

Subject: GOV. RITTER: MANUFACTURING, INNOVATION KEYS TO ECONOMIC RECOVERY

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**GOV. RITTER: MANUFACTURING, INNOVATION
KEYS TO ECONOMIC RECOVERY**

Gov. Bill Ritter told the state's largest business organization today that manufacturing and innovation will be key catalysts that drive Colorado's economy toward recovery and out of the recession.

"We're one of the most business-friendly states in the country," Gov. Ritter said to hundreds of business owners and members of the Colorado Association of Commerce and Industry at the group's 44th Annual Meeting. "There's a reason we're in much better shape than many other states, and there's a reason experts say we'll be one of the first states to come out of the downturn. It's because we understand that making things and innovating new technologies are the keys to our economic future, and we're making great progress in both of those areas."

Gov. Ritter cited SMA Solar Technology's recent decision to open its first North American manufacturing plant in Colorado, bringing 300 new jobs here, as the latest business-development and production accomplishment for the state.

Gov. Ritter also called for the creation of a New Colorado Partnership that strengthens collaboration among state government, businesses, schools and colleges so "we can all succeed together in what is our new economic reality."

"Just as you all are finding new ways to adapt and succeed in this new economic reality, so must state government," Gov. Ritter said. "We have a rare opportunity to transform government into a more effective partner for every business, every school district and every college in Colorado. Together, we have a real opportunity to build a sustainable economic future for our children."

Gov. Ritter thanked departing CACI board chair Peter O'Connor for his service and wished incoming chair Tom Flanagan the best of luck in his new role.

Below are the Governor's complete remarks as prepared for delivery:

Thank you, Don, for that very kind introduction. Thank you CACI for inviting me to address you all. Congratulations to Peter O'Connor on his successful term as board chair. And good luck to new chair Tom Flannigan.\

Three years ago, I ran for governor because I wanted to serve the people – including the business people – of Colorado because we weren't achieving our full potential as a state. We weren't meeting our full promise in key areas like energy development, education and business development.

So for the past three years we've been putting in place a strategy to transform Colorado ...

To make us a leader in education reform, because we need to give our kids a better shot at succeeding in the toughest economy since the Great Depression.

To make us a leader in the New Energy Economy, because our economy, our national security and our environment demand it.

And to create a sustainable, long-term vision for business development, because our state's future and our entire quality of life depend on it.

It's a strategy that's connected, comprehensive and collaborative. It was a good strategy back in 2007 when times were good. And I'd argue that it's an even better strategy today, when times are tough.

And times are tough. Our economy fell off a cliff and we're all struggling to climb back up. You're cutting costs, streamlining operations and doing more with less. And so is state government.

Since the recession started a year ago, we've closed shortfalls of \$1.8 billion. We've eliminated hundreds of positions. We've put a hold on salaries for two years. And this morning I announced four additional unpaid furlough days, bringing the total to eight.

These have all been tough decisions. But they've all been necessary decisions. Necessary to keep the budget balanced. Necessary to maintain the safety-net. And we aren't finished. Tomorrow, I will announce a plan to close an additional \$250 million shortfall, and on November 6 I will submit my Fiscal Year 10-11 budget proposal.

Government revenues lag a turnaround by about a year. So even though the economy is starting to stabilize and even recover, our FY10-11 budget will be worse than this year's.

And let's be clear: this isn't some temporary hiccup or one-time blip. We're living in a new economic reality. This is a long-lasting correction, a massive shift that will require shared sacrifice on the part of everyone.

But it's also an opportunity for all of us to be bold, to become more efficient, to create a New Colorado Partnership that does a better job linking government with businesses, schools and colleges.

The only way we'll get through this is by working together, by understanding that our successes are connected.

A better education system means smarter students. And that means a more skilled and competitive workforce. And that means a healthier economy, more prosperous businesses, and the absolute best quality of life in the country.

By building a New Colorado Partnership, we can do a better job educating our kids for sustainable jobs in sustainable industries that will last far into the future. By building a New Colorado Partnership, government can strengthen its ties to businesses. Government can't do everything in a free-market system. And it shouldn't. But especially in tough times like this, government can help.

Over the past three years, we have. We exempted 30,000 businesses from the Business Personal Property Tax. We overhauled the tax structure for big businesses. We revived the Colorado Credit Reserve Program. We created incentives to help existing companies survive and attract new companies to Colorado.

But the best thing we can do for business is to improve our education system. Over the past few years, we've launched revolutionary changes. We've expanded pre-school and full-day kindergarten for thousands of kids. We held the first-ever joint meeting of the Colorado Commission on Higher Education and the State Board of Education. We're creating a continual link between the beginning of a child's educational career and the end. And we're going to eliminate the CSAP test as we know it.

When you put all this together, what we've got is a strategy for success and a reason for optimism. Colorado's September unemployment rate fell .3 percent, to 7 percent, compared with 9.8 percent nationally. We're almost 3 full points below the national average.

We're one of the most business-friendly states in the country. We've got the eighth-lowest corporate income tax rate in the nation. There's a reason CNBC and Forbes.com rank us as one of the best states for business.

And there's a reason why experts say we'll be one of the first states to come out of the downturn. It's because we have a diverse economy. It's because small

businesses are the backbone of our economy. And it's because we understand the two most important things that will lead us out of the recession: manufacturing and innovation.

So we're creating New Colorado Partnerships and entire economic ecosystems around our most promising industries ... aerospace and technology and biosciences and energy.

Yesterday, Mayor Hickenlooper and I announced that SMA Solar Technology of Germany will be opening its first North American manufacturing facility here in Denver. SMA is the world's No. 1 maker of solar inverters, and they're bringing hundreds of new jobs to Colorado. And they aren't alone in the New Energy Economy.

International companies like Vestas, RePower and Siemens are all coming here because we're now a global leader in the New Energy Economy.

We've got this entire ecosystem that's acting like a magnet for new companies and new jobs. We have the best research corridor in the world. We have unbelievable natural resources, and we have one of the most highly-skilled workforces in the country.

One of those resources is natural gas – which is one of the most important industries in Colorado. It's also one of the industries that's struggling the most across the country.

So I'm working hard to increase demand and create new markets for natural gas, while also ensuring that energy development occurs in a responsible, balanced way.

We can have healthy communities and a healthy industry, an industry that will one day thrive again, in a way that's sustainable and compatible with other important economic sectors like recreation and tourism.

Let me wrap up with this: As I said earlier, we're living in a new economic reality ... a new reality that's full of challenges and opportunities. Just as you all are finding new ways to adapt and succeed, so must state government. We have a rare opportunity to transform government into a more effective partner for every business, every school district and every college in Colorado.

It will require a new way of thinking, a new commitment to making government a more nimble and more entrepreneurial partner ... a new commitment to streamlining operations and becoming more efficient and more innovative.

Your businesses and your families are making tough choices and creating new directions and new pathways.

So is state government. It started back in 2007 with the GEM efficiency review. It continued when we consolidated all of our IT functions.

And we're going to keep fundamentally re-thinking the way government does business by modernizing operations and making greater and greater use of technology.

Today, together, we have a real opportunity to build a sustainable economic future, to invent a new future for our children and our grandchildren.

This is what I meant back in 2006 and 2007 when I talked about the Colorado Promise. And it's what I mean today when I call for a New Colorado Partnership.

Thank you.