ECONOMIC DEVELOPMENT: BETTER RETURNS WITH SMART INCENTIVES

NCSL Jobs Summit
San Jose, CA
September 18, 2014
Using incentives to achieve state policy and community goals

Data and analysis to enable better decision-making

Greater transparency and accountability

Recipient
Deal
Compliance
Effectiveness
3 steps state legislatures can take to create smart incentives

1. Set clear goals for each incentive program
   • But allow flexibility on specific metrics

2. Request and fund regular program performance evaluation
   • Enable data sharing
   • Provide time and resources
   • Use reporting to improve not punish

3. Work with the executive and economic development office to improve program performance
   • On the same team – creating economic opportunities in your state
   • How can incentives support these efforts?
Business Incentives Initiative

- Identify effective ways to manage and assess incentive policies and practices
- Improve data collection and analysis
- Develop national standards and best practices that states can use to report on economic development incentives
- Participating states: IN, LA, MD, MI, OK, TN, VA
Takeaways

- Incentives should be used to accomplish community goals – not just win a deal.
- The problem is that we haven’t known which incentives actually help our communities.
- Communities need better data and analytics throughout the process to identify what works and enable sound decisions when awarding incentives.
- The next few years will see tremendous improvements in the way we talk about and evaluate incentives.
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