primary sector business economic development programs and initiatives.

Because the concept of "primary sector businesses" runs through most areas of the study, as a general matter, the committee and congress activities may include consideration of clarifying the term "primary sector business" as it may apply to the activities of the committee and the congress.

Additionally, House Bill No. 1504 provides for a \$25,000 appropriation to the Legislative Council for the purpose of conducting this study. The committee may consider contracting for consultant or other services to assist in all or part of the business climate study, including the primary sector business congress.

### Business Climate Study

The business climate study has three main areas of study--creation of a business climate index, considerations of methods of creating business partnerships with Indian tribes in the state, and participation in the activities of the primary sector business congress.

### **Index of State's Competitiveness**

In order to create an index of key objective measurements that address the state's business climate competitiveness, the committee may wish to consider:

1. What is the broad purpose of the index? For example, is the index meant to be used by the Legislative Assembly to gauge success or failure in improving the state's business climate? Or is the index meant to be used to attract businesses to the state and to keep businesses in the state? Or both?
2. Whether the index should focus on the business climate for certain types of businesses? Or whether the index should be broad enough to apply to business in general?
3. Who should be responsible for compiling and maintaining index data?

This portion of the business climate study may lend itself to collaboration between the committee and the primary sector business congress. Additionally, the committee may include receipt of testimony of representatives of the Department of Commerce, North Dakota Economic Development Foundation, Job Service North Dakota, local economic development actors, private economic development actors, and businesses. Depending on the nature of the index, creation of the index may be closely related to the primary sector business congress charge of identifying methods to increase primary sector business growth in the state.

### **Indian Tribe Business Partnerships**

Although the Indian tribe business partnerships area of the study is framed as a piece of the broader goal of increasing primary sector business in the state, the specific federal Small Business Administration programs available to the tribes may support giving portions of this area of the study separate consideration. For example, this portion of the study may include receipt of testimony of representatives of the Small Business Administration; Indian tribes in the state; nontribal primary sector businesses; the Indian Affairs Commission; and the Department of Commerce. Testimony may include discussions of barriers that may be impeding maximizing tribal and nontribal participation in the Small Business Administration's programs; what actions the Department of Commerce is taking to increase primary sector business growth on the Indian reservations; and whether there is a need for state participation to assist in maximizing tribal and nontribal participation in the Small Business Administration's programs.

### **Primary Sector Business Congress**

The committee is charged with creating a primary sector business congress, the activities relating to which may include congress membership selection; holding some or all committee meetings in conjunction with congress meetings; and use of consultant services for the purpose of assisting with the primary sector business congress portion of the study.

### **Primary Sector Business Congress**

In addition to assisting in the committee's business climate study the primary sector business congress is charged with evaluating the impact on primary sector businesses of the state's economic development programs, identifying methods to increase primary sector business job growth in the state, and prioritizing the state's primary sector economic development programs and initiatives. Testimony received will likely depend in large part on the organizational structure; membership; and on the activities of the congress.

ATTACH:7