

# Site Location 101, and How to Make Property Tax Subsidies Accountable

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# Site Location 101

- Business basics matter (not tax breaks)
- Public officials in “prisoners’ dilemma”
- “Job blackmail,” “Economic war among the states” (and suburbs)
- Unregulated site location consultants whose self-interest may distort advice

# Sunshine is the best disinfectant



# Recurring Problems

- Not well targeted
- Causes hidden fiscal harm
- “Job poaching”
- Failure to create (or retain) promised jobs
- Lack of monitoring of outcomes
- Failure to recapture money from bad deals



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Demo Sale

\$116,827

MSRP \$129,175



INVENTORY

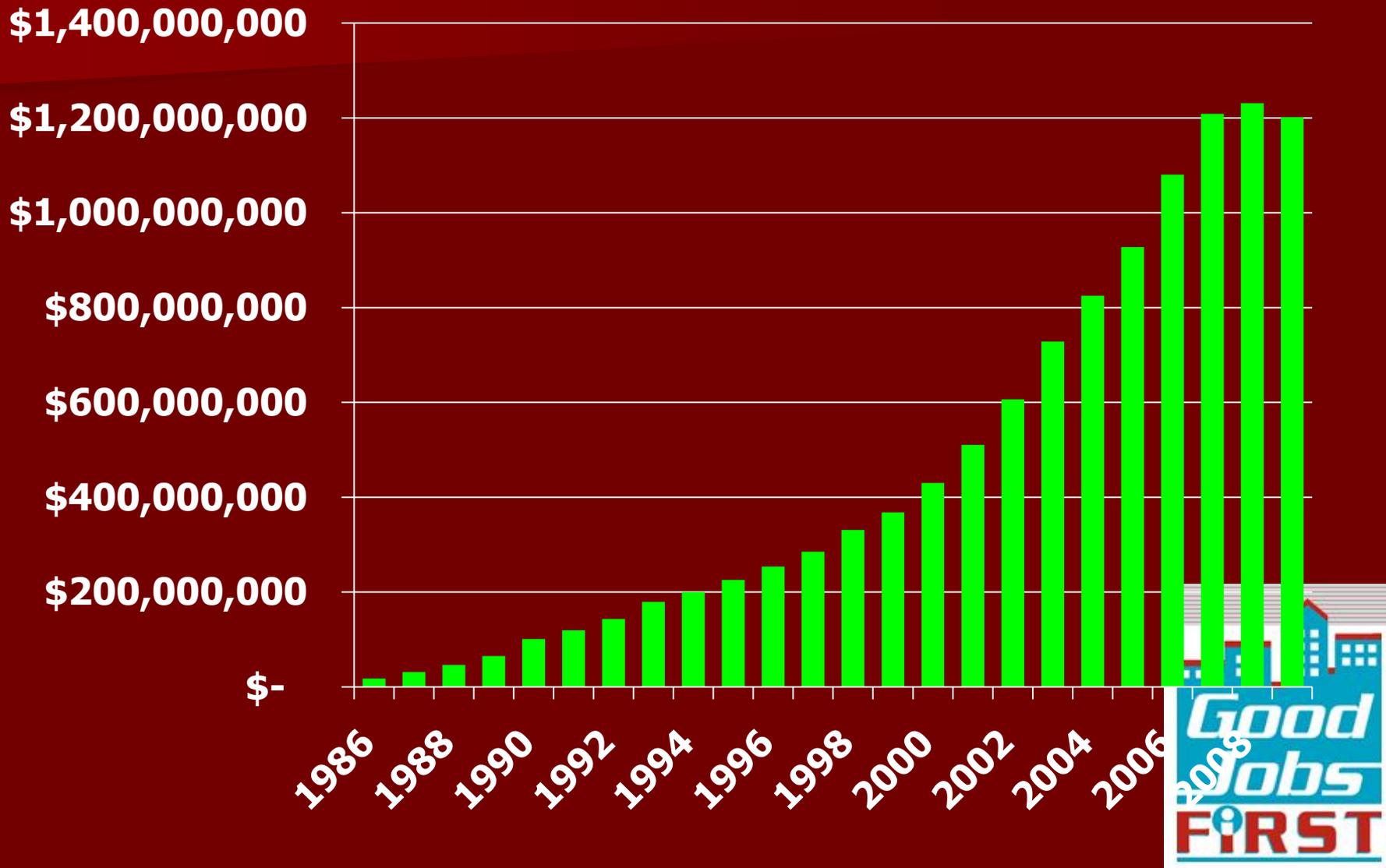
NEW VEHICLES

SPECIALS



SCHEDULE SERVICE

# > 1,100 TIFs, > \$1.2 BIL/Year



# Minnesota & Wisconsin

- MN: over 2,000 TIF districts, diverted \$333 million in 2009
- MN: Comprehensive tax abatement, TIF, etc. disclosure
- WI & MN: Job creation shortfalls

# Remedies

- Collaboration: Early warning systems
- Online disclosure of awards & outcomes
- Quid pro quos (jobs, wages, benefits)
- Monitoring and enforcement of outcomes
- Print it on property tax bills!
- Unified Economic Development Budgets

# Online Disclosure of Awards

- Company name (+ parent)
- Project address
- Program \$ source(s)
- Duration, formula and dollar value
- Job, wage and benefit requirements
- Searchable and downloadable

# Job Creation & Quality

- Job creation with cap of \$35k/job
- Job maintenance for duration of subsidy
- Pirated jobs ineligible
- Market-based wages
- Health insurance
- Full-time hours
- Result: Avoids hidden taxpayer costs



# Monitoring Job Outcomes

- Annual reporting by companies
- Online disclosure of reporting
- Independent verification by:
  - On-site audit; or
  - Unemployment Insurance records

# Contact Us!

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