

ECONOMIC DEVELOPMENT: BETTER RETURNS WITH SMART INCENTIVES

NCSL Jobs Summit
San Jose, CA
September 18, 2014

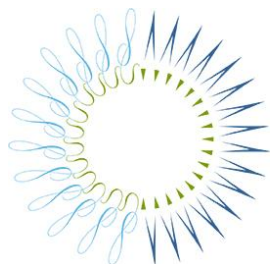
Using incentives to achieve state policy and community goals



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



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- 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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