



State Economic Development Executives Network (SEDE)

Helping State Economic Development Leaders Thrive

Meeting Notes

SEDE Network Meeting – Phoenix, AZ

December 9, 2024

Sandra Watson, SEDE Network Chair and President/CEO of the Arizona Commerce Authority, kicked off the State Economic Development Executives (SEDE) Network Winter Meeting on December 9, 2024, in Phoenix, Arizona, by emphasizing SEDE's role in fostering state collaboration. The meeting brought together key leaders to collaborate on pressing economic development priorities. Sandra thanked participants for attending in person and the Center for Regional Economic Competitiveness (CREC) for its ongoing support. Vice-Chair Joan Goldstein, Commissioner of the Vermont Department of Economic Development, highlighted the importance of tackling shared challenges and welcomed attendees to the SEDE meeting and the upcoming SSTI Conference.

The following states were represented during the meeting:

Sandra Watson (AZ)	Yvonne Hao (MA)	Hope Knight (NY)
Joan Goldstein (VT)	Christopher Chung (NC)	Andrew Deye (OH)
Jennifer Emerson (AR)	Shawn Kessel (ND)	Elizabeth Tanner (RI)
Ken Burns (AZ)	K.C. Belitz (NE)	Grace Yoo (WA)
Eve Lieberman (CO)	Chase Hagaman (NH)	Sam Ridders (WI)
Joshua Jefferson (KS)	Dorian Stonebarger (NV)	Mike Graney (WV)

Nine other SEDE members expressed an interest in attending but were unable to participate due to scheduling conflicts.

State Introductions and Perspectives

Participants shared valuable insights on pressing challenges and innovative approaches in economic development. Housing affordability and workforce housing emerged as one of the most critical issues that states are facing, with shortages—particularly in rural areas—hindering economic growth. Issues raised included:

- **Housing crisis:** Many states are grappling with housing shortages, particularly in rural areas. Some states are developing new approaches like modular housing while others are repurposing underutilized commercial or institutional buildings for housing. Still others are implementing tax incentives and bond bills to stimulate housing development. The housing affordability challenge extends to middle-income workers as well as low-income citizens.
- **Energy and infrastructure:** States are facing increasing energy demand, particularly due to the influx of data centers and the increased use of those data centers for AI applications. This demand spike has led to conflicts between clean energy goals and economic development initiatives. Some states are seeing new power plants being constructed (generally fueled by



natural gas) and many leaders noted the potential of small modular reactors (SMRs) as a potential solution to meeting energy demand.

- **Workforce childcare:** Low unemployment rates coupled with high workforce participation are contributing to a challenge across all states. Many attendees noted that their state is focusing on transportation improvements and childcare initiatives to address these issues. Some states are using federal funds to train childcare center workers and managers, and others noted that increasingly companies are considering how to develop on-site childcare centers. Leaders noted that economic development agencies are not leading the discussion, but those agencies are being asked to sit at the table to discuss the issue.
- **Rural development and population loss:** Several states are experiencing population decline in rural areas, leading to economic disparities between urban and rural regions. There is a focus on developing rural infrastructure, including broadband expansion, and finding ways to attract and retain residents in these areas.
- **Technology and innovation:** States are leveraging designations like Tech Hubs and CHIPS Act awards to attract businesses, even without securing the federal funding. There's a particular focus on sectors like biohealth, advanced manufacturing, and critical minerals. Some states are also investing in startup ecosystems and early-stage capital program to promote their innovation capacity.
- **Site development:** Site development continues to be a challenge with many leaders noting a shortage of real estate “product” for expanding businesses – especially for large projects. A related topic was how state legislatures respond to the prospects of foreign ownership of real estate even as states seek foreign direct investment. Many states are considering (or have passed) severe curbs on Chinese (or more broadly foreign adversary) ownership of land in sensitive areas (e.g., near military installations).
- **Federal administration transition:** Many states have benefited from recent federal funding for various initiatives, including infrastructure and EDA programs like Tech Hubs. However, leaders noted a concern about the impact of uncertainty related to continued funding for key initiatives, given the change in Administration priorities. States are also evaluating the pace of spending allocated funds considering the priorities of the new administration. Likewise, leaders also noted that proposed tariffs might have a significant impact on trade relationships and market opportunities for U.S. companies.



- **State Administration/Legislatures:** Many leaders also mentioned challenging legislative sessions in which state legislators are not fully supportive of economic development as a vital government function. Others noted upcoming changes in their governor and the potential impacts on their economic development leadership and organization.

Hot Topics Discussion

After the introductions and initial perspectives, the Chair led a deeper discussion into two topics frequently mentioned by attendees - housing and energy:

Housing Issues

- Housing initiatives are often focused on providing affordable housing for low- to moderate-income families, but housing programs for middle-income workers are not common and they may be more necessary given the current affordability crisis.
- States noted some incentives for housing development including zoning law changes and grants for infrastructure improvements.
- Companies increasingly offer housing incentives to attract talent, with some states offering tax deductions or credits for businesses providing affordable housing or childcare benefits. Some states are exploring company-backed financing for workforce housing, offering lessons for scaling such programs.
- Some states are exploring solutions like modular homes and 3D-printed houses, offering faster, more cost-effective options for rural housing. However, some rural communities resist innovative designs. The efforts of an economic development district in Louisiana to reduce housing costs were summarized [here](#).
- Some states are requiring cities to follow housing regulations to receive state funding. Leaders also noted initiatives created to expedite development by focusing on zoning, fire safety, and other regulations. Many states mentioned that some projects receive funding through grants or no-interest loans depending on the situation.
- New Hampshire noted that it requires that 20% of each development be set-aside for workforce housing, with affordable housing capped at 80% of Area Median Income (AMI).
- In New York, efforts focus on securing financing for properties not owned by the state, particularly in the Hudson River area. A recent [article](#) in *The New York Times* explored the high cost of housing construction in New York City and explained how housing costs across the country have climbed ever higher despite increased demand for more affordable options.

Energy Issues

- Many states regularly communicate with utility companies, holding periodic meetings to align energy project development with power usage forecasts. Some states face challenges in sharing information due to internal silos within the utility sector although non-disclosure agreements can facilitate confidential discussions with energy providers.



- Some states explore energy parks, where solar, nuclear, and battery systems coexist. These parks aim to promote research and partnerships with universities, though nuclear projects face public relations challenges.
- Tech companies sometimes demand green energy to power data centers and companies like Microsoft have begun to independently invest in renewable energy infrastructure. On a related issue, some data centers have begun using new technologies (i.e., air rather than water coolants) adjusting what they look for in siting new facilities.
- States are exploring Small Modular Reactors (SMRs) as a future energy solution. Companies seek states with community support for SMRs, despite challenges around nuclear energy discussions. Generally, nuclear project permits are not expected to increase until after 2030 leading economic developers to question whether the new Department of Energy leadership will consider ways to accelerate development.

Artificial Intelligence: New Brains in Economic Development

Yvonne Hao (MA) led a discussion on Artificial Intelligence (AI) and its role in economic development. Massachusetts is incorporating AI into its statewide economic plan with a focus on leadership in AI development, covering areas like infrastructure, building smart language models, and applying AI to real-world challenges.

She noted that she is co-chair of a task force established by the Governor in 2024 to study AI and Generative Artificial Intelligence technology and its impact on the state, private businesses, higher education institutions, and constituents. The Task Force completed a report and it is available [here](#). She also mentioned a recent CREC [report](#) that reviewed AI's impact on economic development. A recent [podcast](#) (created by AI) summarized the white paper.

Leaders shared the following points during the discussion:

AI Development

- States are at the early stages of regulating AI but have concerns about overly restrictive regulations. For example, Colorado is revising restrictive AI legislation and is now focusing on proactive regulations and creating a sandbox for AI development.
- New York has invested \$300 million in a hydroelectric-powered computing facility to support more investment in AI applications.
- Wisconsin is focusing on AI accessibility for rural businesses through agricultural and extension programs. While facing resistance from some businesses, the state is exploring partnerships with key tech companies (like Microsoft and Google) to increase AI accessibility for smaller businesses.
- Leaders were curious about the federal government's role in AI use and development.



AI Use in Economic Development

- States are eager to continue discussions on AI strategies once new Federal leaders are in place at the Commerce Department, with some states experimenting cautiously with AI adoption in their various agencies.
- States like Wisconsin and Massachusetts are integrating AI within government operations to improve efficiency and familiarize staff with its capabilities.
- Massachusetts used AI to reduce one permitting process from hours to minutes, and other states like Wisconsin and Colorado are using AI to improve government efficiency.
- States are balancing innovation with safety in AI regulation, particularly regarding autonomous vehicles and workforce impacts.

Leveraging Change: Transitions in State and Federal Administrations

Mike Graney (WV) and Sandra Watson (AZ) facilitated a discussion about how to leverage changes in state and federal administrations. Mike shared that with a new Republican administration in West Virginia, there will be new state policies and priorities. The new governor is considering options that could involve privatizing certain aspects of government that relate to priority state problems. He emphasized the importance of continuing to excel in economic development in an environment in which government is being streamlined.

Sandra reflected on the uncertainty surrounding federal programs under the incoming administration and suggested that it would be helpful to strategize how to approach the new federal transition team related to key program areas. She emphasized the importance of coordinating efforts to ensure programs that benefit state economic development efforts like SSBCI funding, broadband, and tech hubs continue, especially as new governors may not be fully aware of the benefit of these initiatives. She also noted that rebranding some elements of the previous state administration's policies could be necessary to help the new team take ownership of them. At the same time, she noted that the new Administration will have different priorities, and it will be important for state leaders to quickly understand and adapt to executing strategies in line with those priorities.

Leaders shared the following points during the discussion:

Federal Transitions

- The group discussed potential ways to collaborate with the federal transition team and ensure key programs are not cut or forgotten. Some suggested compiling a list of vital programs with impact statements, which could be shared among the group for better coordination touching on such issues as:
 - Inflation Adjustment Act
 - EDA initiatives – BBBRC, Tech Hubs, Recompete
 - NSF Engines
 - State Small Business Credit Initiative
 - NSF Engines
 - CHIPS
 - Select USA
 - CDBG – housing and economic development funding



- Some leaders noted the importance of leveraging bipartisan support for certain programs, particularly those related to infrastructure and tech.
- Leaders noted that the nation is emerging from a period of unprecedented economic development investments and likely entering a more typical funding period where the Federal government steps back. However, there is interest in highlighting the need for federal investment in state economic development, especially for global competition.
- A few participants noted the importance of keeping a positive and optimistic outlook, even when facing uncertainty about federal funding and priorities.

State Transitions

- It is critical to recognize the priorities of the new administration and how you can facilitate the new governor's success.
- Leaders noted the importance of state-level teams to focus on efficiency and be prepared to rebrand certain programs to secure future funding.
- Many attendees agreed that state-level transitions should be managed carefully, with an emphasis on working closely with governors and their agenda.

SEDE Planning and Discussion

The conference concluded with a discussion of SEDE accomplishments, the charter, and the 2025 statement of work. Bob Isaacson and Ken Poole highlighted some materials that were included in the meeting packet (and are posted on the post sign-in pages of the SEDE website [here](#)):

- SEDE 2024 Accomplishments
- SEDE Charter
- 2025 Statement of Work and Budget Discussion
 - Attendees were comfortable with contribution levels by population.
 - As more states invest in SEDE, the individual contribution levels can decline.
 - Leaders proposed sponsorships to offset SEDE administration and meeting costs. Some noted that many site selection companies would likely be happy to sponsor in exchange for access to state economic development leaders.
- Leaders indicated that the afternoon of Monday, May 12 during the Select USA event was the preferred time to hold the next SEDE meeting. More news on this meeting will be available early in 2025.

The meeting concluded at 4:45 pm and was followed by a reception.