



# The Role of County Officials in Economic Development

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Whether recognized or not, county government officials have always been involved in local economic development. For example, county governments are responsible for the maintenance of county roads and bridges. No community can hope to successfully develop their economy without adequate infrastructure. Beyond the fact that many businesses have specific transportation needs, good roads are an important part of the quality of life in a community. Along these same lines, ambulance service, water, parks, and fairgrounds are also important elements to local economic development.

Community groups that have traditionally been involved in economic development efforts, such as Chambers of Commerce and Economic Development Authorities, are beginning to understand the value of bringing all the important "players" to the table during discussions about economic development. These players include local civic group leaders, individual business owners, representatives from Native American tribes, school district administrators, Extension educators, and city and county government officials. County government officials, in particular, have the ability to provide information and insight regarding regional (countywide) assets and needs.

This fact sheet will first clarify what is meant by economic development and will briefly discuss the major options for economic development that communities have available. In addition, the results of a brief survey will be presented. Completed by a group of 45 county officials, the survey analyzed the perceptions of these officials regarding their role in economic development. Finally, some specific tools and activities that are unique to county government officials will be discussed.

## Definition of Economic Development

Many agree that economic development is an endeavor that requires multi-sector and multi-agency collaboration. A problem arises when these different groups start discussing what economic development means. Often, these groups have a perception of the problem or issue based only on their point of view. The resulting definition usually involves **only** agricultural activity or **only** industrial recruitment rather than a broader definition that explores all options.

In its basic form, an "economy" is a system for meeting the needs and wants of people in a particular geographic area

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(community, region, state, nation, etc.). "Development" has been defined as the improvement of well-being for residents in a particular geographic area. This includes such measures as expanding the economic base, improving services, cleaning up the environment, or upgrading infrastructure. This implies that actual development activities will depend on goals and needs identified by residents in the region of concern.

The term "economic development" refers to an expansion of the economic base through efficient allocation and use of available resources. A working definition for economic development could be any activity which provides additional jobs and income, given a community's standard or quality of life.

In its broadest sense, economic development is a concept that suggests at least the maintenance of, and more likely, the improvement in the standard of living identified by the people. It is up to the community to insert its will into this ongoing and dynamic process. Quality of life certainly plays a key role in this process.

## Sources of Jobs and Income

Five options for economic development at the community, small town, and rural area level have been proposed by Pulver [1]:

- 1) Improving a community or area's ability to capture existing income.
- 2) Improving the efficiency of existing firms.
- 3) Encouraging the formation of new businesses.
- 4) Attracting new industry or business.
- 5) Increasing financial aid received from other government levels.

At least one additional option can be added: investment in existing resources, especially human resources or people prosperity. The alternative(s) chosen will depend upon the goals and needs of the community. An active economic development effort might include several of the alternatives, shifting emphasis as needs, resources, and opportunities dictate. There are specific methods a community can follow to pursue goals related to each of the alternatives. Each of these five alternatives offers some potential in one combination or another for communities. No universal solution exists, and regional or community development plans should vary depending upon existing local strengths and weaknesses.

## The “CARE” Model

The options presented by Pulver have long been utilized by those working in the local economic development arena. The options listed tend to be almost all inclusive for those who care to work with local economies. In fact, the term “CARE” provides another useful approach and summary for economic development options. C.A.R.E. stands for Creation, Attraction, Retention, and Expansion [2].

**Creation** refers to all local efforts to encourage the formation of new business. In the “age of the entrepreneur,” any concern with emphasis on a local climate helpful for new job formation may lead to greater dividends in the future. New businesses often need support in several areas including capital financing, labor supply, technology assistance, and management assistance. A healthy climate for new business formation addresses all these elements. Resulting new businesses capture additional income for the local economy and provide the often-needed diversification.

**Attraction** refers to the traditional industrial recruitment efforts many southern states have pursued. Industry and business recruitment is perhaps the best known economic development option. Although community preparation, tax incentives, and other attraction strategies are very familiar tools, this is a highly competitive arena. Few businesses relocate every year and yet there are thousands of local development organizations seeking relocation or expansion. Still, this may be a viable option in some cases.

At the state level, industrial attraction efforts receive a great deal of attention, and are viable options. Local communities, however, should realistically assess their chances of recruiting a basic employer and set appropriate goals. Major metropolitan areas will attract most of the larger employers. Factors that influence larger employers include labor supply, transportation, telecommunication infrastructure, location of related businesses, water or other resource constraints, and community attitude and/or preparedness.

**Retention and Expansion** both refer to activities targeted to existing firms. For example, retaining 100 existing jobs in a community is just as important (or more so) as attracting 100 new jobs. Expansion takes the concept of retention one step further. Why not encourage expansion of existing firms? After all, there must be a competitive reason for those firms locating in the first place.

The emphasis for business retention and expansion efforts should be on aiding businesses, communities, and regions in becoming more competitive. Much new job growth comes from the expansion of existing firms. If existing small businesses expand, new jobs and additional income result. Retention of existing small businesses also ensures a more stable local economy.

Training programs, financial assistance, and a supportive local attitude can greatly aid these existing firms. Training programs are available from universities, the Cooperative Extension Service, Career Technology Centers, Small Business Development Centers, and other sources regarding such topics as financial analysis (for example, cash flow or profit forecasting), personnel management, business plan development, and other management or marketing concerns. The goal of these programs is to increase efficiency of resource use in existing firms so they become more competitive.

To sum up, the CARE model refers to the creation, attraction, retention, and expansion of local jobs. These are

the principal methods or avenues for bringing new jobs to an area. Of course, local areas can target *specific sectors* such as tourism, retirees, Main Street businesses, manufacturing, or home-based business—depending upon the local circumstances.

## County Government’s Role – Survey Results

Does county government play a role in efforts to assist entrepreneurs, attract new industries, or support existing businesses? According to a brief survey administered to 45 county government officials, the answer is “yes.” Of the 45 participants, 98 percent identified specific roles for county government in economic development.

When asked to identify the role of county government in economic development, the most common response (15 responses) by county officials was as simple as “Be involved.” This sounds somewhat vague, but one county official literally wrote only that as the response, and it seems to set the tone for several other answers. Specifically, it was suggested that county government should be involved in the communities within the county and should regularly attend local meetings in order to understand the needs of those communities.

Not surprisingly, the maintenance of infrastructure was also viewed as one of the most important roles of county government (13 responses). In addition to roads, the county officials also specifically mentioned ambulance service, water, parks, and fairgrounds.

The group of county officials also placed a strong importance on the need to form partnerships with other groups, communities, and governments. A few respondents indicated that the county should be the entity to initiate these relationships.

County officials were also asked to identify the kinds of assistance or information they needed to be better equipped to assist with economic development. The major response to this question related to a need for funding (12 responses). Some respondents simply answered the question with the word, “funding” or the word “money.” Others elaborated a bit more by explaining what they would like to use the money for, such as investment in roads and public services. Five respondents specifically mentioned grants and would appreciate help understanding the grants that are available to them.

Another major theme was that the county officials simply need more information about economic development and their role in it. For example, seven participants explained that economic development courses would be very helpful. Others expressed a need for data and statistics and other basic forms of information. Another person wanted to know what options were available—especially in relation to raising revenues to be used for economic development.

A third major theme in response to this question was that the county officials wanted to see partnerships between cities and counties. Many county officials, however, explained that they did not know how to start these kinds of partnerships or how to get people motivated to participate. One person specifically asked for training on how to work with communities for economic development.

The following economic development tools were specifically requested:

- Visioning/planning
- List of web resources
- Fiscal impact analysis
- Assessment of recruitment targets
- Marketing tools

## Tools Available to County Government

As demonstrated from the survey results, county officials perceive that they have a role to play in local economic development efforts, but they are not necessarily clear about what their role is, or the tools they have available to assist in these efforts. This section will describe some tools assigned by law to county governments that could be useful in economic development.

**County Lodging Tax:** According to state statute, any county with a population of less than 200,000 may levy a lodging tax, up to 5 percent, on the gross proceeds from lodging, such as hotels and motels. This is not applicable within the city limits of any city that has a city lodging tax. Currently six counties have this tax in place. Proceeds may be used to fund economic development activities. [§68-1370.9: A lodging tax must be approved by a majority of voters of the county.]

**County Sales and Use Tax:** Counties may levy a sales tax up to 2 percent, the proceeds of which may be earmarked for specific uses. Seventy counties have a county sales tax, and eleven of those earmark funds specifically for economic development activities. In any county with a sales tax, the commissioners may also implement a use tax by resolution. [§68-1370: A sales tax must be approved by a majority of voters of the county.]

**Ad Valorem Funded Special Revenue Funds:** The proceeds of specific revenue sources that can only be spent for specified purposes (as defined by law) may be held in special revenue funds. By statute, one of these special funds may be a County Industrial Development Fund. [OC Article X §35: The sale of bonds must be approved by a majority of voters.] Other funds include:

- County Health Department
- County Building
- Emergency Medical Services

**Public Trust Authorities:** Oklahoma law allows for the creation of public trust authorities. These authorities may be created by the state or any county or municipality—or by any combination of the three. [§60-176: The creation of a public trust authority requires approval of two-thirds of the membership of the governing body, such as the governing body of the county or of the municipality.]

These authorities may provide for any authorized public function. These functions include:

- Develop or maintain an industrial area.
- Foster economic development activities.
- Provide airport facilities for the county.

According to the *Handbook for County Commissioners of Oklahoma* [3], some benefits of a public trust authority include the following:

- Financing for public trust authorities may come from bonds or sales tax. These sources of income can only be used for the purposes of the trust.
- Public trusts can seek outside sources of funding as a separate entity from the county—which means it is not

subject to all of the constraints imposed on the Board of Commissioners.

- Individuals with expertise in the function performed by the trust (such as economic development) may be hired to manage the trust. The trust does not have to be managed by the Board of Commissioners.

**Oklahoma Rural Housing Incentive District:** These districts may be created in municipalities or counties with a population less than 300,000, and in which the percentage change in population is less than the national average. The purpose is to encourage the development and renovation of housing in rural areas.

A portion of the tax revenues raised from real property within a housing district will be deposited in a special fund of the county (or municipality) to pay the cost of housing projects in the district. [§62-879: The creation of a rural housing district requires approval of the governing body, such as the governing body of the county or of the municipality.]

**The Local Development Act:** This act provides for tax exemptions and incentives for planning, financing, and development within certain areas of the state including undeveloped and underdeveloped areas, and areas for historic preservation. [OC Article X §6C and §62-851]

Other options available for counties include:

- Special Cash Funds as needed for home rehabilitation, fire districts, rural water districts, roads and bridges.
- Oklahoma Housing Reinvestment Program.
- County Board of Health or City-County Board of Health.
- Planning Commission.
- Assistance from State Fire Marshall's Office, Economic Development Programs, Oklahoma Department of Industrial Development, University Business Assistance Center for Oklahoma, and others.

## Concluding Remarks

For county government officials who are interested in getting involved with local economic development activities, an important lesson to remember is there is no single set of instructions for how to go about it. There are, however, some basic pieces of advice that apply to anyone interested in economic development.

1. **Know your community/county:** Each county is different, and each has a different set of assets, opportunities, weaknesses, and needs. All of these aspects should be examined before beginning to plan for economic development.
2. **Get involved wherever you can:** One way to gain a better understanding of the needs of the communities in the county is to get involved. County officials who completed the survey indicated the importance of being involved with all organizations in the community, including: councils of government, local civic clubs, career-techs, city councils, hospital authorities, chambers of commerce, and citizens.
3. **Understand the assets you offer:** As county officials become more involved in local economic development efforts, they will likely begin to understand the unique tools they have available to help the process. For example, because county officials represent the entire county, even

something as simple as vocal support (from the county commissioners, for example) can be a big boost for local efforts. Of course, more complex tools include sales taxes, public trust authorities, and tax incentives.

4. Be willing to form partnerships: One county official who completed the survey indicated a need for partnerships with surrounding counties for a more regional focus. Numerous officials listed the need to partner with the cities and towns in the county.
5. Think creatively, but realistically. For example, one county that participated in the survey indicated that its Economic Development Trust generates fees through bond issues. The county is then able to offer “grants” to local communities for economic development projects.
6. Get started. Like any other important endeavor, you have to start someplace, sometime. Now might be the right time—the right place.

## References

- [1] Pulver, Glen C., “Economic Growth in Rural America,” in *New Dimensions in Rural Policy: Building Upon Our Heritage*, Study prepared for the use of Subcommittee on Agriculture and Transportation of the Joint Economic Committee, Congress of the United States, 99th Congress, 2nd Session, June 5, 1986.
- [2] Woods, Mike D., Frye, V. Jack, and Ralstin, Stan R., “Blueprints for Your Community’s Future: Creating a Strategic Plan for Local Economic Development,” Fact Sheet AGEC-916, Oklahoma Cooperative Extension Service, Oklahoma State University.
- [3] Lansford, Notie and Rudin, Judy, *Handbook for County Commissioners of Oklahoma*, Center for Local Government Technology, November 2004.

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