PAYING TAXES TO THE BOSS:
How A Growing Number of States Subsidize Companies with the Withholding Taxes of their Workers

Good Jobs First
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HOW A GROWING NUMBER OF STATES
SUBSIDIZE COMPANIES WITH THE
WITHHOLDING TAXES OF WORKERS

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Executive Summary

As Americans file their state income tax returns this month, some may dislike paying taxes but most take heart from the fact that their dollars support public schools and colleges, roads and transit, health care and public safety. However, for some people, the personal income taxes they see deducted from their paychecks aren’t supporting public services. Indeed, this is true for workers at more than 2,700 companies in 16 states.

Nearly $700 million is getting diverted each year. And it is very unlikely that the affected workers are aware, given that no state requires that the diversion be disclosed on pay stubs.

Where is the money going? To the employers of those workers. A growing number of states are diverting revenue traditionally devoted to funding essential government services to pay for lavish subsidy awards to corporations for job creation or sometimes simply job retention. The practice of redirecting large portions of the state personal income tax (PIT) withholding deducted from paychecks means many workers are, in effect, paying taxes to their boss.

Along with the worker deception, many of the programs are entwined with two of the most controversial practices in economic development: the economic war among the states and job blackmail. Many PIT diversions are paying corporations to simply relocate existing jobs from one state to another; others are used by states when they capitulate to companies that threaten to move to another state.

These are the findings of the first systematic examination of state economic development programs derived from withholding taxes and PIT revenue. Good Jobs First has identified 22 PIT-based programs in 16 states that together involve the annual diversion of about $684 million in revenue. They are:

- Colorado: Job Growth Incentive Tax Credit
- Connecticut: Job Creation Tax Credit
- Georgia: Job Tax Credits
- Georgia: Research and Development Tax Credit
- Illinois: Economic Development for a Growing Economy (EDGE) Tax Credit
- Indiana: Economic Development for a Growing Economy (EDGE) Tax Credit
- Kansas: Promoting Employment Across Kansas (PEAK) Program
- Kentucky: Kentucky Business Investment (KBI) Program
- Kentucky: Kentucky Industrial Revitalization Act (KIRA)
- Maine: Employment TIF (ETIF)
- Maine: Shipbuilding Facility Credit
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- Mississippi: Impact Withholding Rebate Program/Existing Industry Withholding Rebate Program
- Mississippi: Mississippi Advantage Jobs Incentive Program
- Missouri: Quality Jobs Program
- Missouri: The Missouri Automotive Manufacturing Jobs Act
- New Jersey: Business Employment Incentive Program (BEIP)
- New Mexico: High Wage Jobs Tax Credit
- North Carolina: Job Development Investment Grants (JDIG)
- Ohio: Job Creation Tax Credit
- Ohio: Job Retention Tax Credit
- South Carolina: Job Development Credits
- Utah: Economic Development TIF (EDTIF)

Some of the programs have been around since the 1990s, but in recent years more states have resorted to PIT-based subsidies. Indeed, six of the 22 programs (and portions of others) were enacted since the beginning of 2009.

The programs work in various ways. Some allow employers to immediately retain (and never remit to the state) a large portion of the withholding taxes generated by designated new or retained workers. Some provide cash rebates or grants calculated the same way. Others provide credits against corporate income taxes or other business levies, with the value of those credits based on the withholding taxes of new or retained workers. (Some of these credits are cash-refundable if the credit exceeds the company’s tax liability.)

The share of withholding taxes diverted into subsidies can be as high as 100 percent, as is the case with programs such as the EDGE tax credits in Illinois and Indiana, and the duration can be as long as 25 years, as is the case with Mississippi’s Withholding Rebates. A total of 12 programs divert 75 percent or more of withholding, and 18 provide ten or more years of subsidies.

These large percentages and the absence of ceilings on individual deals in many programs can translate into high dollar costs. The most expensive of the programs is New Jersey’s BEIP, which in FY2011 approved new grants worth up to $73.2 million over their multi-year terms and disbursed $178 million during the year for previously approved contracts.

The states with the largest number of current recipient companies are: Ohio (567), Kentucky (509), Illinois (315), New Jersey (306) and Indiana (283).

Many of the PIT-based programs have played a central role in perpetuating the economic war among the states—the competition to win major investment projects that has led to the excessive use of subsidies. None of the programs prohibit their use in interstate job piracy and some openly practice it.
Paying Taxes to the Boss

Last year, for example, Kansas provided $47 million in PEAK subsidies to AMC Entertainment to get the movie theatre chain to move its headquarters from downtown Kansas City, Missouri about 10 miles across the state line to suburban Leawood. And a Job Development Investment Grant worth up to $16 million was part of the subsidy package that North Carolina gave Chiquita Brands to move its headquarters to Charlotte from Cincinnati.

Other PIT-based subsidies have paid job blackmail. Last year, Motorola Mobility (now part of Google) got state officials in Illinois to provide $100 million in EDGE tax credits over ten years to keep its headquarters in the Chicago suburb of Libertyville. Moreover, these were newly enhanced EDGE benefits, meaning that the company can immediately keep employee withholding taxes rather than crediting them against its state corporate income tax liability. Later in the year, Sears got a 10-year, $150 million conventional EDGE deal.

Policy Options

For three reasons detailed in our Preface, our policy recommendation is that states seriously consider abolishing PIT-based subsidy programs. Until that happens, we recommend Truth in Taxation: that companies receiving PIT-based subsidies be required to disclose the details of how much money is going where on the pay stubs of affected workers.
Preface: Why Personal Income Tax Diversions Are Bad Policy

This study is the latest of many reports and other writings from Good Jobs First in which we criticize the sources or uses of economic development subsidies. For example, over our 14-year history, we have:

- documented that property tax abatements and tax increment financing districts undermine funding for schools (Protecting Public Education from Tax Giveaways to Corporations, 2003);
- found that three-fourths of the nation’s large private, for-profit prisons have received development subsidies (Jail Breaks, 2001);
- in six studies, analyzed the geographic distribution of more than 5,000 deals in 13 metro areas and found most to be fueling suburban sprawl and thereby worsening urban poverty;
- documented more than $1 billion in bricks and mortar subsidies to Wal-Mart (Shopping for Subsidies, 2004);
- documented how programs created with the noble intention of urban revitalization have mutated into costly subsidies that more resemble political “pork” (Straying from Good Intentions, 2003); and
- named ten programs that states would be smart to abolish (Slashing Subsidies, Bolstering Budgets, 2011).

We chose to issue this report highlighting the diversion of personal income taxes away from public services and into corporate coffers for three reasons. First, the whole concept violates how economic development incentives have traditionally been defined and justified. Second, the net effect is to exacerbate state structural deficits. And third, some of the programs are actively fueling the economic war among the states and dishonestly labeling existing jobs as new merely because they have been relocated across a state line.

Violating the Definition. Traditionally, economic development subsidies have been justified by saying: if we lower a company’s costs by abating its property taxes and/or exempting it from sales tax and/or enabling it to generate credits to lower its corporate income tax, we will free
up capital that the company will (hopefully) use to create jobs. It was not said: we will also give companies money that comes from wages belonging to the workers holding those new jobs.

And as public officials and corporate lobbyists sought to justify the costs of lowering corporate tax rates via subsidies, they pointed to the fiscal benefits of taxes paid by workers: income, sales and property. But that equation breaks down when the workers’ income taxes don’t end up in the state treasury.

**Harming State Revenue.** Many states suffer from structural deficits. That is, their tax systems do not generate enough revenue to maintain public services at a constant level of quality. When that occurs, states must either cut spending (and reduce the quality of services) or raise taxes, or some of both. Economists have identified multiple causes of structural deficits. One is the growth of the service sector as a share of the U.S. economy and the fact that state sales taxes apply to services far less often than they apply to tangible goods. Another is the erosion of state income tax revenue.1 Income taxes, as detailed in the next section, are not only a major source of revenue for all but a handful of states, they are also the source that can most closely track rising costs of public services. So when a company effectively keeps workers’ income taxes, an especially important revenue source is undermined.

**Fueling Dishonest, Zero-Sum Job Wars.** Many of the programs analyzed in this study are routinely used in deals that involve interstate job piracy, and the Promoting Employment Across Kansas program used to be limited to such deals. Revealingly, none of the 22 programs examined here has any form of interstate job piracy prohibition. And when counting “new jobs,” none requires a company to distinguish between truly new jobs versus existing jobs that have been merely relocated from another state.

Given the troubling lack of federal leadership on interstate job wars, it is up to the states to stop this dishonest and corrosive practice. As a group of 17 business leaders wrote last year in a public appeal to Kansas Gov. Sam Brownback and Missouri Gov. Jay Nixon: “At a time of severe fiscal constraint the effect to the states is that one state loses tax revenue, while the other forgives it. The states are being pitted against each other and the only real winner is the business who is ‘incentive shopping’ to reduce costs. The losers are the taxpayers who must provide services to those who are not paying for them.”2

It is for all these reasons that in our Policy Conclusion, we suggest that states seriously consider abolishing these programs. Short of that, we strongly recommend Truth in Taxation: every worker whose state personal income taxes are going to the employer rather than supporting public services should be clearly informed of the fact on every pay stub.
Introduction

State and local governments in the United States rely heavily on three sources of revenue: income taxes, property taxes and sales tax. Together, they account for more than 90 percent of aggregate state and local tax revenue.\(^3\)

This public finance arrangement, often called a three-legged stool, actually has six parts, in that each of the legs is divided into a component linked to individuals and another to businesses. Income tax revenue comes both from personal income taxes (PIT) and corporate income taxes (CIT). Property taxes are paid either by homeowners or by companies on their land, facilities and equipment. Sales taxes are levied both on purchases made by individual consumers and on businesses when they buy construction materials to build facilities and equipment to operate them. State and local governments thus rely on what is really a six-legged stool.

Most economic development subsidies consist of reducing one or more of the taxes paid by companies in the hope that this will stimulate new business activity that ends up generating increases in individual tax payments that more than make up for the revenue loss. Corporate income tax credits are supposed to encourage firms to hire more workers, who will contribute more to PIT revenue through the withholding on their wages and fatten sales tax revenue through their purchases. Property tax abatements and tax-increment financing are designed to incentivize businesses to build more facilities that will also stimulate income and sales tax revenue, and in the long run hopefully increase overall property tax revenues by raising real estate values. Exempting construction materials or equipment from sales tax is also meant to bring about more revenue-generating economic activity.

These subsidy programs do not always work as promised. The companies receiving the benefits may not live up to their job creation and investment projections. Or else the subsidies may go to projects that would have proceeded without them, meaning that the tax breaks were unnecessary and thus a windfall for the firm. In either case, governments often give up so much revenue that they have difficulty funding vital public services. Throughout our history, Good Jobs First has written extensively about these and other drawbacks of subsidy programs.

Here we look at another, little-noticed negative feature of economic development subsidies. An increasing number of these programs are draining funds not only from the three business legs of the six-legged stool but also from some of the much larger individual parts.

At the state level, this happens most often with regard to PIT. Of the $329 billion that states collect each year in income taxes, more than 84 percent comes from individuals and only 16 percent from corporations. In 16 states PIT brings in more money than sales taxes, making it
the single largest source of revenue. In a high-income state such as Connecticut, PIT revenue is ten times that of corporate income tax revenue. In the tradition of Willie Sutton, economic development officials are going where the money is.

Acting largely under the radar, a growing number of states have created programs in which companies are subsidized through the use of the personal income tax payments of their workers. These programs make use, one way or another, of the PIT payments that are deducted by employers from paychecks in the form of withholding taxes. The result is that workers are, in effect, paying taxes to their boss.

Kentucky’s “Atomic Bomb of Economic Development Incentives”

The origins of withholding tax giveaways can be traced back to the 1980s, when the economic war among the states—i.e., the competition for major job-creating investments—was escalating, and one state found a new way to intensify the conflict. That state was Kentucky.

In 1985 the Bluegrass State lured a Toyota assembly plant with what was then a very large subsidy package initially valued at $125 million but whose full cost was later put at some $325 million. Although Kentucky was criticized by some for overpaying for the project, the state decided to pursue more big-ticket deals and finance them in a new way—by creating the first PIT diversion subsidy.

That innovation seems to have been the brainchild of Paul E. Patton, who in the late 1980s was the Judge/Executive of Kentucky’s Pike County and would later serve as governor for eight years. Responding to Patton’s campaign to promote new investment in struggling rural parts of the state, the state legislature in 1988 passed the Kentucky Rural Economic Development Act. KREDA provided generous corporate income tax credits and “job assessment fees” to companies setting up shop in areas of high unemployment.

Tax credits were nothing new, but the job assessment fees were quite novel. They were an arrangement in which a portion (initially 6 percent) of the wages of workers at a subsidized facility would be subtracted from their paychecks and retained by the employer. Withholding taxes were adjusted to make up for the lost pay, so in effect the employer was retaining the payroll taxes that would normally have gone to the state.

Patton was aware from the start that this diversion of personal income tax revenue was a powerful weapon in the competition for investment; he is reported to have called the device “the atomic bomb of economic development incentives.”
In 1992 the Kentucky legislature dropped additional bombs by passing three pieces of legislation—the Kentucky Industrial Development Act, the Kentucky Jobs Development Act and the Kentucky Industrial Revitalization Act—that provided assessment fee-based subsidies of up to 5 percent of payroll to various types of companies throughout the state. Kentucky’s expanded arsenal of subsidies shook up its neighbors to the north and the south, as the programs were used aggressively to lure jobs from other states. Officials in Cincinnati saw them as a grave threat, while leaders in Tennessee expressed similar concerns to a reporter whose account was headlined “Kentucky Is Making Offers Businesses Can’t Refuse.”

Ohio legislators decided to fight fire with fire. In 1992 they enacted a slew of new subsidies, including a Job Creation Tax Credit that provided reductions in a company’s state business taxes based on the amount of withholding taxes generated by new jobs. While the JCTC was meant to counter Kentucky’s KREDA and related subsidy offerings, it took a somewhat different approach. There was no job assessment component, but withholding taxes were used as a method of calculating the size of the credits.

In 1994 another Kentucky neighbor joined the fray. At the urging of Gov. Evan Bayh, the Indiana legislature created the Economic Development for a Growing Economy tax credit program. Like Ohio’s JCTC, EDGE offered a credit against state corporate taxes derived from withholding taxes generated by a company’s new jobs.

The idea of diverting withholding taxes next appeared in Maine and South Carolina, which both enacted PIT-based subsidies in 1995. Maine’s offering was the Employment Tax Increment Financing program, which despite its name does not involve the usual TIF process of diverting property or sales tax revenue. The South Carolina legislature, responding to a call from Gov. David Beasley, passed an Enterprise Zone Act that included a PIT diversion under the name of Job Development Credits. These programs did not allow employers to divert withholding taxes immediately, but instead provided cash rebates to the companies equal to the amount that had been collected from workers’ paychecks.

Cash refunding of PIT revenue was also embraced by New Jersey when it created the Business Employment Incentive Program (BEIP) in 1996. The following year Maine included a provision allowing General Dynamics Corporation’s Bath Iron Works to keep $60 million in withholding taxes when the defense contractor insisted it needed help in competing with a rival shipbuilder in another state.

Mississippi adopted a direct PIT diversion system in the Advantage Jobs program it enacted in 2000, as did North Carolina with its Job Development Investment Grants created in 2002. Three years later, Missouri included a provision for employer retention of withholding taxes when enacting its Quality Jobs program.
Meanwhile, other states followed the Ohio and Indiana model of turning incremental PIT revenue into corporate income tax credits. These included Illinois with its own identically named EDGE program in 1999, New Mexico with its High Wage Jobs Tax Credit in 2004, Connecticut with its Job Creation Tax Credit in 2006 and Colorado with its Job Growth Incentive Tax Credit in 2009. During the 2000s Georgia added PIT provisions to several of its job tax credits.

The most recent programs with direct withholding tax diversions include the 2009 Promoting Employment Across Kansas (PEAK) program; Mississippi’s Impact Withholding Rebate Program and the accompanying Existing Industry Withholding Rebate Program (both 2009), and a 2010 program advocated by Missouri Gov. Jay Nixon to allow Ford Motor Company (and its suppliers) to retain up to $150 million in withholding taxes by retaining its assembly plant in Claycomo, a suburb of Kansas City.

Today, subsidy programs based on withholding taxes can be found in more than one-quarter of the states. In the following chapter we look at these subsidies’ costs and controversies.
Findings: How Taxes are Paid to the Boss

The practice of using withholding taxes to provide economic development subsidies to corporations can now be found in 16 states, with an annual cost of nearly $700 million in personal income tax revenue that would normally go to state general funds. After scanning major programs throughout the country, we have identified 22 that constitute the most significant withholding or PIT tax diversions:

- Colorado: Job Growth Incentive Tax Credit
- Connecticut: Job Creation Tax Credit
- Georgia: Job Tax Credits
- Georgia: Research and Development Tax Credit
- Illinois: Economic Development for a Growing Economy (EDGE) Tax Credit
- Indiana: Economic Development for a Growing Economy (EDGE) Tax Credit
- Kansas: Promoting Employment Across Kansas (PEAK) Program
- Kentucky: Kentucky Business Investment (KBI) Program
- Kentucky: Kentucky Industrial Revitalization Act (KIRA)
- Maine: Employment TIF (ETIF)
- Maine: Shipbuilding Facility Credit
- Mississippi: Impact Withholding Rebate Program/Existing Industry Withholding Rebate Program
- Mississippi: Mississippi Advantage Jobs Incentive Program
- Missouri: Quality Jobs Program
- Missouri: The Missouri Automotive Manufacturing Jobs Act
- New Jersey: Business Employment Incentive Program (BEIP)
- New Mexico: High Wage Jobs Tax Credit
- North Carolina: Job Development Investment Grants (JDIG)
- Ohio: Job Creation Tax Credit
- Ohio: Job Retention Tax Credit
- South Carolina: Job Development Credits
- Utah: Economic Development TIF (EDTIF)

Below we discuss the structure and costs of these programs. A summary of the key facts about each program can be found in the adjoining table; more details are in the Appendix.

**Diversion Methods.** These programs take several different forms. The most straightforward are those that simply allow a company to retain a large portion of the withholding taxes it subtracts from worker paychecks, instead of remitting it to the state. This system is used, for example, in the Kansas PEAK program and Missouri’s Quality Jobs Program. Kentucky, which pioneered PIT
diversions, in effect does the same thing in its system of wage assessment fees, also known as job assessment fees. Employers are allowed to hold back a percentage of their workers’ gross pay as a subsidy. The withholding taxes deducted from workers’ pay (and thus the revenue collected by the state) is reduced by an equivalent amount, leaving net pay unchanged.

In other cases, companies initially remit the full withholding taxes collected from workers but are later given a grant or cash payment equal to a large portion of those remittances. This is how programs such as North Carolina’s JDIG and the New Jersey’s BEIP work. In some cases, such as the Maine Shipbuilding Facility Credit, the company is given a credit against future withholding tax remittances.

Other states use withholding taxes in a different way. They give employers corporate income tax credits whose size is determined by the withholding taxes generated by new (or sometimes existing) employees at subsidized companies. For example, this is the structure of Colorado’s Job Growth Incentive Tax Credit and the identically named EDGE Tax Credits in Illinois and Indiana. Some states also allow companies to claim the credit against other business taxes.

These programs have some of the problems associated with corporate tax credits in general. Three of them (Indiana EDGE, Ohio Job Creation Tax Credit, and Utah EDTIF) are refundable, meaning that companies can get cash back if their credits exceed their tax liability. Ohio’s Job Retention Tax Credit is also refundable if the company received an offer from another state. In addition, seven of them (Colorado Job Growth Incentive Tax Credit, Georgia Job Tax Credits, Georgia R&D Tax Credit, Illinois EDGE, Indiana EDGE and the two Ohio programs) allow companies to carry credits forward into future years if they cannot use them all the same year they are generated.

These are the main ways that states are diverting withholding taxes into subsidy programs. For the sake of simplicity, this report does not cover other programs that make indirect use of PIT revenue. For example, the Kansas IMPACT Program and Iowa’s Industrial New Jobs Training Program divert withholding taxes not to employers but to entities such as community colleges to pay for the cost of providing training to workers at specific companies (sometimes through bond financing).

**Diversion Percentages.** When we say that these programs are diverting a portion of the withholding tax, we are talking about a substantial amount. In most cases, well above half is being given away, and in some instances it is the entire amount.

Five programs provide subsidies equal to 100 percent of the withholding tax: Illinois EDGE, Indiana EDGE, Mississippi Impact Withholding Rebate/Existing Industry Withholding Rebate, Missouri Quality Jobs, and Missouri Automotive Manufacturing Jobs Act. The Kansas PEAK program gives away 95 percent, and Mississippi Advantage Jobs 90 percent.
Six other programs distribute between 60 and 80 percent of withholding taxes, while Colorado’s Job Growth Incentive Credit maximum is “only” 50 percent. The lowest percentage can be found in Utah’s EDTIF, which gives away 30 percent of the withholding. The Maine Shipbuilding Credit, which allows 100 percent of withholding for half the year, is also in effect 50 percent.

The Kentucky programs, New Mexico’s High Wage Jobs Tax Credit and South Carolina’s Job Development Credits are calculated as a percentage of wages and then applied to the PIT stream. Georgia’s Jobs Tax Credits are calculated as a flat amount and the R&D Tax Credit as a percentage of qualified expenses and then applied to PIT.

**Number of Recipients.** Thirteen of the 22 PIT-based programs provide online disclosure of which companies are receiving the benefits. We have collected all this data and entered it into Subsidy Tracker, the Good Jobs First database of subsidy awards. There are a total of about 2,900 separate subsidy awards. Of these, about 200 are old enough so that the companies may no longer be receiving benefits. We thus estimate that workers at about 2,700 companies are currently in effect paying taxes to their bosses.

The states with the largest number of current recipient companies are: Ohio (567), Kentucky (509), Illinois (315), New Jersey (306) and Indiana (283).

**Diversion Costs.** The high percentage rates, combined with the absence of ceilings on individual deals in many programs, can translate into high dollar costs. The most expensive of the programs is New Jersey’s BEIP, which in FY2011 approved new grants worth up to $73.2 million over their multi-year terms and disbursed $178 million during the year for previously approved contracts.

The fact that there are those two ways of estimating costs (new projected awards or annual figures on cash disbursements or tax credit claims) makes it complicated to tally the total cost and the cost trend of the 22 programs. Moreover, most are multi-year subsidies whose exact ultimate price tag can at first only be estimated and will be determined by the number of jobs created and wages paid over time and the resulting value of withholding taxes. In many cases, states disclose either disbursement totals or award totals but not both—and often there is a time lag. For example, South Carolina’s latest tax expenditure budget puts the value of Job Development Credits claimed in FY2009 (the most recent year available) at $70.3 million but doesn’t disclose the value of the credits approved that year or since.

The table below summarizes the best cost figures we were able to obtain for the 22 programs. (See the Appendix for more details on those figures and other aspects of the programs.) The aggregate cost is about $684 million. Given the lack of consistency in cost accounting state to
state, this figure cannot be precise. Yet it is a reasonable approximation indicating that states are diverting a substantial amount of personal income tax revenue each year.

Data consistency issues also make it difficult to estimate the aggregate cost trend. Certainly, the number of programs in effect has risen sharply: half of the 22 programs were enacted since the beginning of 2002 and six since 2009 (along with portions of others). This by itself means that more PIT revenue is getting diverted.

It is also clear that most of the older programs are now considerably more expensive than in their earlier years. However, those programs have not always had consistent cost increases from year to year. For example, the value of new grants approved under the New Jersey BEIP program fell from $133 million in 2008 to $84 million in 2009, but the figure then jumped to $152 million the following year (below we use the amount disbursed instead).14

Such cost fluctuations are not unusual: state spending on most economic development subsidies invariably dips in recessions because companies hire fewer workers and invest less capital. Annual costs may also be affected by program modifications or budgetary restrictions.
## Costs and Features of Key Subsidy Programs Based on Withholding/Personal Income Tax

<table>
<thead>
<tr>
<th>State</th>
<th>Subsidy Program</th>
<th>Type</th>
<th>Source (maximum %)</th>
<th>Latest Cost</th>
<th>Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>Job Growth Incentive Tax Credit</td>
<td>corporate income tax credit based on withholding</td>
<td>50% of withholding</td>
<td>$20,500,000</td>
<td>2009</td>
</tr>
<tr>
<td>CT</td>
<td>Job Creation Tax Credit</td>
<td>corporate income tax credit based on withholding</td>
<td>60% of withholding</td>
<td>$1,300,000</td>
<td>2006</td>
</tr>
<tr>
<td>GA</td>
<td>Job Tax Credits</td>
<td>credits against withholding</td>
<td>$750-$5,250 per worker</td>
<td>$31,000,000</td>
<td>2001-2009</td>
</tr>
<tr>
<td>GA</td>
<td>Research and Development Tax Credit</td>
<td>credit against withholding</td>
<td>10% of R&amp;D expenses</td>
<td>$7,000,000</td>
<td>2009</td>
</tr>
<tr>
<td>IL</td>
<td>EDGE Tax Credit</td>
<td>corporate income tax credit based on withholding</td>
<td>100% of withholding</td>
<td>$34,800,000</td>
<td>1999</td>
</tr>
<tr>
<td>IN</td>
<td>EDGE Tax Credit</td>
<td>corporate income tax credit based on withholding</td>
<td>100% of withholding</td>
<td>$89,401,000</td>
<td>1994</td>
</tr>
<tr>
<td>KS</td>
<td>PEAK Program</td>
<td>retention of withholding</td>
<td>95% of withholding</td>
<td>$4,800,000</td>
<td>2009</td>
</tr>
<tr>
<td>KY</td>
<td>Kentucky Business Investment</td>
<td>wage assessment</td>
<td>5% of gross wages</td>
<td>$49,419,000</td>
<td>2009</td>
</tr>
<tr>
<td>KY</td>
<td>Kentucky Industrial Revitalization Act</td>
<td>wage assessment</td>
<td>5% of gross wages</td>
<td>$8,000,000</td>
<td>1992</td>
</tr>
<tr>
<td>ME</td>
<td>Employment TIF</td>
<td>rebate of withholding</td>
<td>80% of withholding</td>
<td>$7,200,000</td>
<td>1995</td>
</tr>
<tr>
<td>ME</td>
<td>Shipbuilding Facility Credit</td>
<td>credit against withholding</td>
<td>50% of withholding</td>
<td>$3,000,000</td>
<td>1997</td>
</tr>
<tr>
<td>MO</td>
<td>Quality Jobs Program</td>
<td>retention of withholding</td>
<td>100% of withholding</td>
<td>$51,100,000</td>
<td>2005</td>
</tr>
<tr>
<td>MO</td>
<td>Missouri Automotive Manufacturing Jobs</td>
<td>retention of withholding</td>
<td>100% of withholding</td>
<td>$15,000,000</td>
<td>2010</td>
</tr>
<tr>
<td>MS</td>
<td>Withholding Rebate Programs</td>
<td>rebate of withholding</td>
<td>100% of withholding</td>
<td>$1,100,000</td>
<td>2009</td>
</tr>
<tr>
<td>MS</td>
<td>Mississippi Advantage Jobs</td>
<td>rebate of withholding</td>
<td>90% of withholding</td>
<td>$10,000,000</td>
<td>2000</td>
</tr>
<tr>
<td>NC</td>
<td>Job Development Investment Grants</td>
<td>grants based on withholding</td>
<td>75% of withholding</td>
<td>$21,700,000</td>
<td>2002</td>
</tr>
<tr>
<td>NJ</td>
<td>Business Employment Incentive Program</td>
<td>grants based on withholding</td>
<td>80% of withholding</td>
<td>$178,000,000</td>
<td>1996</td>
</tr>
<tr>
<td>NM</td>
<td>High Wage Jobs Tax Credit</td>
<td>credit against withholding</td>
<td>10% of wages and benefits</td>
<td>$4,600,000</td>
<td>2004</td>
</tr>
<tr>
<td>OH</td>
<td>Job Creation Tax Credit</td>
<td>business tax credit based on withholding</td>
<td>75% of withholding</td>
<td>$55,700,000</td>
<td>1992</td>
</tr>
<tr>
<td>OH</td>
<td>Job Retention Tax Credit</td>
<td>business tax credit based on withholding</td>
<td>75% of withholding</td>
<td>$16,500,000</td>
<td>2001</td>
</tr>
<tr>
<td>SC</td>
<td>Job Development Credits</td>
<td>credit against withholding</td>
<td>5% of gross wages</td>
<td>$70,300,000</td>
<td>1995</td>
</tr>
<tr>
<td>UT</td>
<td>Economic Development TIF (EDTIF)</td>
<td>business tax credit based on withholding</td>
<td>30% of withholding</td>
<td>$4,500,000</td>
<td>2005</td>
</tr>
</tbody>
</table>
Race to the Bottom: How PIT Diversions Fuel the Economic War Among the States and Encourage Job Blackmail

The role of PIT diversions in zero-sum interstate competition was present from the very beginning, since Kentucky created the Rural Economic Development Act (KREDA) and later several other similar programs (later wrapped into the Kentucky Business Investment Program) to outbid and lure jobs from neighboring states such as Ohio and Tennessee. Two major paper producers—International Paper and James River (now part of Georgia-Pacific) were reported to have been on the verge of announcing new plants in Tennessee in 1992 when they were informed of what KREDA had to offer. Both ended up locating in Bowling Green, Kentucky instead.\(^{15}\)

While legislators in Ohio were getting ready to enact the Job Creation Tax Credit in 1992, state development officials used it to help persuade Spiegel Inc. to relocate a distribution center to Columbus from the Chicago area, where 1,500 jobs were eliminated.\(^{16}\)

In 1994, shortly after Indiana’s EDGE tax credit was created, the state used it in a competition for a $44 million Tyson Foods facility expected to generate 700 jobs. Gov. Evan Bayh said Indiana “had to go toe-to-toe with Kentucky to get this plant,” and he credited EDGE with contributing to its success.\(^{17}\)

New Jersey’s BEIP program, created in 1996, was openly depicted by state officials as a vehicle for luring companies from other states. In its early days it got companies such as the accounting firm KPMG to relocate jobs and even tried to entice the New York Stock Exchange to move across the Hudson River.\(^{18}\)

Mississippi’s then-new Advantage Jobs program was part of the large subsidy package the state put together in 2000 to win a multistate competition for a Nissan assembly plant.\(^{19}\) It was later estimated that the Advantage Jobs withholding rebates would cost the state more than $160 million over 20 years.\(^{20}\)

In 2000 New Jersey award a $164 million BEIP grant to Goldman Sachs in the hope that the company would move a substantial portion of its trading and research operations to Jersey City. Goldman later scaled back the size of the move, and as of 2011 it had collected “only” $60 million in BEIP funds.\(^{21}\)

In 2001 Illinois made $17 million in EDGE credits part of the $30 million state share of a $56 million subsidy package given to Boeing to get the aerospace company to relocate its headquarters from Seattle to Chicago.\(^{22}\)
Other piracy deals and interstate competitions fueled by PIT-based subsidies in recent years include:

- 2007: Indiana used EDGE tax credits worth up to $6.4 million as part of an $18 million subsidy package that won a multistate competition for a Medco pharmaceutical distribution center.  

- 2007: Utah, in what is believed to be the largest subsidy deal in its history, came up with $85 million in EDTIF rebates to win a competition for a $300 million Procter & Gamble paper products manufacturing facility.  

- 2008: New Mexico’s High Wage Jobs Tax Credits were part of a $130 million package the state used to win a multi-state competition for a solar energy plant planned by Germany’s Schott Solar.  

- 2009: Continental Tire moved its North American headquarters from Charlotte, North Carolina across the state line to Lancaster County, South Carolina in a deal that included Job Development Credits.  

- 2009: North Carolina used a Job Development Investment Grant that turned out to be worth $33 million as part of a subsidy package offered to Electrolux to consolidate its operations from several states in a headquarters facility in Charlotte.  

- 2009: The $109 million package Georgia used to lure NCR from Ohio included up to $87 million in Mega Jobs Tax Credits.  

- 2010: After Ohio approved up to $18 million in Job Creation Tax Credits, Procter & Gamble consolidated logistics and planning operations from around the country at a facility in Cincinnati.  

- 2011: Colorado provided $11.4 million in Job Growth Incentive Tax Credits to get Arrow Electronics to move its corporate headquarters to the Denver area from Melville, New York.  

- 2011: Kansas provided a reported $47 million in PEAK subsidies to AMC Entertainment to get the movie theater chain to move its headquarters from downtown Kansas City, Missouri about 10 miles across the state line to suburban Leawood.
• 2011: A Job Development Investment Grant worth up to $16 million was part of the subsidy package that North Carolina gave Chiquita Brands to move its headquarters to Charlotte from Cincinnati.\textsuperscript{32}

PIT-based subsidies have also been used in deals focused on the retention of existing jobs rather than the creation of new ones. Many of these were cases in which companies either explicitly or implicitly used the threat of layoffs or shutdowns to win lucrative payments.

The earliest PIT program designed for retention was the 1992 Kentucky Industrial Revitalization Act (KIRA), which provided wage assessment subsidies for manufacturing or agribusiness facilities that were in “imminent danger” of closing or that had temporarily closed. KIRA subsidies ended up going to some controversial companies. In 2000 General Electric received approval for up to $9.8 million in KIRA benefits, even though the company had announced a series of layoffs.\textsuperscript{33}

In 1997 Maine’s legislature was pressed into creating a special program called the Shipbuilding Facility Credit whose sole beneficiary was General Dynamics Corporation’s Bath Iron Works, which had warned that without the assistance it would have difficulty competing against a rival company in Mississippi. BIW was given a 20-year, $60 million tax break paid out of the withholding taxes of its 5,000 workers.\textsuperscript{34}

In 2001 Ohio created a subsidy called Job Retention Tax Credits (JRTC) specifically to preserve existing jobs. In 2011 the state used JRTC in two controversial deals offered to companies that had threatened to move out of state. American Greetings got a $93 million package—including a JRTC component worth up to $75 million—to keep its headquarters in northeastern Ohio.\textsuperscript{35} A few weeks later, the administration of Gov. John Kasich gave Diebold Inc. a $56 million package—including $30 million in JRTCs—to keep its headquarters in the state.\textsuperscript{36}

In 2005 Missouri-based pharmacy benefit manager Express Scripts set off a bidding war when it announced it was considering various states for its new headquarters with an expected 1,200 jobs. But the company’s main goal may have been to maximize retention subsidies for staying in the St. Louis area. The company turned down offers from other states after Missouri legislators, reportedly eyeing other states’ bids, created new corporate tax breaks through the Quality Jobs Act.\textsuperscript{37} Express Scripts went on to become the largest user of the credits, with total program benefits estimated at nearly $16 million.\textsuperscript{38} The company has faced criticism for its layoffs in other parts of the country and its use of offshore outsourcing.\textsuperscript{39}

In 2010 state legislators in Jefferson City, at the urging of Gov. Jay Nixon, enacted the Missouri Automotive Manufacturing Jobs program, which provided up $150 million in tax credits over
ten years for Ford Motor Company (and its suppliers) to keep open an assembly plant in the Kansas City suburb of Claycomo. In 2011 Illinois, facing threats by several major companies to move out of state, provided a series of large subsidy packages that included EDGE credits. For example, Sears got $150 million in such credits over ten years along with $125 million in local property breaks to keep its headquarters in the distant Chicago suburb of Hoffman Estates.

Some of the Illinois companies got a sweetened version of EDGE. Rather than the customary arrangement of turning PIT from new jobs being into corporate income tax credits, these firms were allowed to immediately keep those withholding taxes. Motorola Mobility, now part of Google, was given $100 million of these enhanced EDGE benefits over ten years to keep its headquarters in the Chicago suburb of Libertyville. Earlier in the year, Mitsubishi got $30 million worth for its assembly plant in Normal.

### Frequent Takers

Most of the PIT-based programs examined in this report provide online disclosure of which companies are receiving the benefits. We have collected all this data and entered it into Subsidy Tracker, the Good Jobs First database of subsidy awards. In reviewing this list, along with press reports relating to awards that are too new to appear in the disclosure data, some companies show up numerous times. Here are some major firms that have received PIT-based subsidies in three or more states:

- BAE Systems: Illinois, Kentucky, New Jersey, North Carolina and South Carolina
- Caterpillar: Illinois, Indiana, North Carolina and Ohio
- Ford Motor: Illinois, Missouri and Ohio
- General Electric: Kentucky, North Carolina and Ohio
- General Motors: Kentucky, Missouri and Ohio
- Siemens: Illinois, Indiana, New Jersey, North Carolina and South Carolina
- Target: Illinois, North Carolina and Ohio
- United Parcel Service: Illinois, Kentucky and South Carolina

See the accompanying box for a list of the largest single awards we could identify.
### Largest Subsidy Awards from PIT-Based Programs

<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Recipient</th>
<th>Subsidy Award</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS</td>
<td>Advantage Jobs</td>
<td>Nissan</td>
<td>$160,000,000</td>
<td>2000</td>
</tr>
<tr>
<td>IL</td>
<td>EDGE</td>
<td>Sears</td>
<td>$150,000,000</td>
<td>2011</td>
</tr>
<tr>
<td>MO</td>
<td>Automotive Manufacturing Jobs Act</td>
<td>Ford Motor (and suppliers)</td>
<td>$150,000,000</td>
<td>2010</td>
</tr>
<tr>
<td>OH</td>
<td>Job Retention Tax Credit</td>
<td>General Electric</td>
<td>$115,335,000</td>
<td>2009</td>
</tr>
<tr>
<td>NJ</td>
<td>BEIP</td>
<td>ICAP North American</td>
<td>$105,117,170</td>
<td>2002</td>
</tr>
<tr>
<td>IL</td>
<td>EDGE</td>
<td>Motorola Mobility</td>
<td>$100,000,000</td>
<td>2011</td>
</tr>
<tr>
<td>GA</td>
<td>Mega Jobs Tax Credit</td>
<td>NCR</td>
<td>$87,000,000</td>
<td>2006</td>
</tr>
<tr>
<td>UT</td>
<td>EDTIF</td>
<td>Procter &amp; Gamble</td>
<td>$85,000,000</td>
<td>2008</td>
</tr>
<tr>
<td>OH</td>
<td>Job Retention Tax Credit</td>
<td>AmericanGreetings</td>
<td>$75,000,000</td>
<td>2011</td>
</tr>
<tr>
<td>NC</td>
<td>Job Development Investment Grant</td>
<td>Fidelity Global Brokerage</td>
<td>$72,803,000</td>
<td>2006</td>
</tr>
<tr>
<td>OH</td>
<td>Job Retention Tax Credit</td>
<td>Marathon Petroleum</td>
<td>$72,128,036</td>
<td>2011</td>
</tr>
<tr>
<td>NJ</td>
<td>BEIP</td>
<td>Lord Abbott &amp; Co.</td>
<td>$63,575,751</td>
<td>1998</td>
</tr>
<tr>
<td>NJ</td>
<td>BEIP</td>
<td>Goldman Sachs</td>
<td>$60,683,853</td>
<td>2002</td>
</tr>
<tr>
<td>ME</td>
<td>Shipbuilding Facility Credit</td>
<td>Bath Iron Works</td>
<td>$60,000,000</td>
<td>1997</td>
</tr>
<tr>
<td>OH</td>
<td>Job Retention Tax Credit</td>
<td>General Motors</td>
<td>$50,429,790</td>
<td>2008</td>
</tr>
<tr>
<td>NJ</td>
<td>BEIP</td>
<td>Sanofi-Aventis U.S.</td>
<td>$50,187,948</td>
<td>1999</td>
</tr>
<tr>
<td>UT</td>
<td>EDTIF</td>
<td>Goldman Sachs</td>
<td>$47,283,409</td>
<td>2010</td>
</tr>
<tr>
<td>KS</td>
<td>PEAK</td>
<td>AMC Entertainment</td>
<td>$47,000,000</td>
<td>2011</td>
</tr>
<tr>
<td>UT</td>
<td>EDTIF</td>
<td>IM Flash Technologies</td>
<td>$45,900,000</td>
<td>2011</td>
</tr>
<tr>
<td>NJ</td>
<td>BEIP</td>
<td>Verizon Communications</td>
<td>$43,142,069</td>
<td>2005</td>
</tr>
<tr>
<td>UT</td>
<td>EDTIF</td>
<td>Adobe Systems</td>
<td>$40,239,126</td>
<td>2011</td>
</tr>
<tr>
<td>KY</td>
<td>Kentucky Industrial Revitalization</td>
<td>AK Steel Corporation</td>
<td>$40,000,000</td>
<td>2004</td>
</tr>
</tbody>
</table>
Policy Conclusion: Abolition or Truth in Taxation

It's a recurring theme in economic development subsidies: programs created with facially good intentions go awry and create costly unintended consequences. In this case, what began as a rural development experiment in Kentucky in the late 1980s has metastasized into a common device by which economic development agencies give away large sums of state personal income tax revenue to individual corporations.\(^45\) There is every indication that the cost of such PIT giveaways has been increasingly sharply and will continue to do so, especially given that they are now frequently key parts of the large subsidy packages states pay to job blackmail demands, such as those of Sears and Motorola Mobility in Illinois and American Greetings in Ohio. Or they provide lavish inducements to get companies such as AMC Entertainment to relocate within the same labor market, but across a state line.

PIT revenues are a big part of the fiscal backbone of states—funds that ensure essential services such as education, health care, safety and transportation—and they are the most reliable, elastic source to keep pace with inflation and demographics. By giving away substantial portions of those revenues, states are favoring a few companies and shifting the burden onto wage earners and other employers, forcing them to pay higher taxes or suffer poorer public services or some of both.

For all these reasons, PIT diversions are bad public policy and states should give careful consideration to abolishing subsidy programs based on withholding and PIT. Some programs on our list already have alternative provisions for subsidies not based on PIT. Revenue losses could be reduced by eliminating the refundability and carry-forward provisions found in some PIT-based corporate income tax credits.

Eliminating withholding tax diversions would not only protect the PIT revenue stream states need to grow and to thrive. Restoring job subsidies to the realm of business taxes will dampen the economic war among the states and make job blackmail less lucrative.

Short of abolition, we strongly recommend Truth in Taxation: every worker whose state personal income taxes do not effectively end up supporting public services should be clearly informed about how much money went where on his or her pay stub every pay period.
Appendix: Program Descriptions

**Colorado - Job Growth Incentive Tax Credit**
Enacted: 2009
Latest annual cost: $20.5 million (value of projects approved in 2010)
Type: corporate income tax credit determined by state withholding taxes generated by new jobs
Promotes interstate piracy: in part (subsidizes relocations from out of state as well as in-state expansions)
Provisions: credits equal 50 percent of the withholding taxes linked to net job growth over five years
Job requirement: at least 20 net new full-time jobs during a five-year period (5 jobs in Enhanced Rural Enterprise Zones). Credits are not refundable but can be carried forward. Maximum credit value is determined by the state on a case-by-case basis, and any credits exceeding tax liability may be carried forward for a ten-year period.
Wage standard: must pay at least 110 percent of the county average wage
Online recipient disclosure: Yes
Historical cost figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>$4,041,960</td>
<td>$20,496,120</td>
<td>No Data</td>
<td>No Data</td>
</tr>
</tbody>
</table>

Note: This amount reflects the amount approved.

**Connecticut - Job Creation Tax Credit**
Enacted: 2006
Latest annual cost: $1.3 million (amount approved in 2010); 2012 program cap is $20 million
Type: credit against several types of businesses taxes determined by the state withholding taxes generated by new employees
Promotes interstate piracy: Originally, only companies that moved to Connecticut from across a state line were eligible for these subsidies. P.A. 07-250 removed that requirement in 2007. Companies are banned from getting subsidies shifting jobs around from within the state of Connecticut.
Provisions: credits equal 60 percent of the withholding taxes of new employees for up to five years (previously was 25 percent). Credit are not refundable and cannot be carried forward. There is no defined maximum amount that a company may receive.
Job requirement: at least 10 full-time jobs (previously required out-of-state companies to create 50 jobs)
Wage standard: no
Online recipient disclosure: Yes
Note: This program is scheduled for termination. It sunsets in 2012 but will not stop costing the state revenue until 2015.
Historical cost figures.$^{47}$

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$508,711</td>
<td>$1,479,739</td>
<td>$3,227,640</td>
<td>$1,322,525</td>
<td>No Data</td>
<td>No Data</td>
<td></td>
</tr>
</tbody>
</table>

Note: This amount reflects the amount approved for the years 2007-2010.

**Georgia – Job Tax Credits (Various)**
Enacted: 1994 (Job Tax Credit, with PIT add-on in 2001), 2003 (Mega Project Tax Credit, modified in 2009), and 2009 (Quality Jobs Tax Credit)
Latest annual cost: $31 million (combined total for three programs in 2010)
Type: credits against withholding tax remittances
Promotes Interstate Piracy: yes, especially the Mega Credit
Provisions: Depending on the particular program, business location, and job type, these credits are worth between $750 and $5,250 per employee. The credits are first applied against annual corporate income tax liability. Any remaining value may be applied against the company’s employee withholding tax remittance the following year. Credits may be carried forward for 10 years, and in the case of the Job Tax Credit, credits used against withholding may not exceed $3,500 per employee.
Job requirement: Depending on the program, companies must create between 5 jobs (Job Tax Credit) at the low end and 1,800 jobs (Mega Project Tax Credit) at the high end. Job creation requirements vary by county “tiers.”
Wage standard: Quality Jobs Tax Credit recipients must pay employees 110% of average county wage.
Online recipient disclosure: No

Historical cost figures.$^{48}$

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011*</th>
<th>2012*</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Data</td>
<td>No Data</td>
<td>No Data</td>
<td>$31,000,000</td>
<td>$30,000,000</td>
<td>$30,000,000</td>
<td></td>
</tr>
</tbody>
</table>

*Cost figures for these years exclude the Mega Project Tax Credit, which is not included in the state tax expenditure report.

**Georgia – Research and Development Tax Credit**
Enacted: 1997, with PIT add-on in 2009
Latest annual cost: $7 million (2012)
Type: Credits based on qualified expenditures made on research and development expenses. The credits are valued at 10% of the increase in qualified R&D expenses over the previous years’. Credits are first applied against annual corporate income tax liability. Remaining value may be applied against the company’s employee withholding tax remittance the following year.
Promotes Interstate Piracy: not directly
Provisions: The tax credit may be carried forward 10 years but may not exceed 50 percent of the business’s net tax liability in any one year. New companies with credits valued greater than 50 percent of their income tax liability will be allowed their first five years to use this credit against payroll withholding. No maximum dollar amount.
Job requirement: None
Wage standard: None
Online recipient disclosure: No
Historical cost figures:\textsuperscript{50}

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois - Economic Development for a Growing Economy (EDGE) Tax Credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enacted:</td>
<td>1999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latest annual cost:</td>
<td>$34.8 million (amount awarded in 2010; no program cap)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type:</td>
<td>corporate tax credit determined by the amount of state withholding taxes generated by new employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotes interstate piracy:</td>
<td>yes; program is aimed at companies claiming to be considering a competing location in another state</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions:</td>
<td>credit equals up to 100 percent of the additional withholding taxes for up to 10 years (amount negotiated on a case-by-case basis). Credits are not refundable but can be carried forward. There is no defined maximum amount that a company may receive.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job requirement:</td>
<td>at least 25 new full-time jobs for firms with more than 100 employees; 5 new jobs for others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage standard:</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online recipient disclosure:</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Historical cost figures:\textsuperscript{51}</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>$24,862,000</td>
<td>$23,534,000</td>
<td>$25,567,000</td>
<td>$34,766,000</td>
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<tr>
<td>Note: This amount reflects the amount actually disbursed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Indiana - Economic Development for a Growing Economy (EDGE) Tax Credit | | | | | | |
| Enacted: | 1994 | | | | | |
| Latest annual cost: | $89.4 million (amount approved in 2009) | | | | | |
| Type: | corporate tax credit determined by the amount of state withholding taxes generated by new employees | | | | | |
| Promotes interstate piracy: | yes; program is aimed at companies claiming to be considering a competing location in another state | | | | | |
| Provisions: | credit equals up to 100 percent of the additional withholding taxes for up to 10 years. Credits are refundable and can be carried forward. There is no defined maximum amount that a company may receive. | | | | | |
| Job requirement: | must create new jobs but a minimum number is not specified | | | | | |
| Wage standard: | For retention subsidies, total compensation including benefits must exceed the greater of: (1) 200\% of the federal minimum wage; (2) 105\% of average wages within that NAICS code for the county; or (3) 105\% of the average wages within that NAICS code for the state. | | | | | |
| Online recipient disclosure: | Yes | | | | | |
Appendix: Program Descriptions

Historical Cost Figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>No Data</td>
</tr>
<tr>
<td>2008</td>
<td>$15,777,000</td>
</tr>
<tr>
<td>2009</td>
<td>$89,401,000</td>
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<tr>
<td>2010</td>
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<tr>
<td>2011</td>
<td>No Data</td>
</tr>
<tr>
<td>2012</td>
<td>No Data</td>
</tr>
</tbody>
</table>

Note: These figures represent the amount approved.

Kansas: Promoting Employment Across Kansas (PEAK) Program

Enacted: 2009
Latest annual cost: $4.8 million (program cap for FY2012)
Type: retention of state withholding taxes
Promotes interstate piracy: yes; It was originally designed to only be allowed on subsidy deals that dragged workers across state lines, but legislation broadened the scope of recipients to enable retention deals. As it stands now, companies relocation of jobs into Kansas from outside the state is just one of three ways to qualify for the subsidies. There is no defined maximum amount that a company may receive.
Provisions: companies can retain 95 percent of the withholding taxes associated with new jobs for up to 10 years
Job requirement: at least 5 jobs in non-metropolitan counties and at least 10 in metropolitan counties
Wage standard: aggregate wages must meet or exceed the county median wage or the NAICS average wage for the industry.
Online recipient disclosure: No
Historical cost figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>N/A</td>
</tr>
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<td>2008</td>
<td>N/A</td>
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<tr>
<td>2009</td>
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</tr>
<tr>
<td>2010</td>
<td>No Data</td>
</tr>
<tr>
<td>2011</td>
<td>No Data</td>
</tr>
<tr>
<td>2012</td>
<td>$4,800,000</td>
</tr>
</tbody>
</table>

Note: The 2012 figure represents the statutory program cap.

Kentucky - Kentucky Business Investment (KBI) Program

Enacted: 2009 as a consolidation of four existing programs—the Kentucky Rural Economic Development Act (1988); Kentucky Jobs Development Act (1992), Kentucky Industrial Development Act (1992) and the Kentucky Economic Opportunity Zone Act (2000)
Latest annual cost: $49.4 million (combined wage assessments claimed in 2010 for KBI, KREDA, KIDA, KJDA, KEOZ)
Type: wage assessment (also called job development assessment) – a subsidy deriving from a deduction from wages accompanied by an equivalent reduction in the state withholding tax taken from the worker’s pay
Promotes interstate piracy: indirectly, in that it has been awarded to companies relocating from out of state
Provisions: wage assessment up to 5 percent of gross wages (or a corporate income tax credit) for up to 15 years (4 percent of gross wages for 15 years in “enhanced incentive counties”)
Job requirement: at least 10 new full-time jobs
Paying Taxes to the Boss

Wage standard: at least 90 percent of new workers must be paid a wage equal to at least 150 percent of the federal minimum wage (125 percent for workers in “enhanced incentive counties”)
Online recipient disclosure: Yes
Historical cost figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$58,908,047</td>
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<tr>
<td>2008</td>
<td>$60,478,751</td>
</tr>
<tr>
<td>2009</td>
<td>$52,240,017</td>
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<tr>
<td>2010</td>
<td>$49,419,288</td>
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<td>2011</td>
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</tr>
<tr>
<td>2012</td>
<td>No Data</td>
</tr>
</tbody>
</table>

Note: Each figure represents combined wage assessment credits actually claimed by workers for KBI, KREDAB, KIDA, KJDA, and KEOZ.

Kentucky - Kentucky Industrial Revitalization Act (KIRA)
Enacted: 1992
Latest annual cost: $8 million (2010)
Type: wage assessment (also called job development assessment) – a subsidy deriving from a deduction from wages accompanied by an equivalent reduction in the state withholding tax taken from the worker’s pay
Promotes interstate piracy: not directly, but recipients may be using possibility of relocation to get an award
Provisions: wage assessment up to 5 percent of gross wages (and a corporate income tax credit) for up to 10 years limited to 75 percent of approved costs.
Job requirement: must retain or create at least 25 jobs (program focused on retaining jobs in manufacturing or agribusiness facilities that are in “imminent danger” of closing or that have temporarily closed)
Wage standard: No
Online recipient disclosure: Yes
Historical cost:

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$5,112,337</td>
</tr>
<tr>
<td>2008</td>
<td>$5,520,374</td>
</tr>
<tr>
<td>2009</td>
<td>$5,340,883</td>
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<td>2010</td>
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<td>2011</td>
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</tr>
<tr>
<td>2012</td>
<td>No Data</td>
</tr>
</tbody>
</table>

Note: Each figure represents wage assessment credits actually claimed by workers.

Maine - Employment Tax Increment Financing (ETIF)
Enacted: 1995
Latest annual cost: $7.2 million (estimate for FY2012)
Type: rebate to employer of state withholding taxes associated with new jobs
Promotes interstate piracy: potentially, since program is available to companies relocating from another state
Provisions: up to 80 percent of withholding taxes for up to 10 years (percentage depends on economic condition of the area). There is no defined maximum amount that a company may receive.
Job requirement: at least 5 new jobs
Appendix: Program Descriptions

Good Jobs First

Wage standard: new employees must receive an annual income greater the county's average per-capita income
Online recipient disclosure: No
Historical cost figures.  

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>$2,657,676</td>
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<td>$6,827,423</td>
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</table>

Note: These numbers represent the amount approved.

Maine - Shipbuilding Facility credit
Enacted: 1997
Latest annual cost: $3 million (estimate for FY2012)
Type: credit against state withholding tax remittances
Promotes interstate piracy: indirectly in that it has been used in response from threats from shipbuilders to leave the state
Provisions: credit is equal to the withholding taxes of qualified employing during the second half of a calendar year, up to a maximum of $3.5 million per company
Job requirement: limited to shipbuilders with at least 6,500 qualified employees
Wage standard: annual pay must be greater than statewide per capital annual income
Online recipient disclosure: No
Historical cost figures.

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
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<td>$3,125,000</td>
<td>$3,125,000</td>
<td>$2,968,750</td>
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</table>

Note: These numbers represent the amount approved.

Mississippi – Impact Withholding Rebate Program/Existing Industry Withholding Rebate Program
Enacted: 2009
Latest annual cost: $1.1 million (FY2012 estimate for two programs combined)
Type: cash payments equal to the lesser of a percentage of the taxable wage or state withholding taxes paid by new employees
Promotes interstate piracy: not directly through job creation portion of the Impact program. 
The Existing Industry program is for companies that have been in the state for at least two years.
Provisions: The Impact retention portion provides subsidies equal to the lesser of 1 percent of wages or the full amount of state withholding taxes paid by retained employees for up to 10 years (maximum: $6 million); or, the lesser of 3.5 percent of wages or the full amount of state withholding taxes paid by new employees for up to 25 years if new jobs are created. The Existing Industry portion provides subsidies equal to the lesser or 3.5 percent of wages or the full amount of state withholding taxes paid by new employees for up to 2 years.
Job requirement: The Impact program requires retention of at least 1,200 jobs or creation of 500 to 1,500 new jobs. The Existing Industry program requires at least 10 new jobs
Paying Taxes to the Boss

Wage standard: The Existing Industry program requires that average annual salaries be at least the lesser of 100 percent of the state or county average annual wage
Online recipient disclosure: No
Historical cost figures:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
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<th>2010</th>
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<td>No Data</td>
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</tr>
</tbody>
</table>

Note: The figures show estimated combined costs for both programs. Both programs could be costlier if more companies meet the programs high job creation/retention requirements (according to the Mississippi Department of Revenue, currently there are only two recipients under both programs).

Mississippi – Mississippi Advantage Jobs Incentive Program (Advantage Jobs)
Enacted: 2000
Latest annual cost: $10 million (FY 2012 estimate)
Type: rebate to employer of state withholding taxes associated with new jobs
Promotes interstate piracy: in effect, since program was created to compete with other states
Provisions: rebates to the employer equal to the lesser of 90 percent of state withholding taxes paid by new workers or up to 4 percent of the wages of those workers for up to 10 years
Job requirement: Data/information processing businesses must create at least 200 new jobs; other businesses must create at least 25 jobs
Wage standard: the average annual wage of workers must be between 100 percent (for data/information processing companies) and 110 percent (for other businesses) of the county or state average, whichever is lower
Online recipient disclosure: No
Historical cost figures:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<td>$11,000,000</td>
<td>$11,000,000</td>
<td>$11,000,000</td>
<td>$10,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Note: The figures are estimates.

Missouri – Quality Jobs Program
Enacted: 2005
Latest annual cost: $51.1 million (withholding claimed in 2011)
Type: retention of state withholding taxes (additional tax credit not related to the withholding for Technology and High Impact projects)
Promotes interstate piracy: more likely in the High Impact Business portion
Provisions: Small/Expanding Businesses can keep 100 percent of withholding for 3-5 years, depending on wage levels; Technology firms can retain withholdings equal up to 6 percent of new jobs payroll (if an extra bonus added) for five years; and High Impact firms can retain withholdings equal up to 7 percent of new jobs payroll (if two extra bonuses added) for five years. When percent of benefits is higher than the legally allowed percent of withholdings, Technology and High Impact propjets receive the difference through a tax credit.
Job requirement: at least 20 jobs in rural areas, 40 in non-rural areas for Small/Expanding businesses; 10 for technology firms; and at least 100 for High Impact firms
Wage standard: The average wage must be at least the county average wage; pay levels help determine the duration of the subsidy
Online recipient disclosure: Yes

<table>
<thead>
<tr>
<th>Historical cost figures:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
</tr>
<tr>
<td>No Data</td>
</tr>
</tbody>
</table>

Note: The figures represent actual withholding claimed.

**Missouri - The Missouri Automotive Manufacturing Jobs Act**
Enacted: 2010
Latest annual cost: $15 million (annual program cap)
Type: retention of state withholding taxes
Promotes interstate piracy: likely (the program goal is to allow companies to bring production lines to Missouri); was designed to discourage Ford Motor from closing its Claycomo plant
Provisions: company can retain up to 100 percent of withholding for 10 years (if it is manufacturing a new product) or if it is a supplier for up to 5 years depending on wage level
Job requirement: not explicitly, but recipient must invest at least $50,000-$75,000 per existing job (suppliers must create at least 5 jobs)
Wage standard: suppliers must pay wages that are equal to or exceed the county average for the NAICS category but not less than 60 percent of the statewide average
Online recipient disclosure: Presumably yes, given state’s extensive disclosure, but program is too new to report information

<table>
<thead>
<tr>
<th>Historical cost figures:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
</tr>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

Note: Benefits are allowed starting January 1, 2012. The program cap has been set for $15 million per year and each company cannot claim more than $10 million per year.

**New Jersey - Business Employment Incentive Program (BEIP)**
Enacted: 1996
Latest annual cost: $178 million (amount disbursed in 2011)
Type: grants based on a percentage of the state withholding taxes paid by new workers
Promotes interstate piracy: yes, in that it has been used for this purpose
Provisions: grants equal 10 to 80 percent of the withholding for up to 10 years with a maximum of $50,000 per employee
Job requirement: at least 25 new jobs (10 for emerging technology companies)
Wage standard: preference given to employers paying at least 1.5 times the federal minimum wage
Online recipient disclosure: Yes
Paying Taxes to the Boss

Historical cost figures:  

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td>$139,723,000</td>
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<td>$178,000,000</td>
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</tr>
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</table>

Note: These figures reflect the amount actually disbursed. Amounts for 2007-2009 are estimated.

New Mexico – High Wage Jobs Tax Credit
Enacted: 2004
Latest annual cost: $4.6 million (estimate for 2010)
Type: credit against withholding tax remittances
Promotes interstate piracy: yes, since program has been used to compete with other states
Provisions: credits equal to 10 percent of the wages and benefits paid for each new job; can be applied to the state portion of gross receipts tax, compensating tax and withholding tax. There is a maximum of $12,000 per job, per year. Any excess credit will be refunded to the taxpayer. Employers can take the credit for four years.
Job requirement: None
Wage standard: Qualified jobs must pay at least $28,000/year in a community with a population of less than $40,000; $40,000/year in larger communities
Online recipient disclosure: No
Historical cost figures:  

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$1,657,900</td>
<td>$4,724,700</td>
<td>$14,440,800</td>
<td>$4,596,200</td>
<td>No Data</td>
<td>No Data</td>
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</table>

North Carolina - Job Development Investment Grants (JDIG)
Enacted: 2002
Latest annual cost: $21.7 million (2011). There is an annual cap of $180 million over the life of the subsidies awarded in that particular year or $15 million per year for 12 years per fiscal year.
Type: grants based on a percentage of the state withholding taxes paid by new workers
Promotes interstate piracy: in effect, since program was created to compete with South Carolina
Provisions: grants equal 10 to 75 percent of withholding for up to 12 years (percentage determined on a case-by-case basis). There is no defined maximum amount that a company may receive.
Job requirement: at least 10 or 20 jobs, depending on the area
Wage standard: no minimum levels but each agreement includes a requirement relating to aggregate wages
Online recipient disclosure: Yes
Historical cost figures:  

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$50,670,409</td>
<td>$79,105,279</td>
<td>$94,593,739</td>
<td>$85,717,173</td>
<td>$21,708,750</td>
<td>No Data</td>
</tr>
</tbody>
</table>

Note: This amount reflects the amount actually disbursed.
Ohio - Job Creation Tax Credit
Enacted: 1992
Latest annual cost: $55.7 million (estimate for FY2012)
Type: credits against the commercial activity tax determined by the amount of state withholding taxes generated by new employees
Promotes interstate piracy: yes, in that the program has been used this way from the beginning
Provisions: value of credits determined on a case-by-case basis but are generally up to 75 percent of withholding for up to 15 years with no per-project maximum value. Credits are refundable and can be carried forward.
Job requirement: at least 10 new jobs
Wage standard: at least 150 percent of the federal minimum wage
Online recipient disclosure: Yes
Historical cost figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$50,300,000</td>
<td>$87,700,000</td>
<td>$92,000,000</td>
<td>$53,500,000</td>
<td>$54,600,000</td>
<td>$55,700,000</td>
</tr>
</tbody>
</table>
Note: This amount reflects the state’s estimation of the costs.

Ohio - Job Retention Tax Credit
Enacted: 2001
Latest annual cost: $16.5 million (estimate for FY2012)
Type: credits against the commercial activity tax determined by the amount of state withholding taxes generated by retained employees
Promotes interstate piracy: not directly
Provisions: credits equal up to 75 percent of withholding for as long as 15 years with no per-project maximum value. Credits are refundable (only if the recipient can prove it had an offer from another state) and can be carried forward. The Ohio Tax Credit Authority approves a maximum credit value that may be approved per year for each individual project. The program was modified in 2011 to ease eligibility requirements, allowing more companies to qualify and making the credit refundable under certain circumstances.
Job requirement: must retain at least 500 workers
Wage standard: No
Online recipient disclosure: Yes
Historical cost figures:

<table>
<thead>
<tr>
<th>Year</th>
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<th>2009</th>
<th>2010</th>
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<td>$9,300,000</td>
<td>$4,500,000</td>
<td>$11,500,000</td>
<td>$16,500,000</td>
</tr>
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</table>
Note: This amount reflects the state’s estimation of the costs.
South Carolina - Job Development Credits
Enacted: 1995
Latest annual cost: $70.3 million (amount claimed in FY 2009)
Type: credit against state withholding tax remittances
Promotes interstate piracy: possibly, the program has been used in relocations from other states
Provisions: Up to 15 year credit (the Coordinating Council for Economic Development may limit to 10 years) equals 2 to 5 percent of gross wages, with amounts adjusted depending on the area of the state; the Council may limit the amount to $3,250 per worker per year.
Job requirement: at least 10 new jobs (the Council may require a bigger number)
Wage standard: except in limited cases, there is no explicit minimum but credit amounts are linked to wage levels
Online recipient disclosure: Yes (company name but not subsidy value)
Historical cost figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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</thead>
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<tr>
<td></td>
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<td>$70,317,528</td>
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<td>No Data</td>
<td>No Data</td>
</tr>
</tbody>
</table>

Note: The 2008 figure represents claimed credits in that year. The Tax Incentives for Economic Development in South Carolina for FY 2008-2009 puts the total Job Development Credits claimed since 1999 at $498,021,558 (p. 14).

Utah – Economic Development Tax Increment Financing (EDTIF)
Enacted: 2005
Latest annual cost: $4.5 million (amount disbursed in FY 2011)
Type: originally rebates of withholding and other taxes; now a tax credit based on state withholding tax and other new revenue to the state generated by job creation
Promotes interstate piracy: yes; program is designed to lure companies to the state
Provisions: credits equal up to 30 percent of withholding and other new revenue for the state; credits, which typically last 5-10 years, are refundable
Job requirement: at least 50 new jobs in urban counties; no minimum in rural counties
Wage standard: wages must be at least 125 percent of the county average in urban counties; 100 percent in rural counties
Online recipient disclosure: Yes
Historical cost figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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</tr>
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<tbody>
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<td>No Data</td>
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<td>$4,465,031</td>
<td>No Data</td>
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</tbody>
</table>

Note: This amount reflects the amount actually disbursed plus the value of refunds and rebates.
Endnotes


2 http://clawback.org/2011/04/15/1746/

3 Calculated from data in Table 435 of the 2012 Statistical Abstract of the United States; online at http://www.census.gov/prod/2011pubs/12statab/stlocgov.pdf

4 Calculated from data in Table 453 of the 2012 Statistical Abstract of the United States; online at http://www.census.gov/prod/2011pubs/12statab/stlocgov.pdf. The sixteen states are California, Colorado, Connecticut, Delaware, Georgia, Maryland, Massachusetts, Minnesota, Missouri, Montana, New Jersey, New York, North Carolina, Oregon, Virginia, and Wisconsin.


9 The programs without online disclosure are: Kansas PEAK, Georgia Job Tax Credits, Georgia R&D Tax Credit, Maine ETIF, Maine Shipbuilding Facility Credit, Mississippi Advantage, Mississippi Withholding Rebates and New Mexico High Wage Jobs Tax Credit. Information on the recently enacted Missouri Automotive Manufacturing Act recipients is not yet online, but given the state’s extensive tax credit disclosure, we assume it will be available.

10 Subsidy Tracker can be found at http://www.goodjobsfirst.org/subsidy-tracker. Because the number of past years for which information is available varies greatly from state to state, older awards will not always show up in Subsidy Tracker. And because of lag times in disclosure, newer awards reported in the media may not yet appear. Tracker also has unpublished data from Maine’s ETIF program.


12 Another complication is that some programs offer recipients a choice between a subsidy that is based on withholding taxes and one that is not, meaning that only a portion of the program cost is actually coming from personal income tax revenue.

Paying Taxes to the Boss


16 “Spiegel Move is Mixed Blessing,” Business First-Columbus, September 28, 1992 (via Nexis).


20 The Economic Impact of Nissan in Mississippi, prepared for the Mississippi Development Authority by The Goodman Group, September 2002, pp.3-31.


Endnotes


44 Subsidy Tracker can be found at http://www.goodjobsfirst.org/subsidy-tracker. Because the number of past years for which information is available varies greatly from state to state, older awards will not always show up in Subsidy Tracker. And because of lag times in disclosure, newer awards reported in the media may not yet appear.

45 We were struck when the Tax Foundation, often a critic of subsidies, issued Location Matters in February 2012. Using a representative-firm model, the 50-state study accounts for typical economic development subsidies granted to various kinds of business facilities—including “Payroll Withholding Tax Rebates”—equating them with property tax abatements and research and development credits! (But then, we also note that the Tax Foundation partnered with KPMG on the study, and KPMG is clearly aware of the value of PIT diversions, being an early beneficiary of New Jersey’s BEIP program, with an award of almost $9.9 million in 1997.) Available at: http://www.scribd.com/doc/83192302/Location-Matters.
These figures represent the total anticipated value of multi-year tax credit awards made through the program that year. Source: Colorado Economic Development Commission Annual Reports, 2010 and 2011. http://www.colorado.gov/cs/Satellite?c=Page&cid=1184661923087&pagename=OEDIT/OEDITLayout

Taken from annual reports available here: http://www.ct.gov/ecd/cwp/view.asp?a=1105&Q=251248&ecdNav=|


2010 cost figure includes a $1 million estimate for the Mega Project Tax Credit as provided by the Georgia Senate Budget and Finance Office in a 2010 Tax Expenditure Summary. Source: http://www.gppf.org/pub/TaxExpenditureSummary.pdf


Taken from annual report available here: http://www.ioc.state.il.us/index.cfm/departments/research-and-fiscal/research-and-fiscal-information-publications/tax-expenditure-report/

The 2008 figure (for FY2008) comes from Indiana Economic Development Corporation, Economic Incentives and Compliance Report for the Reporting Period July 1, 2007-June 30, 2008, p.5; online at http://www.in.gov/legislative/igareports/agencyarchive/reports/IEDC06.pdf. The 2009 figure (for FY 2009) comes from subtracting the cumulative figure on page 12 of the IEDC report for the period ending June 30, 2009 (which can be found online at http://www.in.gov/legislative/igareports/agencyarchive/reports/IEDC07.pdf) from the previous year’s figure. Later reports do not provide totals.

This number represents the program cap which is listed on the program website: http://www.kansascommerce.com/index.aspx?NID=141.

The data were obtained for the Kentucky Department of Revenue, Division of Corporation Tax.

The data were obtained for the Kentucky Department of Revenue, Division of Corporation Tax.

Taken from annual reports available here: http://www.state.me.us/revenue/research/

Taken from annual reports available here: http://www.state.me.us/revenue/research/


Missouri Quality Jobs Annual Reports 2008 – 2011, tables: Project Benefits through December 31, 2008 – 2010, Actual Withholding Amount columns. The 2011 figure was calculated by subtracting Actual Tax Credit column from


63 http://www.nmlegis.gov/lcs/handouts/Table%202%20-%20Revenue%20Impacts%202010-09-30.pdf

64 Taken from Annual Reports Available Here: http://www.nccommerce.com/Portals/0/Incentives/2010%20JDIG%20Annual%20Report.pdf


