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Q&A with Subash Alias, Chief Executive Officer, Missouri Partnership

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In this edition of *Development Incentives Quarterly*, we welcome Subash Alias, Chief Executive Officer of the **Missouri Partnership**, a public-private economic development organization that has worked with partners to attract companies that have created more than 29,000 jobs and \$4.8 billion in new capital investment in Missouri. Subash has been with the organization since April 2011 and is actively engaged in marketing the state to companies that are considering relocating or investing new operations in Missouri. His expertise crosses all sectors including aerospace and defense, automotive, advanced manufacturing, and financial and professional services. Subash graciously agreed to spend some time with us this quarter.

We are now two years into the COVID-19 pandemic, so how has Missouri managed to adapt to the changes in the economic development industry?

March 13, 2022, was the second anniversary of the president's declaration of the national emergency concerning COVID-19. Like most states, Missouri suffered early substantive job losses in our leisure and hospitality sectors. However, we saw a surge in e-commerce, construction materials manufacturing, and food processing projects early on. Within two weeks, the very first call we received turned out to be the 1,600-person Chewy.com fulfillment center that recently opened in the Kansas City suburb of Belton, Missouri. Within weeks of that initial call, we opened another new project that resulted in 100 jobs and a \$62M investment by Carlisle Construction Materials LLC in Sikeston, Missouri – a rural community in the state's southeastern part. While we still have more to go, we have recovered almost all of the jobs lost during the early months of the pandemic. Today, we are very proud to report that Missouri's job recovery is one of the strongest among our peer states in the Midwest.

Are there certain industries that you think are primed for growth, or a resurgence?

We are seeing a resurgence in our leisure and hospitality sector. And we believe we will continue to see growth in e-commerce, food processing, and construction materials. But we have also seen an increased interest in mobility related to electric vehicles. Missouri already has a substantial automotive legacy with several automotive suppliers serving Ford and General Motors. Therefore, we have the infrastructure and workforce to serve that industry. And another game-changing sector for us is geospatial technology solutions. As our world evolves, many enterprises find location-aware technology central to their decision-making. Applications such as GIS, remote sensing, and GPS can be used in several industries — including agtech, defense, transportation, and logistics. All are industries where we have assets and see added growth.

Are there any interesting trends you have seen in Missouri's project pipeline?

In addition to the added interest in the state for those industry sectors mentioned above, we continue to see more companies look at Missouri for more significant new investments than before. We have seen the average job count and proposed capital investment figures eclipse what we experienced in the previous year for the last couple of years. We also see several companies realizing that their initial job and capital investment figures were either too low or too conservative when they initially approached us. We have had a handful of companies increase their job count projections by as much as 4X from initial conversations to announcement time. We have also seen several companies propose added capacity/manufacturing lines in the midst of project planning. We believe that the ever-evolving consumer behavior trends cause companies to reevaluate production capacity projections midstream.

What has Missouri done to develop an inventory of quality, project-ready sites?

For years, Missouri has had a very successful Certified Sites program. However, we learned that we were not as competitive as possible with an inventory of much larger industrial sites. So, about two years ago, we embarked on a study to find mega sites in Missouri. We canvassed the entire state for viable options regardless of our existing inventory. We quickly learned that some of our "usual suspect" sites for mega projects might not qualify as mega sites. Conversely, we discovered several sites we had never considered before that could be excellent candidates. Additionally, we just kicked off another program to scour the state to find several smaller but still large industrial sites that could serve the bulk of the types of projects we pursue.

The federal government is taking a step to improve the infrastructure in this country. What are your state and local communities doing to take advantage of the federal funding?

Our state puts a very high priority on infrastructure to open up new economic development opportunities for Missourians. The American Rescue Plan Act (ARPA) has a specific definition of infrastructure. Missouri Governor Mike Parson has proposed broadband infrastructure and water/wastewater investment in his budget. Additionally, he has suggested a few other programs that could impact more targeted aspects of community infrastructure, such as industrial site development and community revitalization. Our Missouri

Department of Economic Development partners are building a team dedicated to effectively deploying these dollars to all parts of the state. We are currently in the budgeting process and expect more details after the Missouri General Assembly passes a budget later this spring.

What can we look forward to in the State in 2022?

In short, we believe Missouri will continue to offer companies a very high level of stability for those considering the state for new investment. The macroeconomic environment is still very much in question, which could have companies looking for a safe investment environment. While, at least for now, we appear to be emerging from the global pandemic, other geopolitical factors and economic uncertainties seem to lie ahead. The war in Ukraine is affecting the daily lives of Americans. We expect the Federal Reserve Bank to increase interest rates to curb inflation, and the mid-term elections could change the congressional makeup. One lesson we learned from a dynamic supply chain is that even small changes in consumer behavior can create a much larger “bullwhip effect” that can dramatically disrupt the supply chain upstream. States have seen this as companies increase or pull back on their investments. A state’s stable business climate is one way to hedge against such volatility. Missouri’s fortified AAA bond rating by all three credit rating agencies, our competitive tax climate as recently cited by the Tax Foundation, and our exceptionally flexible incentive programs designed to grow or contract with companies can offer a haven for long-term investment.