Notes

Introduction

1. Kenneth Thomas estimated total state and local subsidies at $48.8 billion as of 1996, and many states have enacted new subsidies since then. (*Competing for Capital: Europe and North America in a Global Era* [Georgetown University Press, 2000].) Peter Fisher and Alan Peters conservatively estimated total subsidies at $50 billion. ("The Failures of Economic Development Incentives," *Journal of the American Planning Association*, Vol. 70, No. 1, Winter 2004.)

Chapter One

1. Barbara Carton, "Raytheon Threatens to Relocate Unit Unless Massachusetts Grants Concessions," *Wall Street Journal*, February 15, 1995. Beppi Crosariol, "Tenn. Knockin,'" *Boston Globe*, March 2, 1995; Joan Vennochi, "Raytheon Picks Sasso to be Lobbyist," *Boston Globe*, March 9, 1995.
2. "Raytheon's Proposed Cost Savings Options for Consideration by the Massachusetts Legislature," company presentation March 1995. Raytheon later indicated that because of federal tax law changes and lower earnings, it saved less than $21 million a year.
3. Joan Vennochi, "Poison Pill Strategy," *Boston Globe,* September 6, 1995.
4. David Warsh, "Raytheon Chief: A Football Player Without a Helmet," *Boston Globe,* November 19, 1995.
5. Michael E. Knell and Jeffrey Krasner, "Raytheon Revamps Campaign," *Boston Herald*, March 29, 1995. *Boston Herald* editorial, "A No-Brainer

Way to Tax," May 14, 1995. William H. Swanson, Raytheon senior vice president, "The Fight for Manufacturing Jobs," *Boston Globe* op-ed, February 21, 1995. John Gill, "Tax Shortfall Casts Doubt on Raytheon Aid," *Lawrence Eagle-Tribune*, March 15, 1995.

6. Daniel Golden, "Weld Proposal Expected to Cut Corporate Taxes $160m a Year," *Boston Globe*, September 5, 1995. Phil Primack, "Clearing the Smoke about Tax Breaks," *Boston Globe*, December 15, 1999; Joan Vennochi, "John Sasso for the Defense," *Boston Globe*, November 10, 1995. Summary of Raytheon's jobs rhetoric by the Tax Equity Alliance for Massachusetts, "The Record on 'An Act Relative to Job Retention and Economic Expansion,'" n.d.
7. Testimony of John Gould, president and chief executive officer of Associated Industries of Massachusetts, "Tax Incentives for Jobs in Massachusetts," presented to the Committee on Taxation, March 22, 1995.
8. Separately, the Massachusetts Taxpayers Foundation (which consists of several hundred companies) issued a paper saying the state was high cost. (John J. Gould and John Gill, "Should Raytheon Get Tax Cuts?" *Lawrence Eagle-Tribune*, September 10, 1995.) And the Beacon Hill Institute at Suffolk University, a conservative think tank, issued its own study arguing for applying SSF to all companies, not just manufacturers. (Beacon Hill Institute, "Corporate Tax Proposal Would Mean New Jobs, Higher Wages for Mass. Workers," October 3, 1995.) Phil Primack, "Raytheon Spends $$ to Win Big State Tax Breaks," *Boston Herald*, January 17, 1996.
9. State Representative James Marzilli interview June 18, 2004. DRI/McGraw-Hill, "Commonwealth of Massachusetts Competitive Economic Choices," May 10, 1995. In four different scenarios, the study's job benefits ranged from 63 to 93 percent *retained* jobs, with the remainder being new jobs.
10. The Boston Federal Reserve's senior economist and a widely recognized expert on state corporate taxes, Robert Tannenwald, was reportedly forbidden by his superiors to testify on SSF. (Joan Vennochi, "Muzzled at the Fed," *Boston Globe*, March 8, 1996.)
11. Associated Industries of Massachusetts, "Questions and Answers on Single Sales Factor Apportionment," October 31, 1995.
12. Eric Convey, "Memo: Raytheon Offered Buyouts," *Boston Herald*, May 31, 1996.

13. Raytheon Systems Company, "Raytheon in Massachusetts Overview of Plans," January 23, 1998 report sent to state legislators.
14. Todd Wallack, "Raytheon Job Cuts Criticized," *Boston Herald*, June 15, 1999.
15. Meg Vaillancourt, "Raytheon Defends Itself in Outcry over Tax Breaks," *Boston Globe,* June 17, 1999.
16. Todd Wallack, "Unions: Raytheon Should Lose Tax Breaks Amid Cuts," *Boston Herald*, February 5, 1999. Wallack, "Raytheon Job Cuts Criticized." Marzilli interview.
17. John Gill, "Raytheon Spent $600,000 on Tax Cut," *Lawrence Eagle-Tribune,* January 17, 1996.
18. As previously noted, Raytheon later indicated that it received a smaller tax break than it projected. However, the SSF tax cut applied to all defense contractors and all manufacturers.
19. Alton Parker Hatcher, Jr., telephone deposition given March 28, 1995, in *William F. Maready vs. the City of Winston-Salem et al.*, North Carolina Superior Court 95-CVS-623.
20. "Marriott International & Host Marriott Corp. Number of Associates by Income Level and County As of February 1998," spreadsheet dated May 31, 1998, in Virginia Economic Development Partnership project files.
21. Virginia Economic Development Partnership, "The Commonwealth of Virginia Presents Marriott with Incentives to Relocate Their Corporate Headquarters to Northern Virginia," September 1998.
22. Scott Wilson, "Marriott Takes Deal to Stay in Maryland," *Washington Post*, March 12, 1999. Press release, "Marriott Chooses Maryland," State of Maryland, Governor's Press Office, March 11, 1999.
23. Jay Hancock, "Marriott Used Va. as a Ruse to Raise Md. Bid; Public Records Suggest Bethesda Firm's Threat to Leave Was Bluff," *Baltimore Sun*, March 27, 1999.
24. VEDP Opportunity Profile (project log), Bob Gibson (Virginia economic development executive) entry 2/10/99. The Virginia files suggest the company wanted more leverage against Maryland, that Marriott was dissatisfied with Maryland's early bids and by a lack of personal attention to the deal from Maryland governor Glendening. In early December 1998, Marriott told Virginia that it had asked Maryland to resubmit a new subsidy offer. A week later, an unknown source leaked to the *Washington Post* about new developers involved. (VEDP Opportunity Profile, Ann Broadwater, December 10, 1998 entry.)

25. VEDP memo, Ann Broadwater (manager, Global Business Development) to Bob Gibson, November 6, 1998. Other examples of Virginia's skepticism: in late 1997, a Fairfax County official told state officials that it "seemed [Marriott was] 'shopping' but won't leave." (VEDP Opportunity Profile, Ann Broadwater entry, December 5, 1997.) And in a May 1998 meeting with Virginia officials, Marriott "spent a considerable amount of time addressing the rumors regarding whether or not Marriott would seriously consider leaving MD." (VEDP memo.)
26. Timothy B. Wheeler, "Assembly Approves Deal with Marriott; $44 Million Incentives Pass Despite Questions," *Baltimore Sun*, April 8, 1999. Scott Wilson, "Marriott Opts to Renovate Bethesda Site, Rejects Move," *Washington Post*, September 18, 1999.
27. Jonathan Bowles, "Payoffs for Layoffs," Center for an Urban Future, February 10, 2001.
28. Stephanie Greenwood and Bettina Damiani, *Know When to Fold 'Em: Time to Walk Away from New York's Corporate Retention Game*, Good Jobs New York, February 2004.
29. Ibid.
30. Ibid. Tania Padgett, "Staff Cuts at Bank of America," *Newsday*, October 8, 2004.
31. Clint Johnson, "Enterprising Businesses Zone In On Savings," *Plants Sites & Parks*, December 1, 2000 (No. 7, Vol. 27). Kenneth Lovett, "Megadeal: IBM Chips in Billions for N.Y. Plant," *New York Post*, October 11, 2000. Michael Gormley, "IBM to Build Chip-Making Plant, Create 1,000 Jobs," Associated Press, October 10, 2000.
32. "I.B.M. Raises Number of Hudson Valley Cuts," Reuters, February 26, 1993. Mary Voboril, "The Dutchess County Blues: IBM Cutbacks Lay Low a Company Town," *Newsday,* August 29, 1993. Dennis Hevesi, "In I.B.M. Deal, State Offers a Loan to Create 700 Jobs," *New York Times*, January 30, 1994.
33. New York State General Municipal Law, Section 958 (c) as amended in August, 1993. Gov. Cuomo signed the law on August 6, 1993. Under section (C) (iv) an area with "equal to or less than the national average of unemployment" and a labor market that has "experienced or is likely to experience within three years the lesser of a loss of one thousand direct jobs or a dislocation of workers equal to four percent of the employed population of the labor market area" became eligible for zone designation.
34. Barney Beal, "Report: U.S. Call Centers Vanishing," SearchCRM.com, August 27, 2004.

35. Joe Gardaz, "Right on the Money; Sykes Call Centers Command Hefty Price Tags from Cities," *Bismarck Tribune*, July 12, 1998.
36. Jesse Fanciulli, "Incentives for Sykes Totaled $312,000," *Greeley Tribune*, January 6, 2002. *Regional Economic Review—Northern Region*, October 2002, p. 2. Published by Colorado Legislative Council. The $915,000 figure includes land valued at $203,000, a zero-percent-interest loan of $400,000, and other state, county, and city subsidies totaling $312,000; the company was also due an unknown additional amount of state tax credits for locating in an enterprise zone.
37. "Klamath Falls Call Center to Close," *Portland Business News*, November 20, 2003. Scott Barancik, "Tales of Two Oregon Towns Give Lessons on Lessening Outsourcing's Sting," *St. Petersburg Times,* August 23, 2004. Wendy Culverwell, "High Tech Firm Locating in Klamath," *Klamath Falls Herald & News*, July 20, 1995. Wendy Culverwell, "McMillan County Not to Blame for Sykes Plant Crisis," *Klamath Falls Herald & News*, July 26, 1995.
38. Jeff Olson, "More Jobs Days Away; City OKs $2 Million Incentive Plan for Sykes," *Bismarck Tribune,* September 27, 1995. Joe Gardyasz, "Sykes to Add Building, Jobs," *Bismarck Tribune*, March 21, 1997. "After $3.8 Million, It's Time Sykes Paid Its Own Way," *Bismarck Tribune,* July 17, 1998. "Was Sykes Worth It?" *Bismarck Tribune*, July 12, 2004. Joe Gardyasz, "Incentive Proposed for Sykes; Company Will Build Third Center if Bismarck OKs Funds," *Bismarck Tribune*, July 9, 1998. Associated Press, "Sykes Enterprises Closes Some U.S., European Call Centers," January 2, 2002. Mark Hanson, "Sykes Announces Plans to Lay off Another 71 Employees," *Bismarck Tribune*, August 17, 2003.
39. Melissa O'Neil, "Technical Company to Bring Jobs to Milton-Freewater," *Tri-City Herald*, September 12, 1998. Barancik, "Tales of Two Oregon Towns."
40. Matt Moline, "Manhattan Lures Firm, Gains 432 New Jobs," *Topeka Capital-Journal,* April 24, 1998. Tony Herrman, "Sykes Closes Doors in Manhattan," *Kansas State Collegian*, April 15, 2004 at http://www.kstatecollegian.com/article.php?a=1549. Manhattan Economic Development Opportunity Fund, "Accountability Checklist: Sykes Enterprises, Inc.," July 15, 2003.
41. Helen Huntley, "Hays Weighs Its Investment in Sykes Enterprises," *St. Petersburg Times*, June 23, 1997. "NEW Expands Operations Into Hays, Kansas," N.E.W. Customer Service Companies, Inc., press release, July 14, 2004, http://www.forrelease.com/D20040714/dcw069

.P2.07142004173819.24672.html. Associated Press, "Call Center Having Difficulty Finding Applicants," August 7, 2004. Associated Press, "Sykes Flip-Flops on Closure of Hays Call Center," March 16, 2004.

42. Brenda Tollett, "Sykes Shuts Down Ada OK Location," *Ada Evening News*, January 7, 2004. Associated Press, "Some 440 Layoffs Expected," January 7, 2004. Adam Wilmoth, "Ada Call Center Shutdown to Leave 440 Without Jobs," *The Daily Oklahoman*, January 7, 2004.
43. Virgil Larsen, "Florida Firm to Close Scottsbluff, Neb., Call Center," *Omaha World-Herald*, November 19, 2002. Associated Press, "Scottsbluff Officials Tout Economic Development Plan," September 12, 1999. John Taylor, "Firm to Hire 150 Workers in Scottsbluff," *Omaha World-Herald*, March 28, 1999.
44. Lee Mueller, "State to Spend $9 Million on Call Centers," *Lexington Herald-Leader,* August 31, 1999. Scott Barancik, "Sykes Says It Will Pull Plug on Ky. Call Center," *St. Petersburg Times* June 26, 2003. Dan Morse, "Jobs Promised to Ky. in Asia, South America: Small Town Blindsided by Company's Move to Offshore Operations, Former Employees Say," *Charleston Gazette*, March 10, 2004.
45. David Streitfeld, "Town's Future Is Leaving the Country," *Los Angeles Times*, March 28, 2004. Lee Mueller, "Pikeville Call Center to Close," *Lexington Herald-Leader,* February 11, 2004. Morse, "Jobs Promised To Ky."
46. Scott Barancik, "Call Center to Close Soon: Nearly 200 Workers at the Sykes Enterprise Facility in Palatka Will Be Laid Off in September and October," *St. Petersburg Times,* July 10, 2004. Associated Press, "Palatka Call Center on Verge of Losing 194 Jobs," July 9, 2004.
47. Marianna Now, "Industry, Sykes Enterprise on the Internet," n.d. Rep. Bev Kilmer, District 7 Fla., "Jackson County to Pick up Over 500 New Jobs," *The Kilmer Konnection*, May 1-5, 2000 (http://www.bevkilmer.com/kc/archives/may1-2000.htm). Scott Barancik, "Sykes to Shut Fla. Call Center: the Marianna Closing is the Ninth Scheduled for 2004, Bringing the Total Layoffs This Year to More Than 2,500," *St. Petersburg Times,* August 5, 2004. Scott Barancik, "Sykes Leaves Marianna a Parting Gift," *St. Petersburg Times,* January 1, 2005.
48. Scott Barancik, "Fortunes Might Be Turning for Sykes: After Moving Most of Its Call Center Jobs Overseas and Downsizing at Home, Sykes Enterprises Had Some Good News," *St. Petersburg Times*, November 3, 2004.

49. Jeff McCourt and Greg LeRoy, *A Better Deal for Illinois: Improving Economic Development Policy*, Good Jobs First, January 2003, p. 28 and pp. 28–35 generally.
50. Although many of the "transplants" were located in heavily unionized states, only those with substantial U.S. ownership became unionized: Mazda in Michigan (because of Ford's large stake in Mazda), Toyota/GM in California (half-owned by General Motors) and Mitsubishi/Chrysler in Illinois (half-owned by Chrysler).
51. Martin and Susan Tolchin, *Buying into America: How Foreign Money Is Changing the Face of Our Nation*. (New York: Berkley Books, 1989), p. 241.
52. Good Jobs First compilation of transplant subsidy reports. The one early transplant that may not have been heavily subsidized was Toyota/GM in Fremont, California.
53. David L. Barkley, Deborah M. Markley, and Julia Sass Rubin, "Certified Capital Companies (CAPCOs): Strengths and Shortcomings of the Latest Wave in State-Assisted Venture Capital Programs," *Economic Development Quarterly*, Vol. 15, No. 4, November 2001, pp. 350–366. Julia Sass Rubin, correspondence, January 6, 2005.
54. Some states' CAPCO rules provide for the state to get a very small cut of profits made on those loans.
55. Barkley, Markley, and Rubin, "Certified Capital Companies (CAPCOs)." David L. Barkley, Deborah M. Markley, and Julia Sass Rubin, "Public Involvement in Venture Capital Funds: Lessons from Three Program Alternatives," Rural Policy Research Institute, PB99-2, November 1999.
56. Christopher Swope, "Economic Development: Risky Ventures," *Governing*, April 2004.
57. Ibid.
58. Bruce Murphy, "Capital Subsidy Bill Raked," *Milwaukee Journal Sentinel*, December 21, 2003.
59. Swope, "Economic Development."
60. Murphy, "Capital Subsidy Bill Raked."
61. Robert Guskind, "The New Civil War," *National Journal,* April 3, 1993.
62. Roy O. Priest (HUD Office of Economic Development), April 12, 1993, letter in response to Gary N. Conley (Los Angeles Economic Development Corporation).

63. Melvin L. Burstein and Arthur J. Rolnick, “Congress Should End the Economic War Among the States,” Minneapolis Federal Reserve Bank, 1994 Annual Report Essay, March 1995, at http://minneapolisfed.org/pubs/ar/ar1994.cfm.
64. Paul More et al., *The Other Los Angeles: The Working Poor in the City of the 21st Century*, Los Angeles Alliance for a New Economy, August 2000. Paul Jargowsky, “Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s,” Brookings Institution, May 2003, p. 9.
65. Paul More et al., “Who Benefits from Redevelopment in Los Angeles? An Evaluation of Commercial Redevelopment Activities in the 1990s,” UCLA Center for Labor Research and Education, School of Public Policy and Social Research and Los Angeles Alliance for a New Economy, March 1999.
66. Shea Cunningham et al., “Taking Care of Business? An Evaluation of the Los Angeles Business Team,” Los Angeles Alliance for a New Economy and the UCLA Center for Labor Research and Education School of Public Policy and Social Research, October 1999.
67. Greg LeRoy and Tyson Slocum, *Economic Development in Minnesota: High Subsidies, Low Wages, Absent Standards*, Good Jobs First, February 1999, p. 27.
68. Jason Bailey and Liz Natter, “Kentucky’s Low Road to Economic Development: What Corporate Subsidies Are Doing to the Commonwealth,” Democracy Resource Center, 2000.
69. Bill Bishop, “There’s No Such Thing as a ‘Free’ Factory,” *Lexington Herald Leader*, April 4, 1993.
70. Democratic staff of the Committee on Education and the Workforce, U.S. House of Representatives, “Everyday Low Wages: The Hidden Price We All Pay for Wal-Mart,” February 16, 2004, at http://edworkforce.house.gov/democrats/WALMARTREPORT.pdf.
71. Kenneth E. Poole et al., *Evaluating Business Development Incentives*, the National Association of State Development Agencies, W. E. Upjohn Institute for Employment Research, and the Urban Center at Cleveland State University for the U.S. Department of Commerce, EDA Project #99-13794, August 1999; see especially chapter 7, pp. 57–94, at http:// www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs/1g3_5febdi_5freport_2epdf/v1/1g3_5febdi_5freport.pdf.
72. Poole et al., *Evaluating Business Development Incentives*.

73. For a full account of the Boeing episode, see Jeff McCourt and Greg LeRoy, *A Better Deal for Illinois: Improving Economic Development Policy*, Good Jobs First, January 2003, chapter 8, pp. 57–65.
74. Ibid.
75. The case was *Bradley Harwood v. Pam McDonough et al.,* Appellate Court of Illinois First District No. 1-02-2714.
76. Philip Mattera and Mafruza Khan, *Jail Breaks: Economic Development Subsidies Given to Private Prisons*, Good Jobs First, October 2001. Philip Mattera, Mafruza Khan, and Stephen Nathan, *Corrections Corporation of America: A Critical Look at Its First Twenty Years,* Grassroots Leadership, December 2003.
77. United Auto Workers interoffice communication, Nat Weinberg to Paul Sifton, September 23, 1953.
78. James C. Cobb, *The Selling of the South* (Chicago: University of Illinois Press, 1993), pp. 8–16.
79. Robert L. Rose, "'Job Piracy' Legislation Advances after Company Announces Job Shifts," *Wall Street Journal*, September 20, 1994. Jack Norman, "Ban on Grants to Help Firms Move Gains Support," *Milwaukee Journal*, August 14, 1994. Frank A. Aukofer, "House OKs Bill Against Job 'Piracy,'" *Milwaukee Journal*, July 22, 1994. On the legality of using CDBG money for interstate job transfers, see William J. Gilmartin (Assistant Secretary of HUD) letter to Senator Russ Feingold, August 8, 1994. The anti-piracy language was not attached until HUD's 1998 reauthorization. Then-congressman and now Milwaukee mayor Tom Barrett was most tenacious for the reform. When the HUD money was revealed, Murray, Kentucky, officials withdrew it from their Briggs deal. Officials in Poplar Bluff, Missouri, did not follow suit.
80. Jim DuPlessis, "Bendix Came Here in 1982 to Escape the High Wages . . ." *The State*, March 21, 2004.
81. Zack Nauth, *The Great Louisiana Tax Giveaway*, Louisiana Coalition for Tax Justice, n.d. [1992].
82. Ibid.
83. Marc Breslow, "Connecticut's Development Subsidies: Job Growth Far Short of Projections, High Costs Per Job," Northeast Action, February 28, 2002.
84. Jill Barton, "Governor Says Biotech Firm Will Spur Budding Industry in Florida," Associated Press, October 10, 2003. Palm Beach County, "Scripps Florida—Key Messages," at http://www.co.palm-beach.fl.us/

SRI/images/key-messages.pdf, and Scripps Research Institute, "Business Plan for Scripps Florida," December 16, 2003 at http://www.co.palm-beach.fl.us/SRI/BUSINESS_PLAN_010504.pdf.

85. The William S. Lee Act generates tax credits that may be used to offset up to 50 percent of a company's state income and/or franchise tax liability. North Carolina Department of Finance, Commerce Finance Center, http://www.nccommerce.com/finance/incentives/tax/.
86. Terry Hammond, "House OKs Bill to Give Record Tax Breaks to Federal Express Corp. and Nucor Steel," *State Taxes*, July 16, 1998. G. Donald Jud (University of North Carolina at Greensboro, School of Business and Economics), "The Economic Impact of the FedEx Mid-Atlantic Hub on the Piedmont Triad," report for Greensboro Area Chamber of Commerce, April 1998. This report assumed that 1,050 of the 1,500 jobs at FedEx by 2007 would be part-time.
87. Despite the massive subsidy, Dell executives admitted that the real issue was proximity to customers: North Carolina is in the middle of the populous East Coast, and Dell had no production in the region. And the state's Triad area has four interstate highways and Dell moves most of its product by truck. Plus the region has lots of laid-off textile and furniture workers, and a new surge of textile and apparel imports from China starting in 2005 is expected to cause more layoffs in the area. (David Rice, "Dell Picks Triad for New Plant; Company Plans to Hire 700 in First Year," *Winston-Salem Journal*, November 10, 2004.)
88. The Dell deal was rushed through the North Carolina state legislature in a special session that lasted just one day—two days after the November 2004 elections. A Republican state senator proposed a "sunshine" amendment to the deal, a disclosure reform so that taxpayers could see for themselves if Dell is living up to its jobs and production promises. Republicans voted for the sunshine 19 to 1; Democrats voted against 24 to 4. (J. Andrew Curliss, "Dell Takes Offer to Bring Computer Plant, Jobs to Triad; Bill Tried to Open Deal-Makers to Public Accountability," *Raleigh News & Observer*, November 10, 2004.)
89. Press release from North Carolina Governor's Office, "Easley Announces Dell to Locate in Piedmont Triangle," November 9, 2004. "N.C. Should Cheer Dell, But We Must Weigh the Wisdom of Incentive Packages Trend," *Asheville Citizen-Times*, November 10, 2004. Amy Martinez, "Deal Called Unfair Even if Workers Gain," *Raleigh News & Observer*, November 10, 2004. Rice, "Dell Picks Triad for New Plant." Michael Hewlett, "Forsyth, Guilford Get Ready for Dell; City,

County Governments Planning Closed Sessions for Incentives Discussions," *Winston-Salem Journal*, November 11, 2004. "City-county Incentives for Dell Total as Much as $37 Million," Associated Press, December 8, 2004. Jane Seccombe and Victoria Cherrie, "Winston-Salem Wins," *Winston-Salem Journal*, December 23, 2004. The Forsyth County package is especially tragic, since the County's board of commissioners adopted a resolution in 1997 essentially announcing that they wanted to end the use of subsidies by 1999 and would do so if other local governments in the Southeast would do the same. (Gloria Whisenhunt, "Taking a Stand Against the Use of Incentives," *Developments*, September 1, 1998.)

90. Perri Morgan, North Carolina Chapter, National Federation of Independent Business, interview, December 21, 2004. See her analysis of the broader subsidy issue, "The Economic War Between the States: Robbing Families to Enrich Big Business," in *North Carolina Political Review*, February 2004.
91. The quotes in this paragraph were taken from one and usually more of the following news accounts: David Rice, "Dell Pressed to Avoid 20 Years of N.C. Taxes 'Shouldn't You Be Happy with No Revenue?'" *Winston-Salem Journal*, January 19, 2005; Richard M. Barron, "Dell Talks Difficult from Start; The Computer Maker Never Backed Down from Its Initial Demands for Incentives from the State to Locate Here," *Greensboro News & Record*, January 19, 2005; Richard M. Barron and Eric Dyer, "Dell Was Tough from Beginning; Documents Give a Glimpse Inside the Process That Led the Company to the Triad," *Greensboro News & Record*, January 23, 2005. The state records also reportedly revealed that Governor Easley's aides produced widely varied estimates of the deal's effect on state revenues, "from as little as $83 million over 12 years to $886 million over 20 years." The state's final public claim was $743 million. (Associated Press, "Records Show Dell Sought No Taxes for New Plant for 20 Years," January 19, 2005.)
92. Rice, "Dell Pressed to Avoid 20 Years of N.C. Taxes."
93. Richard Locker, "Nashville Wins Dell Computer with Hefty Incentives; Thousands of Jobs Promised," Memphis *Commercial Appeal*, May 7, 1999. West Chester township manager David Gully quoted in Amy Joyner, "Dell Draws Perks from Other Cities: Including North Carolina's Package, Dell Has Landed More Than $429 Million in Incentives Since 1999," *Greensboro News & Record*, November 12, 2004.

94. Richard LeFrak, as quoted in Charles V. Bagli, "Companies Get Second Helping of Tax Breaks," *New York Times*, October 17, 1997.
95. See a database of New York City's retention subsidies at http://www.goodjobsny.org/deals_size.htm.
96. Daniel Gross, "The great state giveaway (Part 1)," *CFO*, January 1996.
97. Release #571-98, "Mayor Giuliani and Governor Pataki Announce Agreement with New York Stock Exchange," December 22, 1998, at http://www.ci.nyc.ny.us/html/om/html/98b/pr571-98.html.
98. Michael Gormley, "Pataki Signs on to Keeping NYSE," Associated Press, December 8, 2000. Charles V. Bagli, "Exchange Considers Move to Trade Center Site," *New York Times*, November 9, 2001.
99. Good Jobs New York research at http://www.goodjobsny.org/nyse_estimates.htm. David Seifman, "$44M Fiasco on Wall St.—City Lost Big on Office Project," *New York Post*, September 19, 2004.
100. Greenwood and Damiani, *Know When to Fold 'Em*.
101. Ibid.
102. Michael Bloomberg, quoted in John Tierney, "The Big City: An Outsider Comes Inside to Run Things," *New York Times*, November 8, 2001.
103. Steve Jordon, "Enron CEO Gave Omaha Black Eye Years Before Firm's Blues: Ken Lay in Omaha," *Omaha World-Herald*, January 22, 2002.
104. Henry J. Cordes, "LB 775: Did It Prime the Pump? Report Questions Economic Incentives," *Omaha World-Herald,* December 28, 1997. ConAgra press release, "ConAgra to solicit location proposals from other states," reproduced in *Omaha World-Herald,* May 15, 1987. Steve Jordon, "Missouri Gets Serious About ConAgra Bid," *Omaha World-Herald,* May 20, 1987. Jordon, "Enron CEO." Dennis Farney, "Nebraska, Hungry for Jobs, Grants Big Business Big Tax Breaks Despite Charges of 'Blackmail,'" *Wall Street Journal,* June 23, 1987.
105. *Lincoln Journal* editorial, "Tax Revolution Completed; Corporate Forces Sweep Field," May 27, 1987.
106. "Major Features of LB 775," *Lincoln Journal*, May 27, 1987. Sen. James D. McFarland, "LB 775 Is Flawed; Revise or Repeal It," *Lincoln Journal*, November 9, 1987. "Firms Not Adding Jobs but Seeking Credits 'Surprises,'" *Omaha World-Herald*, November 2, 1987. "Vard Johnson Supports Incentives for Mutual," *Omaha World-Herald*, October 10, 1987. 2003 Nebraska Department of Revenue Annual Report to the Nebraska Legislature, Summary of LB 775 Benefits Approved Through 12/31/03, Table 2, p. 13.
107. Scott Bauer, "Opponents to LB 775 Say Report Bolsters Their Cause,"

Associated Press, March 17, 2004. $top Big Business $ubsidies: The Committee to Repeal LB 775, "The Case for Repealing LB 775," August 2003.

108. Henry J. Cordes, "LB 775 Report Adds Fuel to Debate; Proponents See the Need for More Incentives; Opponents See Lost Revenue," *Omaha World-Herald,* March 16, 2004.

Chapter Two

1. Hearing Before the Committee on Finance, United States Senate, First Session on the Anticipated Nomination of Paul O'Neill to be Secretary of the Treasury, January 17, 2001, available online at http://www.senate.gov/~finance/SFINANC2.pdf, p. 26.
2. Roger W. Schmenner, "How Corporations Select Communities for New Manufacturing Plants," in "The Economics of Firm Size, Market Structure and Social Performance," Proceedings of a Conference Sponsored by the Bureau of Economics, Federal Trade Commission, July 1980, pp. 185–189.
3. Robert Ady, "Discussion," *New England Economic Review*, March/April 1997, p. 77.
4. For an overview of alternatives to giveaways, see William Schweke et al., *Improving Your Business Climate: A Guide to Smarter Public Investments in Economic Development,* Corporation for Enterprise Development, 1996.
5. U.S. Department of Labor, "Union Members in 2003," release dated January 21, 2004, at http://www.bls.gov/news.release/union2.nr0.htm.
6. William H. Whyte, cited by Alan Farnham, "The Migratory Habits of the 500," *Fortune*, April 24, 1989.
7. William Fulton, "Growing Pangs," *Governing,* December 2001, p. 62. The company's headquarters remained in Dallas after it was acquired in 2004 by Federal Express.
8. Ady, "Discussion," pp. 78–79.
9. Bruce Maus, Corporate Real Estate, Inc., presentation to "Reining in the Competition for Capital" conference, Humphrey Institute of Public Affairs, University of Minnesota, February 27, 2004.
10. Ady, "Discussion," p. 79.
11. Robert G. Lynch, *Rethinking Growth Strategies: How State and Local Taxes and Services Affect Economic Development*, Economic Policy Institute, 2004. Analysis of the Internal Revenue Service's *Statistics on Income Bulletin*, Spring 2003.

12. Schmenner (p. 200) makes a convincing case for the value of speed over subsidies. For a $10 million plant, he estimates that a six-month delay in the construction of a road or sewer line would cost the company $2.5 million, almost three times the value of a five-year property tax abatement.
13. Dennis J. Donovan, "Trade Secrets Revealed: An Insider's Look at Incentives Negotiations," *Expansion Management* "Incentives 1999" issue, pp. 39–43.
14. According to the *Stanford Encyclopedia of Philosophy,* using the example of a shrewd prosecutor talking to two separated bank robbers: "The 'dilemma' faced by the prisoners here is that, whatever the other does, each is better off confessing than remaining silent. But the outcome obtained when both confess is worse for each than the outcome they would have obtained had both remained silent." ("Prisoners' Dilemma" definition at http://plato.stanford.edu/entries/prisoner-dilemma/.)
15. Stanley Holmes, "Behind Boeing's Sweet 7E7 Deal," *Business Week*, March 18, 2004.
16. Jay Hancock, "Ethics Officials Look at Consultant Fees Tied to Tax Breaks; Pay Linked to Deals As Corporations Move," *Baltimore Sun*, October 29, 1999. Maus, Corporate Real Estate.
17. Bruce Maus, Corporate Real Estate, Inc., January 11, 2004 correspondence.
18. Michael Wasylenko, "Taxation and Economic Development: The State of the Economic Literature," *New England Economic Review* (Federal Reserve Bank of Boston), March/April 1997, available at http://www.bos.frb.org/economic/neer/neer1997/neer297c.pdf.
19. Peter Fisher and Elaine Ditsler, "Taxes and State Economic Growth: The Myths and the Reality," Iowa Policy Project, May 2003.
20. See, for example, Wasylenko, "Taxation and Economic Development."
21. Cecil Andrus, *Politics Western Style* (Seattle: Sasquatch Books, 1998), pp. 22–23.
22. Sara Hinkley and Fiona Hsu, *Minding the Candy Store: State Audits of Economic Development*, Good Jobs First, September 2000, p. 37.
23. Ibid, pp. 43–45. Jeffrey Krasner, "Tax Credits May Violate Vermont Policy," *Wall Street Journal*, September 20, 2000.
24. Elizabeth M. Ready, Vermont State Auditor, "Payoffs and Layoffs: The High Cost of Business Subsidies. A Compliance Audit of the Vermont Economic Advancement Tax Incentives Program, administered by the Vermont Economic Progress Council and the Vermont Tax Department," December 30, 2004.

25. L. A. Lorek, "San Antonio Offered Firm Lowest Incentives," *San Antonio Express News*, February 6, 2003.
26. Toyota executive Dennis Cuneo as quoted in Lorek, "San Antonio Offered Firm Lowest Incentives."
27. Tony Mitchell, spokesman for American Express, as quoted in *Newsday,* June 3, 2002.
28. Clayton Bellamy, "Citgo to Move Headquarters to Houston," Associated Press, April 26, 2004.
29. "Though Incentives Lower, Virginia Lands AOL Facility That Rejected Georgia," *Site Selection Online Insider*, May 1999.
30. Location Management Services, "Location Management Services Announces Web-Based Incentives Management Tool," press release dated January 31, 2003.
31. James Renzas, "Incentives Unrealized: How Companies Are Leaving Millions of Dollars on the Table and What You Can Do," *Corporate Real Estate Leader,* July 2004, pp. 26–28.
32. Local Management Services website at http://www.locationmgmt.com, as accessed September, 2004.
33. Jack Scis, "Consultant Claims Use of Incentives Should Be Stopped," *Greensboro* (North Carolina) *News & Record*, April 24, 1995.
34. Cabela's Initial Public Offering prospectus, Securities and Exchange Commission, Form S-1, 2004, pp. 3, 44.
35. Cabela's quotes and facts from its Initial Public Offering prospectus, Securities and Exchange Commission, Form S-1, 2004, p. 59.
36. Ibid., p. 44, F-10.
37. Ibid., p. 15.
38. Sam Kennedy, "Have Cabela's Tax Breaks Paid Off? No One Can Say Since State Does Not Verify Claims That Any Business Makes About Creating Jobs and Revenue," *Morning Call*, October 17, 2004.
39. Ibid.
40. Ibid.
41. Cabela's IPO prospectus, p. 63.

Chapter Three

1. David Treadwell, Associated Press, February 2, 1977.
2. Jay Hancock, "Ban on Site-Consultant Deals May Return to Haunt State," *Baltimore Sun*, December 19, 2001.
3. Robert E. Bedingfield, "Personality: Sleuth in Search of Plant Sites," *New York Times*, January 24, 1960. Reginald Stuart, "Busy Times for a

Corporate Mover," *New York Times*, June 24, 1977. Associated Press obituary of Leonard Yaseen, "Former Fantus Co. Executive, Realty Consultant to New York," *Chicago Tribune*, October 10, 1989.

4. Fantus Co. press release dated April 17, 1985, announcing the promotion of Norton L. Berman.
5. As detailed in the text that follows, after Fantus performed a "business climate" study in 1975, the accounting firm later known as Grant Thornton issued subsequent studies.
6. This section draws upon Cobb, *The Selling of the South,* chapters 1 and 2.
7. James C. Cobb, *The Selling of the South: The Southern Crusade for Industrial Development, 1936–1960*, pp. 6–9.
8. White proposed the Act after much careful legal work, because the state's constitution, like many others, included prohibitions against public monies aiding private firms or individuals. The state's supreme court had even struck down a local bond deal for a garment plant a few years before. Besides drawing on New Deal rhetoric, White's bill drafters found a U.S. Supreme Court precedent: a decision upholding North Dakota's system of state-sponsored banks, grain elevators, and warehouses. Creating employment was a legitimate way to serve the general welfare, North Dakota had successfully argued. Ibid., pp. 13–14.
9. Ibid., p. 42.
10. Ibid., p. 40.
11. Ibid., p. 63.
12. Ibid., p. 58.
13. Liz Roman Gallese, "Bucking the Trend: A New England Town Stops a Big Employer from Moving South," *Wall Street Journal*, January 9, 1978.
14. Douglas Sease, "Yankee Go Home? Many Northern Firms Seeking Sites in South Get Chilly Reception," *Wall Street Journal*, February 10, 1978, pp. 1, 29.
15. Bedingfield, "Personality," p. F3.
16. John H. Wilford, "One Firm's Dual Aim: Areas for Factories, Factories for Areas," *Wall Street Journal,* December 19, 1956, p. 1.
17. Fantus Company, "Building Illinois: A Five-Year Strategic Plan for the Development of the Illinois Economy," report for the Illinois Department of Commerce and Community Affairs, August 1986, p. 24.
18. Christopher Swope, "Site Seers," *Governing*, November 2001. "After Helping Firms Go, Fantus Lures Them Back," *Wall Street Journal*, October 4, 1977, p. 25. Another concern about such studies is that they

may be "cookie-cutter" products that are recycled by consultants from state to state. The president of the National Association of State Development Agencies spoke in 2004 of an unnamed consultant who delivered a $400,000 study to a state—but forgot to change the name of the client state from a previous job. (Miles Friedman, workshop presentation, National Conference of State Legislatures, July 20, 2004.)

19. Christopher Swope, "Site Seers," *Governing*, November 2001. An angry Philadelphia booster told the *Wall Street Journal* in 1977, "If you don't hire Fantus, you're more likely to get an unfavorable review" in one of its studies. ("After Helping Firms Go, Fantus Lures Them Back," *Wall Street Journal*, October 4, 1977.)
20. "Labor Letter," *Wall Street Journal*, January 30, 1968.
21. Prince M. Carlisle, "Plant Moves Go On Despite Wage Law," *New York Times*, March 26, 1939. Associated Press, "Shift of Vital Defense Plants to Rural Sections Is Noted," *Washington Post*, September 4, 1940. "City Losing Many of Defense Plants," *New York Times*, September 6, 1940. "Lag Seen in Efforts to Disperse Industry," *New York Times*, January 2, 1952. "Policy Is Assailed on Tax Write-Offs," *New York Times*, December 15, 1953, p. 69.
22. Alfred L. Malabre, Jr., "Factories in Flight: More Companies Build Plants in Rural Areas as Cost-Cutting Move," *Wall Street Journal*, September 7, 1962, p. 1.
23. Carlisle, "Plant Moves Go On Despite Wage Law." Reginald Stuart, "Moving-Out Expert Takes City to Task," *New York Times*, August 3, 1974.
24. Vartanig V. Vartan, "Consultant Says He Is Making Studies of Other Areas," *New York Times*, February 17, 1967, p. 37. Alfred L. Malabre, Jr., "New York City: The Crux of the Crisis," *Wall Street Journal*, November 1, 1965. "Labor Letter," *Wall Street Journal*, January 30, 1968.
25. Joseph B. Treaster, "Company That Finds Plant Sites Moving Headquarters from City," *New York Times,* December 16, 1969, p. 51. "Varied Urban Decay Cited by Relocator Who Moved," *Wall Street Journal*, November 10, 1970, p. 8. After leaving New York, the Fantus Company resided in at least three New Jersey jurisdictions: South Orange, Millburn, and Princeton. However, Yaseen apparently maintained his own office in Manhattan until he retired. In 2000, four years after Fantus was acquired by Deloitte & Touche, its New York–area office was relocated back in New York City, where it could be more integral

to the parent company's corporate real estate practice. The Fantus headquarters remained in Chicago. ("Relocation Strategist Comes Full Circle: Fantus Moves Back to New York," *Site Selection*, May 2000, p. 514.)

26. Reginald Stuart, "Moving-Out Expert Takes City to Task," *New York Times,* August 3, 1974, p. 29. See also Yaseen's advocacy of clearing industrial slums in "City Urged to End Industrial Slums," *New York Times*, February 27, 1966.
27. "Former Archenemy of New York City Gets $280,000 Job," *Wall Street Journal*, June 10, 1977, p. 10. A copy of the study could not be obtained, but in his 1979 book *The Last Entrepreneurs* Robert Goodman describes its recommendations. The Fantus study called for a non-profit, quasi-public corporation with the power to research, lobby for, and dispense subsidies, with an appointed board composed of at least two-thirds businesspeople. It would have the "ability to make direct loans to private business, share in ownership and risk, issue bonds, and buy, sell, or lease property without cumbersome public hearings or approvals." Economic development corporations "are insulated more politically than city departments. Elected officials are not as directly responsible for an EDC as they are for a city department." In other words, Fantus's solution was more corporate control and less public accountability. (Robert Goodman, *The Last Entrepreneurs: America's Regional Wars for Jobs and Dollars* [New York: Simon and Schuster, 1979], pp. 19–20.)
28. "After Helping Firms Go, Fantus Lures Them Back," *Wall Street Journal*, October 4, 1977, p. 25. "To Sink Roots or Pull Up Stakes?" *Chemical Week*, August 1, 1979, p. 37. David Treadwell, Associated Press, untitled dispatch, January 26, 1977. "Is the Sunbelt Getting a Little Chilly?" *Industry Week*, September 7, 1981.
29. "The Second War Between the States," *Business Week*, May 17, 1976, p. 92. Gurney Breckenfeld, "Business Loves the Sunbelt (and Vice Versa)," *Fortun*e, June 1977. Rochelle L. Stanfield, "Civil War over Cities' Aid—The Battle No One Expected," *National Journal*, August 1977.
30. John M. Winton, "Plant Sites 1977: It's North's Move," *Chemical Week*, November 10, 1976.
31. Ibid. The Fantus/IMA study is also described by Goodman, *Last Entrepreneurs*, pp. 20–21.
32. Jerry Hagstrom and Robert Guskind, "Playing the State Ranking Game—New National Pastime Catches On," *National Journal*, June 30, 1984.

33. See, for example, Alexander Grant & Company, "The Sixth Annual Study of General Manufacturing Climates of the Forty-Eight Contiguous States of America," Chicago, June 1985.
34. Jerry Hagstrom and Robert Guskind, "Playing the State Ranking Game—A New National Pastime Catches On," *National Journal,* June 30, 1984, p. 1268. Fantus Company, "Assessing Illinois' Strengths and Weaknesses in a Changing National Economy," report for the Illinois Department of Commerce and Community Affairs, August 1986. See also Charles F. Harding of Fantus, "Business Climate Studies: How Useful Are They?" *Industrial Development*, January/February 1983.
35. The Corporation for Enterprise Development et al., *Taken for Granted: How Grant Thornton's Business Climate Index Leads States Astray*, November 1986.
36. Corporation for Enterprise Development et al., *Taken for Granted,* p. 87. Today, there are many competing business climate surveys issued annually; for a sample list, go to http://www.dc-intl.com/RCRatingsGame.cfm.
37. Richard Florida, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life* (New York: Basic Books, 2002).
38. Keon Chi, "The States and Business Incentives: An Inventory of Tax and Financial Incentives," Council of State Governments, 1989.
39. Fantus went through four sets of ownership, and along the way, many of its staff left to work for competitors. Yaseen and his fellow partners sold the firm to Dun & Bradstreet in 1967. According to longtime Fantus executive Robert Ady, its next two owners neglected a valuable asset. D&B clumsily tried to merge Fantus with two unrelated firms it had acquired and then took a hands-off approach. PHH Corporation bought Fantus in 1983, hoping to create synergy with its corporate employee relocation business. But PHH did transactions, not consulting, and the benefits did not appear. In the early 1990s, PHH tried to remold Fantus into a general-purpose management consultancy, ignoring its unique value. When that experiment failed, neglect followed, causing many Fantus staffers to leave and strengthening its competitors. PHH auctioned Fantus in 1996, and Deloitte & Touche, which had a modest site selection practice based in Chicago that included some former Fantus staffers, bought it. (Robert Ady, "On Being Acquired," *Journal of Management Consulting*, May 1997, pp. 16–20.)

40. Many sources speak to the industry's fragmentation. See, for example, "Meet the Gurus of Site Selection," *Corporate Location*, March/April 2001.
41. For a website with links to numerous site location consultants, go to http://www.gdi-solutions.com/profsvcs/lists/location_consultants.htm.
42. Ibid. There are also several site location trade magazines; they often blur the lines between infomercials and journalism. *Site Selection* magazine is perhaps the best-known; it issues the annual Governor's Cup Award for the state that announces the most big deals; it also issues an annual business climate ranking based on a blend of data about new facilities and an opinion survey of executives. The magazine also publishes perhaps the most useful publicly available annual listing of state subsidy programs. *Site Selection*'s parent, Conway Data, Inc., has a partnership with the International Economic Development Council, the largest professional association of public and private-sector economic developers (http://www.developmentalliance.com), that exemplifies the explosion of web-based data about locations. *Expansion Management* rates education (2,800 secondary school districts). *Area Development* publishes various surveys, including an annual site selection corporate survey and an annual inventory of incentives. *Plants Sites & Parks* offers fairly substantial journalistic content and also conducts an annual survey, which is a blend of quantitative measures and executives' picks. *Business Facilities* seems to focus more on the nitty-gritty aspects of managing a business when it moves or expands, not just location-choice issues. *Corporate Location* concentrates on European and other international areas.
43. Rhett L. Weiss, "Doing a Deal in the U.S.: Incentives and the Project Negotiation Process," Dealtek website, http://www.dealtek.com/DEALZone/articles/article1.html.
44. "Economic Development Credits and Incentives Bright Idea," Grant Thornton website, http://www.grantthornton.com/content/92346.asp.
45. Tammy Propst, "Are You Missing Out on the Full Benefits of Economic Incentives and Tax Credits?" *Business Facilities*, January 2004.
46. Jay Biggins, "Incentives Owner's Manual," presentation dated June 10, 2003, on Stadtmauer Bailkin Biggins website, http://www.sbb-incentives.com/IncentivesOwnersManual.pps.
47. Christopher Swope, "Site Seers," *Governing*, November 2001.
48. Mintax website, http://www.mintax.com/services/statetax.html and http://www.mintax.com/difference/index.html.

49. Raymond R. Neville, Mintax, Inc., "Retroactive Incentives: It's Christmas All Over Again," *Expansion Management*, January 1999, p. 10.
50. Raymond R. Neville, "Unearthing Secrets from the Incentives Playbook," *Expansion Management*, Ratings 1999, p. 8.
51. Moran, Stahl & Boyer website, http://www.msbconsulting.com/.
52. Stanley Holmes, "Behind Boeing's Sweet 7E7 Deal," *Business Week*, March 18, 2004.
53. David Bowermaster, "State paid $715,000 to Consultants to Aid with 7E7 Bid," *Seattle Times*, January 31, 2004. Holmes, "Behind Boeing's Sweet 7E7 Deal." Rick Anderson, "The State's Two-Timing Consultant," *Seattle Weekly*, March 17, 2004, p. 11. Rick Anderson, "Disinterest in Conflict," *Seattle Weekly,* March 24, 2004.
54. Anderson, "Disinterest in Conflict."
55. "Turning Your State Government Relations Department from a Money Pit into a Cash Cow," PowerPoint presentation delivered to seminar at State Government Affairs Council annual meeting, March 26, 2004, Savannah Georgia. See the PowerPoint itself at http://www.carolinajournal.com/upload/ and choose either "cost_savannah" option. Paul Chesser, "On Milking a State's 'Cash Cow': Ernst & Young Advises Businesses on How to Maximize Subsidies from State Governments," *Carolina Journal*, May 20, 2004 at http://wwwcarolinajournal.com/exclusives/display_exclusive.html?id=1554.
56. "Turning Your State Government Relations Department from a Money Pit into a Cash Cow."
57. Chesser, "On Milking a State's 'Cash Cow.'"
58. International Economic Development Council, 2004 annual meeting, St. Louis, September 22, 2004.
59. Ibid.

Chapter Four

1. About 20 more states have given sales a double weighting, so their formulas are 50 percent based on sales and 25 percent each on property and payroll. A few more states have superweighted sales to as much as 80 percent.
2. Robert Gavin, "As States Cut Corporate Taxes, Incentives Lose Their Advantage," *Wall Street Journal*, February 14, 2001.
3. Michael Mazerov, Center for Budget and Policy Priorities, December 29, 2004 calculation.

4. Dan Rodricks, "A 'Teachable Moment' in Corporate Taxes World," *Baltimore Sun*, February 15, 2002.
5. Michael Mazerov, "The 'Single Sales Factor' Formula for State Corporate Taxes: A Boon to Economic Development or a Costly Giveaway?" Center on Budget and Policy Priorities, September 2001. Daniel Hassell, Pennsylvania Department of Revenue, "The Revenue Effects of a Single Sales Factor Apportionment Formula on the Pennsylvania Corporate Net Income Tax." Paper to the Federation of Tax Administrators Revenue Estimation and Tax Research Conference, September 21, 2004.
6. Hassell, "Revenue Effects."
7. Ibid.
8. Ibid.
9. Mazerov, "The 'Single Sales Factor' Formula."
10. Mary E. Forsberg, "Single Factor: Double Trouble," New Jersey Policy Perspective, 2001.
11. Daniel Gross, "There's No Place Like Home: How Companies Are Cashing In by Staying Put," *CFO*, January 1996, pp. 25–26.
12. William J. Donovan, "Fidelity Reportedly Is Eying Providence," *Providence Journal*, April 15, 1995. "RI Enacts Budget with Cigarette, Bank, and Nursing Home Tax Increases," *State Tax Notes*, August 9, 1995. "Fidelity Looks at RI," *Boston Globe*, August 15, 1995. Jeffrey Krasner, "Fidelity Shifting 2,500 Jobs to R.I.," *Boston Herald*, December 12, 1995.
13. Kimberly Blanton, "Fidelity Considers Expanding in N.H.," *Boston Globe*, October 6, 1995. Richard Kindleberger and Tina Cassidy, "Fidelity Reportedly Expanding; Mutual Fund Giant Eyes N.H., R.I. Sites," *Boston Globe*, December 12, 1995. Jerry Ackerman and Tina Cassidy, "Fidelity Cites Need for State Tax Relief," *Boston Globe*, December 13, 1995. Scott MacKay and Jeffrey Hiday, "Mutual Fund Giant Picks Site in Smithfield," *Providence Journal*, December 13, 1995. Marie Gendron, "Fidelity Move to R.I. Sparks Debate over Bay State's Corporate Tax Policy," *Boston Herald*, December 13, 1995. Jeffrey Hiday, "Mass. Tax Cut Won't Change Fidelity Plan," *Providence Journal*, December 15, 1995. Jordon Rau, "Fidelity Center Could Employ Thousands," *Concord Monitor*, December 13, 1995.
14. Alex Pham, "Fund Firms Push for Tax Cuts; Unveil Study Saying Losses Would Be Offset by Growth," *Boston Globe*, April 26, 1996. Massachusetts Business Roundtable press release, "Study Highlights

Mutual Fund Industry's Pivotal Role in State Economy," April 25, 1996. Jerry Ackerman, "Mutual Funds Take to Beacon Hill in Push for Tax Relief," *Boston Globe*, May 15, 1996.

15. Phil Primack, "Changes Likely for Pending Tax Break Bill," *Boston Herald*, April 26, 1996.
16. Howard Merkowitz, "The Single Sales Factor in Massachusetts," Office of Tax Policy Analysis, Massachusetts Department of Revenue, September 21, 2004 presentation to Federation of Tax Administrators. Beth Healy, "Fidelity Lays Off 760 Workers to Cut Costs," *Boston Globe*, October 31, 2001. Beth Healy, "Fund Giant Fidelity Set to Eliminate 1,695 Jobs," *Boston Globe*, October 1, 2002. "100 Fidelity Jobs Sent to R.I. Raises Questions," *Boston Business Journal*, January 30, 2004. Andrew Caffrey, "Fidelity Transferring Jobs out of Boston," *Boston Globe*, January 22, 2004. Cosmo Macero, Jr., "Fidelity's 'List' Moves Rumor Mill," *Boston Herald*, April 21, 2004.
17. Saritha Rai, "Financial Firms Hasten Their Move to Outsourcing," *New York Times*, August 18, 2004. Carol E. Curtis, "In Offshore Outsourcing, Firms Move Well Beyond Processing: Morgan, Fidelity Leading the Charge in Shifting the Front Office Across Borders," *Securities Industry News*, May 31, 2004.
18. DRI/McGraw-Hill had high credibility with legislators because it had accurately forecast the state's tax revenue in prior years. (State Representative James Marzilli, interview, June 18, 2004.)
19. DRI/McGraw-Hill.
20. Massachusetts Department of Revenue, "Single Sales Factor Tax Cut Summary" (updated June 2003 and subsequently). These figures do not include any spending estimates, which were lumped into the DRI/McGraw Hill numbers. Nor are personal income tax effects estimated. Since the state has lost defense jobs, it has presumably spent additional sums helping the dislocated workers and has lost revenue based on their declining personal incomes. On the other hand, the state has gained mutual fund jobs and revenue from those incomes.
21. Massachusetts Budget and Policy Center, "Tax Expenditures and Economic Development," April 2004 at http://www.massbudget.org/econdev.pdf. This includes both directly enacted state tax credits and the effect of coupling to the federal tax code.
22. Alyssa Na'im and Nancy Wagman, "Real Cuts—Real People—Real Pain: The Effects of the Fiscal Crisis on Women and Girls in Massachusetts," Massachusetts Budget and Policy Center, December 2004,

pp. 35 and 53, at http://www.massbudget.org/article.php?id=266. Andrew Reschovsky, "Mass. Fiscal Crises Hit Education Hard," *Boston Globe* op-ed article, January 31, 2004.

23. This section is based on Jeff McCourt and Greg LeRoy, *A Better Deal for Illinois: Improving Economic Development Policy*, Good Jobs First, January 2003. It also reflects updated data from state revenue and dislocated worker sources.
24. Illinois Department of Revenue, "Senate Bill 1305, Single Sales Factor: Oppose," 1997.
25. McCourt and LeRoy, *A Better Deal for Illinois*. The layoff figure reflects updated data from the Illinois Department of Commerce and Economic Opportunity WARN Act website, http://www.illinoisbiz.biz/wia2/warn/warn.html.
26. Austan Goolsbee and Edward L. Maydew, "The Economic Impact of Single Sales Factor Apportionment in the State of Illinois: Job Creation and Tax Revenue," funded by the Illinois Manufacturers' Association, December 1996.
27. Christi Parsons and Ray Long, "Corporations in Line for Big State Tax Break; Supporters Say Effect Will Trickle Down to All," *Chicago Tribune*, May 25, 1998. McCourt and LeRoy, *A Better Deal for Illinois*, p. 23.
28. U.S. Bureau of Labor Statistics. The two economists have since issued two more papers revising their methodology. Their third stab, if applied to Illinois, would still have predicted job gains—but 78 percent fewer. (Mazerov, "The 'Singles Sales Factor' Formula.")
29. Goolsbee and Maydew, "Economic Impact in the State of Illinois."
30. McCourt and LeRoy, *A Better Deal for Illinois*, p. 24. FY2005 Illinois Budget Book, p. 19, Office of Management and Budget, Illinois Governor's Office.
31. McCourt and LeRoy, *A Better Deal for Illinois*, p. 27.
32. Georgia House Bill 1353, 144th General Assembly, 1997–1998 Regular Session, signed by the governor on February 17, 1998. This section is based upon dozens of articles from 2001–2002, most of them by Karen Setze of *State Tax Notes* and especially Meredith Jordan of the *Atlanta Business Chronicle*. For her terrific work, Jordan was awarded two "Best in Business" awards by the Society of American Business Editors and Writers, Inc.
33. Charles Walston, "Business Tax Plan Goes to Governor; Supporters Say the Bill Could Pave the Way for General Electric to Move Jobs

from New York to Cobb County," *Atlanta Journal and Constitution*, February 17, 1998. Karen Setze, "AG: Special Corporate Tax Breaks Should Stay Secret," *State Tax Notes*, August 13, 2001, p. 466. Meredith Jordan, "Georgia's Corporate Tax Giveaway," *Atlanta Business Chronicle*, September 28, 2001.

34. House Bill 1434, 146th General Assembly, 2001–2002 Regular Session, signed by governor April 11, 2002. Meredith Jordan, "Secret Tax Breaks: Four Officials Decide," *Atlanta Business Chronicle*, October 12, 2001. Meredith Jordan, "State Definds [sic] Secret Tax Breaks," *Atlanta Business Chronicle*, October 26, 2001. "Governor's Chief of Staff Calls Republican Legislators 'Sluts,'" Associated Press, October 30, 2001. Meredith Jordan, "GE Power Confirms It Received Tax Break from State," *Atlanta Business Chronicle*, November 16, 2001. Karen Setze, "Lawmakers Vote to Make Special Tax Deals Public," *State Tax Notes*, April 8, 2002, p. 99. Meredith Jordan, "State Reveals Companies That Got Tax Breaks," *Atlanta Business Chronicle*, May 3, 2002.
35. Meredith Jordan, "Ga. Not Getting Jobs It's Paying For," *Atlanta Business Chronicle*, May 31, 2002. Meredith Jordan and Jim Lovel, "Alltel Will Pay State $11 Million," *Atlanta Business Chronicle*, August 9, 2002.
36. The actual drafting of the model law was performed by University of Michigan Law School Professor William J. Pierce and his students. (Eugene Corrigan, December 9, 2004 correspondence.)
37. UDITPA's three factor formula is, of course, more complicated than as I summarize it here. It exempts banks and utilities, for example. It allows states to directly claim income from in-state rents and capital gains. It even allows companies to appeal their tax bill if the three factors do not fairly reflect their business. And it does not try to tell states how to define their tax base; that is, how to define taxable income, or at what rate to tax it. But for the big issue of how to divvy up, or apportion, all other corporate income for a multistate company, it was a major breakthrough. For the text with accompanying commentary, see "Uniform Division of Income for Tax Purposes Act," drafted by the National Conference of Commissioners on Uniform State Laws and approved at its annual conference, New York, July 8–13, 1957. For additional contemporary interpretation of UDITPA, see also William J. Pierce, "The Uniform Division of Income for State Tax Purposes" in *Taxes*, Vol. 35, No. 10, p. 747 (1957). The MTC's founding executive director, Eugene Corrigan, also points out that adherence to UDITPA's

rules was also critical to making taxation uniform (correspondence, December 9, 2004).

38. Transcript of Proceedings in Committee of the Whole, Uniform Allocation and Apportionment Act, Wednesday, August 22, 1956.
39. *Northwestern States Portland Cement Co. v. Minnesota*, 358 U.S. 450 (U.S., 1959).
40. 15 USCS §§ 381–384.
41. This and other MTC history from Eugene Corrigan, executive director of the Multistate Tax Commission from 1969 to 1987, interview November 4, 2004.
42. Eugene Corrigan, September 9, 2004 correspondence.
43. *U.S. Steel Corp. v. Multistate Tax Commission*, 434 U.S. 452 (1978).
44. Corrigan interview.
45. The *U.S. Steel* case and other attacks on the MTC are recounted by its first executive director, Eugene Corrigan, in the MTC's March 1989 newsletter, *Review*, in a farewell column after his twenty years of work. He concluded: "The increased concern for fairness is a legacy I hope will characterize the MTC and its participating personnel throughout its existence."
46. See COST's account of its history at http://www.statetax.org/template.cfm?Section=About_COST.
47. Corrigan interview.
48. Corrigan interview and correspondence.
49. Corrigan correspondence, December 9, 2004.
50. *Container Corp. v. Franchise Tax Bd.*, 463 U.S. 159 (1983).
51. Corrigan interview. Michael Mazerov interview, November 23, 2004. See also, for example, David Freud and Christian Tyler, "Mr. Reagan's Taxing Problem," *Financial Times*, November 1, 1983, which reported that in Florida "more than 100 businessmen have now written to the governor saying they will drop plans to build plants in the state if the unitary tax system goes ahead." California Business Council, untitled press release of February 26, 1985. Donald H. May, untitled article, United Press International, March 31, 1984. Diane Kiesel, "Tax Wars; Unitary Tax Bite Felt Abroad," *ABA Journal*, June 1984.
52. COST website Meetings and Events page, http://www.statetax.org/Content/NavigationMenu/Meetings_and_Events/Meetings_and_Events.htm. Joseph R. Crosby, COST Legislative Director, testimony before State of Vermont Ways and Means Committee, March 25, 2004, online

at http://www.statetax.org/Template.cfm?Section=By_State3&template=/ContentManagement/ContentDisplay.cfm&ContentID=5415.

53. Michael Mazerov, "Proposed 'Business Activity Tax Nexus' Legislation Would Seriously Undermine State Taxes on Corporate Profits and Harm the Economy," Center on Budget and Policy Priorities, October 4, 2004, p. 2.
54. MTC Chair Elizabeth Harchenko, as quoted in Mazerov, "Should New Limits on State Corporate Profits Taxes Be a Quid Pro Quo for the States' Ability to Tax Internet Sales? The 'Business Activity Tax Nexus' Issue," Center for Budget and Policy Priorities, September 4, 2001, p. 7.
55. Mazerov, "Proposed 'Business Activity Tax Nexus' Legislation."
56. These discussions derive from Mazerov, "Closing Three Common Corporate Income Tax Loopholes."
57. Technically, Massachusetts has a throwback rule, but it is written in an unusual way that makes it easy for companies to avoid. Mazerov, "Closing Three Common Corporate Income Tax Loopholes."
58. Glenn R. Simpson, "A Tax Maneuver in Delaware Puts Squeeze on Other States," *Wall Street Journal*, August 9, 2002.
59. Maryland and New York have enacted the safeguard since Mazerov's article was published. Five states have no corporate income tax.
60. Multistate Tax Commission, "Corporate Tax Sheltering and the Impact on State Corporate Income Tax Revenue Collections," July 15, 2003.
61. "FTA Roundtable Debates Viability of Corporate Income Tax," *State Tax Notes*, June 10, 2002, p. 1007. "The Swiss Cheese Tax System?" *State Tax Notes*, June 14, 1999, p. 1927.

Chapter Five

1. Robert Ady, "Discussion," *New England Economic Review*, March/April 1997, p. 77.
2. Edward Muir and Krista Schneider, "State Initiatives and Referenda on Bonds: A Comparative Analysis of One Solution for the School Infrastructure Crisis," *Journal of Education Finance*, Vol. 24, No. 4. (1999), pp. 415–433.
3. Andy Gammill, "Tax Abatements Often Fail to Generate Jobs; Allen Governments Have Never Rescinded Breaks," *Fort Wayne Journal Gazette*, July 20, 2003.
4. Sherri Buri McDonald, "Big Property Tax Waivers Yield Patchy Returns in Lane County," (*Eugene) Register Guard*, August 11, 2003.

5. *Houston Business Journal*, "Editorial: Taxpayers Get Break As Abatements Drop," June 1, 2001.
6. Zack Nauth, *The Great Louisiana Tax Giveaway*, Louisiana Coalition for Tax Justice, n.d. [1992]. The OSHA Accident Investigation Summary of the Shell fatalities is at http://www.osha.gov/pls/imis/establishment.inspection_detail?id=100478866.
7. Greg LeRoy, "No More Candy Store: States and Cities Making Job Subsidies Accountable," Federation for Industrial Retention and Renewal, 1994, pp. 99–100.
8. *Protecting Public Education from Tax Giveaways to Corporations*, National Education Association, January 2003, pp. 19–22. Doug Oplinger and Dennis J. Willard, "Business Breaks Costing Schools; Ohio Districts Lose as Much as $115 Million to Tax Abatement Deals," *Akron Beacon Journal*, April 10, 2002.
9. Oplinger and Willard, "Business breaks costing schools."
10. Robert Tomsho, "Heavy Tax Abatements Keep Firms in Toledo but Drain Education Coffers," *Wall Street Journal*, July 18, 2001. Ohio Department of Education statistics for 2002–2003 academic year; Toledo graduated 70.4 percent of its students. Ignazio Messinia, "Ohio's School Report Cards: Toledo Leads Parade of Improving Districts," *Toledo Blade*, August 25, 2004.
11. Dan Monk and Lucy May, "Corporate Tax Breaks Sting City," *Cincinnati Business Courier*, August 17, 2001.
12. *Protecting Public Education*, p. 21.
13. Illinois Tax Increment Association FAQs at http://www.illinois-tif.com/faqs.htm. For analyses of Chicago's TIF districts, see the work of the Neighborhood Capital Budget Group at http://www.ncbg.org, especially "TIF Almanac," "Who Pays for the Only Game in Town?" and "The Chicago TIF Encyclopedia."
14. Trine Tsouderos and Crystal Yednak, "TIF Payoffs Recede for Schools; Towns Seek More Time on Tax Deals," *Chicago Tribune*, May 24, 2004.
15. "Who Pays for the Only Game in Town?" Neighborhood Capital Budget Group, Chicago, 2002.
16. Tsouderos and Yednak, "TIF Payoffs Recede for Schools."
17. Edward D. Murphy, "Group Sees Loophole in Tax Break," *Portland Press Herald*, February 16, 2001. Maine Citizen Leadership Fund, "Making BETR Better," April 3, 2003. "Top Estimated 2001 Double

Dippers," n.d. Press releases on double-dipping, February 15, 2001 and April 3, 2003.

18. Jay Hancock, "S.C. Pays Dearly for Added Jobs," *Baltimore Sun*, October 12, 1999.
19. Douglas P. Woodward et al., "Education and Economic Development in South Carolina," *Business & Economic Review*, Vol. 46, No. 4 (Moore School of Business, University of South Carolina) at http://research.moore.sc.edu/Publications/B&EReview/B&E46/BE46q4/devel.htm.
20. South Carolina Commerce Department website at http://www.teamsc.com/workforce.html. National Highway Traffic Safety Administration, *Traffic Facts 2003 Early Edition*, October 2004; available online at http://www-nrd.nhtsa.dot.gov/pdf/nrd-30/NCSA/TSFAnn/2003/tbl108.htm. National Vital Statistics Reports, "Infant Mortality Statistics from the 2002 Period," Vol. 53, No. 10, November 24, 2004; available online at http://www.cdc.gov/nchs/data/nvsr/nvsr53/nvsr5_10.pdf. National Center for Education Statistics, http://www.nces.ed.gov/programs/digest/d02/dt136.asp. Washington, DC ranked lower than South Carolina in both measures.
21. Woodward et al.
22. *Protecting Public Education from Tax Giveaways to Corporations*.
23. Ibid. U.S. Bureau of Labor Statistics, Texas Statewide Total Private Sector.
24. Ady, "Discussion."
25. See *Expansion Management* website, http://www.expansionmanagement.com.
26. U.S. Census Bureau, "The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings," Special Study P23-210, July 2002; available online at http://www.census.gov/prod/2002pubs/p23-210.pdf. For a terrific summary of why education is such a good economic development investment, see William Schweke, *Smart Money: Education and Economic Development* (Economic Policy Institute, 2004).
27. Robert G. Lynch, *Rethinking Growth Strategies: How State and Local Taxes and Services Affect Economic Development* (Economic Policy Institute, 2004).

Chapter Six

1. Eileen Weber, "Corporate Subsidies Often Defeat Own Purposes," *St. Paul Pioneer Press*, February 28, 1999, page 19A.

2. For more indicators, see Dolores Hayden, *A Field Guide to Sprawl* (New York: W.W. Norton and Company, 2004).
3. For basic reading on sprawl, start with *American Metropolitics* by Myron Orfield (Washington, DC: The Brookings Institution, 2002); Hayden, *Field Guide;* and the website of Smart Growth America, http://www.smartgrowthamerica.org.
4. American Farmland Trust Fact Sheet at http://farmland.org/steward/factsheet.htm.
5. See, for example, the Trust for Public Land's 2004 election roundup, which found that 75 percent of open space initiatives passed, at http://www.tpl.org/tier3_cd.cfm?content_item_id=17295&folder_id=186, and the Center for Transportation Excellence's 2004 election summary, which found that 80 percent of transit initiatives succeeded, at http://www.smartgrowthamerica.org/vote04roundup.html.
6. William Fulton et al., "Who Sprawls Most? How Growth Patterns Differ Across the U.S.," Brookings Institution, July 2001, at http://www.brookings.edu/dybdocroot/es/urban/publications/fulton.pdf.
7. See, for example, U.S. Department of Transportation Press Release, "Slater Announces Agreement on Advancing Georgia Transportation Projects and New Environmental Measures," January 16, 1998, at http://www.dot.gov/affairs/1998/fhwa0398.htm.
8. Fulton et al., "Who Sprawls Most?"
9. American Lung Association, *Trends in Asthma Morbidity and Mortality,* April 2004, Table 7, at http://www.lungusa.org/site/apps/s/link.asp?c=dvLUK9O0E&b=44168.
10. Barbara A. McCann and Reid Ewing, "Measuring the Health Effects of Sprawl: A National Analysis of Physical Activity, Obesity and Chronic Disease," September 2003, released jointly by Smart Growth America, Surface Transportation Policy Project, *American Journal of Public Health,* and *American Journal of Health Promotion,* at http://www.smartgrowthamerica.org/report/HealthSprawl8.03.pdf.
11. Don Chen, interview, December 22, 2004.
12. Additional evidence supports this finding. An analysis of factory relocations in the Cincinnati area in the early 1970s found that four-fifths move less than twenty miles. (Roger W. Schmenner, "How Corporations Select Communities for New Manufacturing Plants," in "The Economics of Firm Size, Market Structure and Social Performance," Proceedings of a Conference Sponsored by the Bureau of Economics, Federal Trade Commission, July 1980, p. 197.

13. Mark Cassell, *Zoned Out: Distribution and Benefits in Ohio's Enterprise Zone Program*, Policy Matters Ohio, 2003, at http://www.policymattersohio.org/enterprise_zones.htm. "Wealthy Benefit Most from Enterprise Zones," *Cleveland Plain Dealer* op-ed, November 10, 2003.
14. Greg LeRoy and Sara Hinkley, "Another Way Sprawl Happens: Economic Development Subsidies in a Twin Cities Suburb," Good Jobs First, January 2000.
15. Greg LeRoy, "How Economic Development Programs Are Going Awry," *Multinational Monitor*, October 2003, at http://www.multinationalmonitor.org/mm2003/03october/october03corp1.html.
16. Daniel Immergluck and Erin Mullen, *Economic Development Where It's Needed: Directing SBA 504 Lending to Lower-Income Communities*, Woodstock Institute, June 1997, at http://woodstockinst.org/document/sba.pdf.
17. Friends of the Earth press release, "SBA to Implement New Environmental Policies to Settle Conservationists' Lawsuit," March 27, 2003, at http://www.foe.org/new/releases/0303sba.html.
18. Edgar V. Regan, *Government, Inc.: Creating Accountability for Economic Development Programs,* Government Finance Research Center of the Government Finance Officers Association, 1988, pp. 27–28.
19. Chris Lester and Steve Nicely, "Giveaways Set the Stage for a Loss," *Kansas City Star*, December 20, 1995, p. 1.
20. Jeff McCourt and Greg LeRoy, *A Better Deal for Illinois: Improving Economic Development Policy*, Good Jobs First, January 2003, pp. 38–43.
21. Illinois Tax Increment Association FAQs, at http://www.illinois-tif.com/faqs.htm.
22. U.S. Census Bureau at http://www.factfinder.census.gov. Jeff McCourt and Greg LeRoy, *A Better Deal for Illinois: Improving Economic Development Policy*, Good Jobs First, January 2003, p. 43.
23. Steve Schultze, "State Pays Out, But Promises of Jobs Don't Always Play Out," *Milwaukee Journal Sentinel*, December 5, 1999, p. 1.
24. Alyssa Talanker and Kate Davis, *Straying from Good Intentions: How States Are Weakening Enterprise Zone and Tax Increment Financing Programs*, Good Jobs First, July 2003, at http://www.goodjobsfirst.org/pdf/straying.pdf.
25. All of these TIF and EZ examples are from Talanker and Davis, *Straying from Good Intentions*.
26. Talanker and Davis, *Straying from Good Intentions*, pp. 7–23.
27. Talanker and Kate Davis, *Straying from Good Intentions*, pp. 15–17.

28. Barbara McCann, "Driven to Spend," Surface Transportation Policy Project, March 19, 2000, at http://www.transact.org/report.asp?id=36.
29. Thomas W. Sanchez et al., "Moving to Equity: Addressing Inequitable Effects of Transportation Policies on Minorities," Civil Rights Project of Harvard University and Center for Community Change, 2003, at http://www.milwaukeeconnector.com/pdf/MovingtoEquity.pdf.
30. Mafruza Khan and Greg LeRoy, "Missing the Bus: How States Fail to Connect Economic Development with Public Transit," Good Jobs First, September 2003, at http://www.goodjobsfirst.org/pdf/bus.pdf.
31. Khan and LeRoy, "Missing the Bus."
32. Another study, in the Chicago area (of low-interest industrial revenue bonds or IRBs), found an explicitly adverse effect on workers and entrepreneurs of color. The Illinois Advisory Committee to the U.S. Commission on Civil Rights examined 104 deals. The study found that only 3 of the 104 bonds went to African American-owned firms, one to an Asian-owned firm, and none to Hispanic-owned firms. It wasn't just an issue of harm to minority entrepreneurs. One-third of the companies' workforces had a much smaller share of black employees than the region's labor market; two-thirds had disproportionately low Hispanic employment; and about half had disproportionately small numbers of women workers. Incredibly, in fully one-fifth of the deals, either the recipient company or the bank that bought the IRB had recently violated the federal fair employment rules of the Equal Employment Opportunity Commission. (Illinois Advisory Committee to the U.S. Commission on Civil Rights, *Industrial Revenue Bonds: Equal Opportunity in Chicago's IRB Program?* No. 005-907-00183-3, 1986.)
33. Kennedy Lawson Smith, the Main Street program's long-time director, 2001 estimate, relayed in May 21, 2004 correspondence. Retail Forward, Inc., "United States Retail Environment," *Global Economic and Retail Outlook*, May 2003, p. 92.
34. Kennedy Lawson Smith, "Main Street at 15," *Preservation Forum*, 1992.
35. Kennedy Lawson Smith, National Trust for Historic Preservation, "The Impact of Discount Superstores on Traditional Business Districts," testimony before Town of North Elba Planning Board, June 6, 1995.
36. PriceWaterhouseCoopers Global Strategic Real Estate Research Group, "Greyfield Regional Mall Study" for Congress for the New Urbanism, January 2001, at http://www.cnu.org/cnu_reports/Greyfield

_Feb_01.pdf, p. 4. A greyfield or dead mall is one with sales of less than $150 per square foot per year. CNU notes that greyfields tend to be located on suburban arterial streets and are therefore transit-accessible, even transit hubs, whereas thriving malls tend to have "freeway visibility and direct ramp access." "Greyfields into Goldfields," CNU and PWC, February 2001, at http://www.cnu.org/cnu_reports/Executive_summary.pdf, p. 3.

37. Matt Kures, "Greyfields and Ghostboxes: Evolving Real Estate Challenges," *Let's Talk Business*, May 2003, Publication of the University of Wisconsin-Extension, Center for Community Economic Development.
38. "Everyday Low Wages: The Hidden Price We All Pay for Wal-Mart," a report by the Democratic staff of the Committee on Education and the Workforce, U.S. House of Representatives, Representative George Miller (D-CA), senior Democrat. February 16, 2004, at http://edworkforce.house.gov/democrats/WALMARTREPORT.pdf.
39. The Massachusetts disclosure legislation can be found in Section 304 of Chapter 149 of the Acts of 2004; available online at http://www.mass.gov/legis/05budget/outside_sections.htm. The Massachusetts report is online at http://www.mass.gov/Eeohhs2/docs/dhcfp/pdf/50+_ees_ph_assist.pdf and the accompanying spreadsheet at http://www.mass.gov/Eeohhs2/docs/dhcfp/pdf/50+_ees_ph_assist_ss.pdf. Robin K. Cohen, HUSKY A and B—Enrollment and Employer Data, Connecticut Office of Legislative Research Report 2005-R-0017, January 10, 2005; available online at http://www.cga.ct.gov/2005/rpt/2005-R-0017.htm. On Florida: Rocky Scott, "50,000 Workers Qualify for Medicaid: Some Say Companies Taking Advantage," Tallahassee Democrat, December 19, 2004, p. 1. According to a private communication with the author, the headline was incorrect and should have referred to 50,000 employers. Andy Miller, "Wal-Mart Stands Out on Rolls of PeachCare," Atlanta Journal-Constitution, February 27, 2004, p. 1B. John Commins, Dave Flessner, and Ashley M. Heher, "On the Job and on TennCare," *Chattanooga Times Free Press,* January 20, 2005, p. A1. Rebecca Ferrar, "Big Companies Have a Large Number of Workers in Program," *Knoxville News-Sentinel,* January 30, 2005, p. C1. On Washington state: Rebecca Cook (Associated Press writer), "Legislature: Bill Has Employers Pay Share of Health Care," *Vancouver Columbian* (Vancouver, WA), February 28, 2003, p. C2; and Andrew Garber, "Enrollments in State's Health Plan Questioned," *Seattle Times,* February 3, 2004. John Heys and Paul Wilson, "Wal-Mart

Culture: Wal-Mart Tops State CHIP List," *Charleston Sunday Gazette-Mail,* December 26, 2004, p. 1A. Anita Weier, "Wal-Mart Workers Need State Health Aid," *The Capital Times* (Madison, WI), November 4, 2004, p. 1A.

40. David Schrank and Tim Lomax, *The 2004 Urban Mobility Report*, Texas Transportation Institute, September 2004, table 4, p. 18, at http://tti.tamu.edu/documents/mobility_report_2004.pdf.
41. The Missouri narrative draws from Greg LeRoy, "Subsidizing Sprawl: How Economic Development Programs Are Going Awry," *Multinational Monitor*, October 2003.
42. LeRoy, "Subsidizing Sprawl." East-West Gateway Council of Governments school revenue computation for 2001–2002.
43. Ibid.
44. Joe Ortwerth, April 1, 2005 interview.
45. Ibid.
46. *St. Louis Post-Dispatch* editorial, "A Tale of Two TIFs," February 20, 2003, p. B6.
47. Josh Reinert, "Comment: Tax Increment Financing in Missouri: Is It Time for Blight and But-For to Go?" 45 *St. Louis U. L.J.,* Summer 2001, pp. 1019–1053.
48. This section is informed by the work of Lenny Goldberg, whose arguments are summarized in: "The Empire Has No Clothes: Infrastructure, Sprawl, Local Government Finance, and the Property Tax," *State Tax Notes*, October 2, 2000, pp. 899–905.
49. See, for example, Paul G. Lewis and Eliza Barbour, *California Cities and the Local Sales Tax*, Public Policy Institute of California, 1999. Their survey of all 471 California cities in existence in 1998 found that retail was the most desirable land use for both new development and redevelopment. Despite heavy subsidization of retail, they find that California cities' total revenue from the sales tax is stagnant, given that retail spending per capita grows very slowly, while growing shares of consumer spending—such as services and catalog sales—are not taxed. See also Michael Coleman, "City Budget Impacts of Land Development: The Roots of Fiscalization," League of California Cities, December 2002.
50. Greg LeRoy testimony (for Lakewood) before U.S. Navy hearing, March 2, 1995.
51. D. J. Waldie, *Holy Land: A Suburban Memoir*, Norton, 1996.

52. Donald J. Waldie, interview, October 28, 2004.
53. Goldberg, "The Empire Has No Clothes."
54. California Tax Reform Association, "California Commercial Tax Study: Statewide Study Finds Huge Disparities in Property Taxes Paid for Similar Properties; Highlights Need to Reform System," April 2004 at http://www.caltaxreform.org/cpts.pdf.
55. Goldberg, "The Empire Has No Clothes," p. 3.
56. It may also explain why Wal-Mart has rolled out new marketing and philanthropic efforts targeting people of color.
57. National Trust for Historic Preservation, "America's 11 Most Endangered Historic Places 2004," at http://www.nationaltrust.org/11most/2004/vermont.html.
58. Wal-Mart Realty available buildings list as of January 2005, at http://www.wal-martrealty.com/Buildings/PrintableBuilding/ BasicBldgListOnly.html.
59. Al Norman, "The Case Against Sprawl," from the book *Slam-Dunking Wal-Mart* (Raphel Marketing, 1999); excerpt at http://www.sprawl-busters.com/caseagainstsprawl.html.
60. Philip Mattera and Anna Purinton, *Shopping for Subsidies: How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth*, Good Jobs First, May 2004, p. 14.
61. Mattera and Purinton, *Shopping for Subsidies,* p. 7.
62. Mattera and Purinton, *Shopping for Subsidies,* p. 6.
63. See the following two articles by Becky Sisco in the *Telegraph Herald:* "Wal-Mart Takes Galena Off the Shelf" (April 6, 2001, p. A1) and "Lawsuit Will Not Slow Wal-Mart's Galena Plans" (July 3, 2002, p. A3). The project later ran into other legal difficulties.
64. Mattera and Purinton, *Shopping for Subsidies*, pp. 22–23. "Land Buy OK'd for Wal-Mart," *Rockford Register Star*, August 5, 2003, p. 7A.
65. 1000 Friends of Wisconsin, *Wisconsin's Tax Incremental Finance Law: Lending a Hand to Blighted Areas or Turning Cornfields into Parking Lots?* October 1999, online at http://www.1kfriends.org/Publications/Online_Documents/TIF.htm. An addendum to the original posting of the full report included a July 28, 1999 letter sent by Wal-Mart corporate real estate manager Randy Crossno to Sauk County Supervisor Bart Olson, saying: "In response to your question, the answer is simply, yes. We would relocate our existing store to this location regardless of the city's execution of the TIF request." (Mattera and Purinton, *Shopping for Subsidies*, footnote 20, p. 63.)

66. Linda Billingsly, "Olivette Voters Reject Shopping Center," *St. Louis Post-Dispatch*, February 9, 2000, p. B1.
67. Fran Spielman and David Roeder, "City Scoffs at Wal-Mart Subsidy Request," *Chicago Sun-Times*, February 27, 2002, p. 57.
68. See April M. Washington, "City Calls Off Threat to Condemn Parcel," *Rocky Mountain News*, January 16, 2004, p. 20A. For several publications analyzing the proposed deal, see the website of the Front Range Economic Strategy Center, www.fresc.org.
69. See, for example, Jim Tankersley, "A Placid Pond, A Pound of Woe," *Rocky Mountain News*, November 21, 2003.
70. See Al Lewis, "Wal-Mart Lake Grab Sleeps with the Fishes," *Denver Post*, March 2, 2004, p. C1. The citation for the court ruling is: *Arvada Urban Renewal Authority v. Columbine Professional Plaza Association,* 2004 Colo. LEXIS 113 (Colo., 2004).
71. Kristen Go, "Voters Reject Districts and Los Arcos Subsidy," *Arizona Republic*, March 10, 2004.
72. Mattera and Purinton, *Shopping for Subsidies*, p. 21.
73. Forbes.com, "400 Richest Americans" at http://www.forbes.com/lists/forbes400/2003/09/17/rich400land.html.
74. Anita French, "Report Critical of Wal-Mart Incentives," *Northwest Arkansas Morning News*, May 25, 2004. E-mail correspondence from August Whitcomb, Director of Corporate Communications, Wal-Mart Stores, Inc., June 7, 2004.

Chapter Seven

1. Quote from an interview in the September 1996 issue of *Cleveland* magazine, reproduced in Leonard Pitts Jr., "A Man Who Could Use a Library," *Miami Herald*, August 29, 1996, p. 1F.
2. See estimates for the various categories on the website of the *Sports Business Journal,* at http://www.sportsbusinessjournal.com/index.cfm?fuseaction=page.feature&featureId=43.
3. Links to the compilations can be found at http://law.marquette.edu/cgi-bin/site.pl?2130&pageID=1680#sfr.
4. Calculated from the stadium profiles cited in the previous note. The amounts were not adjusted for inflation.
5. John Siegfried and Andrew Zimbalist, "The Economics of Sports Facilities and Their Communities," *Journal of Economic Perspectives*, Vol. 14, No. 3, Summer 2000, p. 96.

6. David Davis, "Calling for Forgiveness from Brooklyn Dodgers Fans," *Forward*, April 18, 2003.
7. Joanna Cagan and Neil deMause, *Field of Schemes: How the Great Stadium Swindle Turns Public Money Into Private Profit* (Monroe, Maine: Common Courage Press, rev. ed. 1998), p. vii.
8. This section is based heavily on chapter 1 of *Field of Schemes*.
9. "Book Says Deal to Move Twins to North Carolina Was Phony from the Start," Associated Press, March 29, 2000.
10. See, for example, David Nakamura and Thomas Heath, "Amended Deal on Stadium Approved," *Washington Post*, December 22, 2004, p. A1.
11. *Economic Impact Analysis of the Proposed Ballpark for the Boston Red Sox*, prepared by C. H. Johnson Consulting Inc. for the Greater Boston Convention and Visitors Bureau and the Greater Boston Chamber of Commerce, June 30, 1999, p. 13; available online at http://www.fenwayaction.org/darchive/CHJohnsonReport.pdf.
12. See, for example, Ilana DeBare, "Stadium Jobs—A Boon or an Illusion?" *San Francisco Chronicle*, May 16, 1997, p. A1.
13. *Field of Schemes*, p. 24. It is not clear how many of the jobs survived the move.
14. Tom Barnes, "Santorum Tells Backers of Tax Plan to Speak Out," *Pittsburgh Post-Gazette*, September 6, 1997, p. A-9.
15. See, for example, Virginia Rybin, "Ballpark Boon?" *St. Paul Pioneer Press*, October 10, 1999, p. 1A.
16. Roger G. Noll and Andrew Zimbalist, "'Build the Stadium—Create the Jobs!'" in Roger G. Noll and Andrew Zimbalist, editors, *Sports, Jobs, and Taxes: The Economic Impact of Sports Teams and Stadiums* (Washington, DC: Brookings Institution Press, 1997), p. 30.
17. Robert A. Baade and Allen R. Sanderson, "Employment Effect of Teams and Sports Facilities," in *Sports, Jobs, and Taxes*, p. 112.
18. Ibid., p. 114.
19. Bruce W. Hamilton and Peter Kahn, "Baltimore's Camden Yards Ballparks," in *Sports, Jobs, and Taxes*, pp. 246 and 274. The authors note that a complete cost-benefit analysis would also factor in "public consumption benefits" relating to the presence of the stadiums, but they admit that there is no way of measuring those benefits.
20. Ziona Austrian and Mark S. Rosentraub, "Cleveland's Gateway to the Future," in *Sports, Jobs, and Taxes*, p. 382.
21. Siegfried and Zimbalist, "Economics of Sports Facilities," p. 103.

22. The *Forbes* 400 list is published each October in *Forbes* (at this writing, the most recent such issue is October 11, 2004).
23. Links to the various *Forbes* lists can be found at http://www.forbes.com/lists/.
24. *Field of Schemes*, p. 26.
25. Quoted in *Field of Schemes*, p. 45.
26. This section is based on information from a variety of sources, including the following: Wayne Slater and David Jackson, "Ballpark Deals Draws Criticism," *Dallas Morning News*, April 16, 1994, p. 1A; Wayne Slater and Richard A. Oppel Jr., "Rangers Sold," *Dallas Morning News*, January 8, 1998, p. 1A; Wayne Slater and Richard Oppel Jr., "Bush Nets Millions from Sale," *Arlington Morning News*, June 18, 1998, p. 1C; Byron York, "George's Road to Riches," *The American Spectator*, June 1999; Joe Conason, "Notes on a Native Son," *Harper's*, February 2000; and Nicholas Kristof, "Breaking Into Baseball: Road to Politics Ran Through a Texas Ballpark," *New York Times*, September 24, 2000, p. 1.
27. Quoted in Slater and Jackson, "Ballpark Deal Draws Criticism."
28. Kristof, "Breaking Into Baseball."
29. All the information in the paragraph is taken from Heywood Sanders, *Space Available: The Realities of Convention Centers as Economic Development Strategy*, Brookings Institution Metropolitan Policy Program Research Brief, January 2005, p. 2.
30. Ibid., pp. 4–5.
31. Ibid., pp. 6–9.

Chapter Eight

1. Steven Maguire, "Average Effective Corporate Tax Rates: 1959 to 2002," Congressional Research Service, Government and Finance Division, September 5, 2003.
2. Michael Mazerov, "Closing Three Common Corporate Income Tax Loopholes Could Raise Additional Revenue for Many States," Center on Budget and Policy Priorities, May 23, 2003, p. 3.
3. U.S. Census Bureau, State Government Tax Collections series.
4. Revenue calculation by Michael Mazerov, Center for Budget and Policy Priorities.
5. Utah State Tax Commission, "Western States' Tax Burdens," annual surveys for Fiscal Years 1980–1981 and 2002–2003. The 2002–2003 data refer to a combination of income and estate taxes.

6. Arkansas Advocates for Children and Families, "The Vanishing Arkansas Corporate Income Tax: Should We Close the Loopholes?" *Paychecks and Politics*, April 2004, issue 24.
7. Jean Ross, "All Gain, No Pain: California's 'No Tax' Corporations," California Budget Project, September 23, 2004.
8. Utah State Tax Commission, "Western States' Tax Burdens."
9. A Carnival spokesman told the *St. Petersburg Times* that two of its subsidiaries pay Florida income tax. Sydney Freedberg, "Loophole, Inc.: A Special Report on Florida's Corporate Income Tax," *St. Petersburg Times*, October 26, 2003. The Florida Senate, Committee on Finance and Taxation, Interim Project Summary 2004-137, "Why Did Florida's Corporate Income Tax Revenue Fall While Corporate Profits Rose?" November 2003. *St. Petersburg Times* Editorial, "Corporations' Free Ride," November 19, 2003.
10. Utah State Tax Commission, "Western States' Tax Burdens."
11. Zach Schiller, *Ohio's Vanishing Corporate Franchise Tax*, Policy Matters Ohio, October 2002.
12. David Blatt, Community Action Project (Tulsa), September 30, 2004 communication.
13. David H. Bradley, "The Truth about Business Taxes in Pennsylvania, Part Two—The Uneven Distribution of the Business Tax Burden," Keystone Research Center, February 2003.
14. Utah State Tax Commission, "Western States' Tax Burdens."
15. Ibid.
16. Prof. Richard Pomp as quoted in a *St. Petersburg Times* editorial, "Unfair share," October 30, 2003.
17. Richard D. Pomp, "The Future of the State Corporate Income Tax: Reflections (and Confessions) of a Tax Lawyer," *State Tax Notes*, March 22, 1999. With the top federal corporate income tax rate lowered in 1986, state and local taxes were worth less as deductible business expenses: another reason for companies to target them.
18. Robert McIntyre et al., "State Corporate Income Taxes, 2001–2003," Citizens for Tax Justice and Institute on Taxation and Economic Policy, January 2005.
19. McIntyre et al., "State Corporate Income Taxes." The average corporate income tax rate is computed on a weighted basis.
20. Shelley Geballe and Douglas Hall, "Connecticut's Corporation Business Tax: It's Time for Repair," Connecticut Voices for Children, July 2003, at http://www.ctkidslink.org/pub_detail_61.html.

21. Maryland Budget and Tax Policy Institute, "Two-Thirds of Maryland's Largest Corporations Pay NO Corporate Income Tax," Maryland Policy Reports, Vol. 4, No. 8, March 2004.
22. Mary E. Forsberg, "A Question of Balance: Taxing Business in the 21st Century," New Jersey Policy Perspective, January 2003, at http://www.njpp.org/rpt_cbt-report.html.
23. Michael Leachman, "Time to Raise the Corporate Minimum Tax: Top Execs Get Pay Raises While Oregon Gets Just $10," Oregon Center for Public Policy, February 23, 2004 statement. Chuck Sheketoff, Oregon Center for Public Policy, correspondence December 21, 2004.
24. Utah State Tax Commission, "Western States' Tax Burdens."
25. Peter Fisher, "Tax Incentives and the Disappearing State Corporate Income Tax," *State Tax Notes*, March 4, 2002.
26. Ibid.
27. Peter Fisher, correspondence, December 20, 2004.
28. Alyssa Talanker, unpublished legislative memo, Good Jobs First, March 3, 2004. See also Mintax's National Tax Benefit Exchange, which offers to "facilitate the acquisition of benefits," at http:www.mintax.com/services/printfriendly/ntbe_buy.html.
29. Peter S. Fisher and Alan H. Peters, "Tax Incentives, Enterprise Zones and Job Redistribution, 1990–1997," paper presented to the Association of Collegiate Schools of Planning annual conference, November, 1998, p. 8.
30. Fisher, "Tax Incentives and the Disappearing State Corporate Income Tax."
31. Greg LeRoy, "The Terrible Ten Corporate Candy Store Deals of 1998," *The Progressive*, May 1999.
32. Alabama Department of Revenue, *2002 Annual Report*, p. 24.
33. LeRoy, "The Terrible Ten."
34. Shailagh Murray, "Business-Friendly Alabama Puts Brakes on Tax Breaks," *Wall Street Journal*, September 30, 2002.
35. LeRoy, "The Terrible Ten."
36. Ibid.
37. Ibid.
38. Robert S. McIntyre et al., "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States," pp. 12, 118. Institute on Taxation and Economic Policy, January 2003.
39. Interestingly, Bill Gates, Sr., father of the Microsoft cofounder, is an

active crusader for preserving the federal estate tax; he even coauthored a book on the issue, *Wealth and Our Commonwealth*.

40. Robert McIntyre computations from the U.S. Census.
41. Ibid.
42. Robert McIntyre and T. D. Coo Nguyen, "Corporate Income Taxes in the Bush Years," September 2004, Citizens for Tax Justice and the Institute on Taxation and Economic Policy.
43. McIntyre and Nguyen, "Corporate Income Taxes in the Bush Years." Employment statistics from U.S. Bureau of Labor Statistics.
44. McIntyre and Nguyen, "Corporate Income Taxes in the Bush Years."
45. Ibid.
46. Robert S. McIntyre, correspondence, January 4, 2005.
47. Lawrence Mishel et al., *The State of Working America 2004–2005* (Ithaca, NY: ILR Press, 2005), pp. 119, 138, 139, and 141.
48. Greg LeRoy, Dan Swinney, and Elaine Charpentier, *Early Warning Manual Against Plant Closings*, Midwest Center for Labor Research, 1986 and 1988.

Chapter Nine

1. The law's formal name is the Emergency Planning and Community Right-to-Know Act of 1986.
2. The eleven states are Connecticut, Illinois, Louisiana, Maine, Minnesota, Nebraska, North Carolina, Ohio, Texas, Washington, and West Virginia. They vary widely in the quality and completeness of their disclosure. You can see details about each state's disclosure law in chapter 3 of *No More Secret Candy Store: A Grassroots Guide to Investigating Job Subsidies*, at www.goodjobsfirst.org/research/ch3.pdf. At least four states—Minnesota, Texas, Ohio, and North Carolina—put some of their disclosure data on the Web, and Illinois is slated to start in mid-2005.
3. Francis X. Quinn, "Gov. King Quietly Signs BIW Tax Bill," Associated Press, June 12, 1997.
4. Good Jobs First lists the 18 states using clawbacks, at http://www.goodjobsfirst.org/pdf/clawbacks.pdf.
5. Anna Purinton et al., *The Policy Shift to Good Jobs: States, Cities and Counties Attaching Job Quality Standards to Economic Development Subsidies*, Good Jobs First, 2003.
6. Though we have educated estimates about the total fifty-state cost of

subsidies, many states still have poor accounting—or no accounting—of their subsidies. That's because the Government Accounting Standards Board (GASB), the official body that lays out uniform accounting formats that public agencies have to use to satisfy bond investors and the credit ratings agencies, has never mandated a full accounting of tax spending for economic development. The National Association of State Budget Officers has not engaged on the overall issue of tax spending for two decades; see "Tax Expenditure Reporting: Closing the Loophole in State Budget Oversight," National Association of State Budget Officers, December 1985.

7. Matt Hull et al., "Budgeting and Economic Development Performance: A Guide to Unified Development Budgets," Corporation for Enterprise Development, November 2000.
8. The law is Title 23 U.S.C. 158, and the Supreme Court decision upholding it was *South Dakota v. Dole,* 483 U.S. 203 (1987).
9. For more on smart growth and good jobs, see Greg LeRoy and Sara Hinkley, *Smart Growth and Workforce Development*, Good Jobs First, 2000, at http://www.goodjobsfirst.org/pdf/workforce.pdf; Greg LeRoy, *Talking to Union Leaders About Smart Growth*, Good Jobs First, 2001, at http://www.goodjobsfirst.org/pdf/talking.pdf; and Philip Mattera and Greg LeRoy, *The Jobs Are Back in Town: Urban Smart Growth and Construction Employment*, Good Jobs First, 2003.
10. Maryland Economic Growth, Resource Protection, and Planning Act of 1992.
11. *Cuno v. DaimlerChrysler*, U.S. Court of Appeals for the Sixth District, Case No. 01-3960, ruling filed September 2, 2004.
12. Peter Enrich, "Saving the States from Themselves: Commerce Clause Constraints on State Tax Incentives for Business," *Harvard Law Review*, December 1996.
13. Sources for this chapter include Arlene Dohm, "Gauging the Labor Force Effects of Retiring Baby-Boomers," *Monthly Labor Review*, U.S. Department of Labor, July 2000; David Ellwood, "The Sputtering Labor Force of the 21st Century: Can Social Policy Help?" National Bureau of Economic Research Working Paper 8321, June 2001 at www.nber.org/papers/w8321; Lynn A. Karoly and Constantijn W.A. Panis, "The 21st Century at Work," RAND Corporation MG-164-DOL, 2004 for the U.S. Department of Labor at www.rand.org/pubs/monographs/2004/RAND_MG164.pdf; and Jessica R. Sincavage,

"The Labor Force and Unemployment: Three Generations of Change," *Monthly Labor Review*, U.S. Department of Labor, June 2004.

14. Committee for Economic Development, *New Opportunities for Older Workers*, 1999, p. 7.
15. "Too Many Workers? Not For Long," *Business Week*, May 20, 2002.
16. Ellwood, "Sputtering Labor Force," p. 16. Some people may work a little longer. The age at which you get a full Social Security benefit is getting phased back; by 2022, it will be age 67. People with inferior defined contribution pensions may need to supplement their income. And Social Security recipients can now earn all they want before age 69 without losing benefits (after reaching "full retirement age"). However, the average retirement age of 62 to 63 has remained quite steady; more than two thirds of all workers—and more than three fourths of women—have left their jobs by age 65. Even if a few percent more boomers work past age 62, as is projected, there will still be a huge exodus. (Howard N. Fullerton, Jr. and Mitra Toossi, "Labor Force Projections to 2010: Steady Growth and Changing Composition," *Monthly Labor Review*, U.S. Department of Labor, November 2001. Murray Gendell, "Retirement Age Declines Again in 1990s," *Monthly Labor Review*, October 2001.)

    It's not just a matter of the quantity of workers who will be available; of equal concern is the quality of their skills and whether those skills match what the economy needs. Even if the total-worker squeeze turns out to be less severe than some people predict, many observers—from differing political perspectives—argue that the skills needed in our economy are changing faster than our ability to supply them. They advocate big increases in education and workforce development efforts. (See, for example, *America's Choice: High Skills or Low Wages*, report of the Commission on the Skills of the American Workforce, National Center on Education and the Economy, 1990, and writings and statements of people as different as Alan Greenspan and Richard Florida.)

    Finally, some observers predict that an increase in immigration will cushion the impact of the boomers' departures. The rate of immigration into the United States has increased greatly in the last two decades, and traditionally we have attracted many highly skilled immigrants. However, many other countries are lowering their entry barriers to attract high-skill immigrants, whereas the Department of Homeland Security is making entry to the U.S. more difficult in the post–September 11 era. And broad public disapproval of U.S. foreign policy in many nations is causing some immigrants, including promising entrepreneurs and graduate students, to avoid this country. If that trend holds, it would be a real blow: more than half of foreign-born scientists and engineers who receive their doctorates in the United States stay here, and Chinese and Indian immigrants founded almost a third of the new Silicon Valley businesses in the 1990s. (Electronics Industries Alliance, "The Technology Industry at an Innovation Crossroads," March 2004. Thomas L. Friedman, "Losing Our Edge," *New York Times,* April 22, 2004. Richard Florida, "Creative Class War: How the GOP's Anti-Elitism Could Ruin America's Economy," *Washington Monthly*, January 2004. National Science Foundation, "Science and Engineering Indicators 2004," Vol. 1, pp. 3-37, 3-38.)

17. U.S. Department of Health and Human Services, Health Resources and Services Administration, "Projected Supply, Demand and Shortages of Registered Nurses: 2000–2020," July 2002. American Health Care Association, "Results of the 2002 AHCA Survey of Nursing Staff Vacancy and Turnover in Nursing Homes," February 12, 2003.
18. Joint Commission on Accreditation of Healthcare Organizations, "Health Care at the Crossroads: Strategies for Addressing the Evolving Nursing Crisis," August 2002. Other observers blame managed care for causing many nurses to quit, making the shortage worse. Labor unions and public officials have responded by advocating for legislation to require nurse staffing plans or mandatory nurse-to-patient ratios. (Linda H. Aiken et al., "Hospital Nurse Staffing and Patient Mortality, Nurse Burnout, and Job Dissatisfaction," *Journal of the American Medical Association*, October 23/30, 2002.)
19. Aspen Institute, Domestic Strategy Group, "Grow Faster Together. Or Grow Slowly Apart. How Will America Work in the 21st Century?" 2003.
20. Committee for Economic Development, *New Opportunities for Older Workers*, 1999, p. 1.
21. The National Association of Manufacturers, the Manufacturing Institute, and Deloitte & Touche, "Keeping America Competitive: How a Talent Shortage Threatens U.S. Manufacturing," white paper, April 2003.
22. National Science Foundation, "Science and Engineering Indicators 2004," Vol. 1, p. 3-32. U.S. General Accounting Office, "Major Management Challenges and Program Risks: National Aeronautics and Space Administration," January 2003, GAO-03-114.

23. Robin Spence and Brendan Kiel, "Skilling the American Workforce 'On the Cheap,'" The Workforce Alliance, September 2003, at http://www.workforcealliance.org/twa-funding-analysis-09.pdf.
24. Ibid.
25. Ibid.
26. American Society of Civil Engineers, "2005 Report Card for America's Infrastructure," at http://www.asce.org/reportcard/2005/page.cfm?id=103. 2001 grades at http://www.asce.org/reportcard/index.cfm?reaction=full&page=2. 1988 data provided by ASCE staff.
27. Ibid.
28. Ibid.