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EVIDENCE COUNTS

Evaluating State Tax Incentives for Jobs and Growth

Robert Zahradnik

Trade-offs





Evidence Counts



Evaluating State Tax Incentives
for Jobs and Growth

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Avoiding Blank Checks

Creating Fiscally Sound
State Tax Incentives

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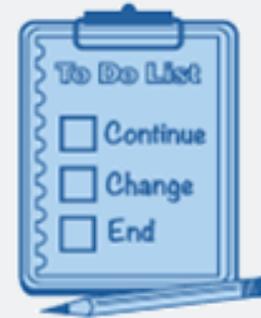


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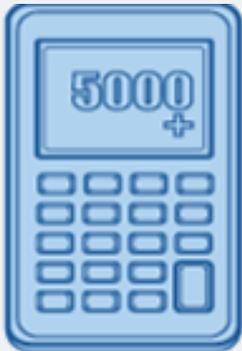
Four Principles to Ensure Tax Incentives Deliver a Strong Return on Investment



① All tax incentives will be reviewed regularly according to a strategic schedule.



② Evaluations will draw clear conclusions based on measurable goals.



③ Rigorous evaluation will determine the benefits and costs.



④ Evidence from evaluations will inform policy choices.





① All tax incentives will be reviewed according to a strategic schedule.

- Ensure evaluations are ready in time for budget and policy decisions.
- Consider grouping tax expenditures with similar goals together.
- Allow for flexibility.



② Evaluations will draw clear conclusions based on measurable goals.

- Conclusions provide lawmakers with choices that they can consider and act upon.
- Analysts can draw conclusions about ways an incentive might be improved.
- To arrive at clear conclusions, evaluators must ask questions about what the tax incentive is trying to achieve.



③ Rigorous evaluation will determine the benefits and costs.

- To what extent did the incentive affect the choices businesses made?
- Were existing businesses affected by the incentives?
- Did the benefits outweigh the negative effects of the tax increases or spending cuts needed to offset it?





④ Evaluations will inform policy choices.

- Oregon's sunset approach.
- Rhode Island requires recommendations in the Governor's budget.
- Legislative hearings, e.g. Washington and Mississippi.



Growing momentum in 2013 and 2014

Took steps toward...

Effective evaluation

Clearer goals





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