

SHOW-ME “FarMOlogy”

KEY ECONOMIC TOOLS HELP TECH STARTUP SEEDS GROW IN MISSOURI’S DEEPLY-ROOTED AGRICULTURE INDUSTRY

by Missouri Department of Economic Development

“FarMOlogy” is what you get when you combine Missouri’s rich agriculture with its innovative technologies. Farmers throughout the state are growing and raising the food that feeds the world. With many of the latest technologies to enhance this industry developed right here in Missouri, the Show-Me State is ripe for expansion in both rural and metro areas.

To foster this high-potential AgTech industry, Missouri has strategically aligned its resources to create tools for entrepreneurs.

It’s working: Missouri was recently named No. 1 in new business creation by the U.S. Census Bureau and enjoyed an impressive 16 percent increase from the previous year. The state’s entrepreneurial successes and big-name corporate expansions of companies such as Monsanto, Boehringer Ingelheim Vetmedica, Cerner and World Wide Technologies are catapulting the state’s reputation as a tech and bioscience leader. Missouri is also attracting investments from afar. Just this year, Missouri Department of Economic Development has helped bioscience companies such as Lagene, Eurofins Panlabs, Evogene and Forrest Innovations, and animal health companies such as Ceva and Jurox expand operations and U.S. headquarters to the state.

To add to this momentum, for the first time ever, Missouri is a Top 10 state for startup funding (*Forbes*). This is great news for entrepreneurs. In fact, three of the top four venture capital investors in the Midwest call Missouri home (*PitchBook*). The top venture capital group in the Midwest, in terms of number of investments, is Missouri Technology Corporation, a



part of the Missouri Department of Economic Development.

Agriculture, technology and access to funding converge in a great way in Missouri. Several key state economic tools exist for tech startups. Municipalities should be aware of.

The following four programs are available to assist municipalities:

MISSOURI WORKS PROGRAM

In 2013, Missouri created this incentive tool, which is today receiving top marks from the Pew Charitable Trusts. The Missouri Works tax incentive program is responsive to important, high-growth industries such as technology, and opens the door for smaller businesses to access needed capital when creating as few as two new jobs. The program allotted \$116 million for FY2016. Smaller companies and startups such as Forrest Innovations, Kaiima Bio-Agritech and Evogene, all in the AgTech sphere, are using the program to leverage assets to hire key personnel or purchase new equipment.

Missouri Works takes into

account the overall size and growth potential of a company, average annual wages of new jobs and the level of economic distress of the project area among other factors in helping encourage investment and job creation. More at <https://www.ded.mo.gov/moworks>.

MISSOURI TECHNOLOGY CORPORATION

The Missouri Technology Corporation (MTC) invests in Missouri’s companies of tomorrow and focuses on 21st-century technology and bioscience industries that build on Missouri’s rich history in agriculture, especially animal health and plant science. MTC also invests in early stage companies in the applied engineering, biomedical science, and defense and homeland security industries. This unique public-private partnership is leveraging a budget of \$18 million in FY2016 to support emerging, high-tech companies. MTC was recently ranked the top venture capital group in the Midwest by *PitchBook* based on the number of investments from 2010 to 2014.

Specific MTC programs supporting tech startups include the Missouri Building Entrepreneurial Capacity Program (MOBEC) and the Missouri Innovation, Development and Entrepreneurship Advancement (IDEA) Fund. Through MOBEC, MTC makes strategic investments in non-profits that expand and enrich the ecosystem of support for entrepreneurs who are commercializing new technologies or that enhance the capacity of Missouri to grow its innovation economy. MTC uses the MOBEC program to catalyze and support local and regional initiatives that assist high-tech entrepreneurs.

MOBEC grant funds should be matched by other non-state funding sources. Since 2011, MTC has awarded more than \$6 million through the MOBEC program to communities across the state to help them build their capacity to support Missouri entrepreneurs.

The IDEA Funds promote the formation and growth of businesses that engage in the transfer of science and technology into job creation by co-investing directly into a firm. This early stage capital helps young companies at a crucial time by helping them leverage additional private investments. Through the IDEA Funds, MTC has invested more than \$26 million in 76 Missouri startups. Those companies have leveraged MTC's investment to raise more than \$250 million in additional capital to help grow businesses and create jobs.

InnovaPrep in Drexel, Missouri, is just one example of a rural bioscience startup aided by MTC during its formative years. The company develops food, drug and water safety diagnostics, medical and veterinary diagnostic research and industrial and environmental monitoring. More at <http://www.missouritechnology.com>.

MISSOURI AGRIBUSINESS REVOLVING LOAN FUND

The Missouri Agricultural and Small Business Development Authority's (MASBDA) Missouri Agribusiness Revolving Loan Fund offers financing to qualifying agribusinesses, including those with emerging agricultural technology. Funds may be used for startup costs and working capital, purchase of machinery or supplies, business construction and more. More at <http://agriculture.mo.gov/abd/financial/revolvingloan.psp>.

NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT PROGRAM

Startups in value-added agriculture can use the New Generation Cooperative Incentive Tax Credits by MASBA to encourage producer-member investment in state-of-the-art processing entities. These processors turn Missouri agricultural commodities and products into value-added goods and provide substantial benefits to Missouri's agricultural producers and create jobs for Missourians. More at <http://agriculture.mo.gov/abd/financial/taxcredits.php>.

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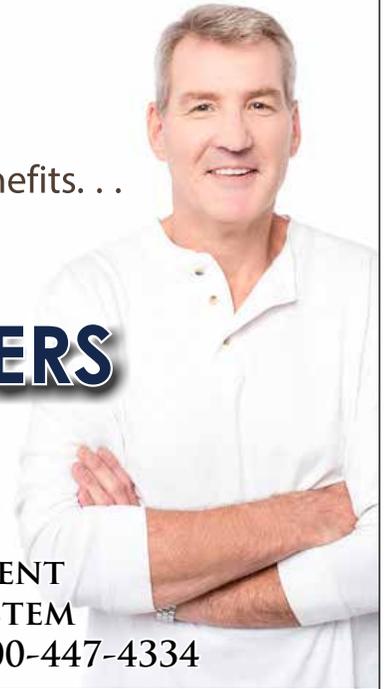
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Missouri's cattle, soybeans and cotton production is among the Top 10 nationally. Worldwide, Missouri also has the highest concentration of plant scientists per capita and the second most farms nationally. The state is home to the KC Animal Health Corridor, the largest concentration of industry assets in the world. The nation's first AgTech accelerator, The Yield Lab, was formed in Missouri. This ultimately

means rural communities are very much in the startup game as the state's AgTech industry gains traction. □

To learn more, including how to access these programs, visit www.ded.mo.gov or contact the Missouri Department of Economic Development at 573-751-4962.