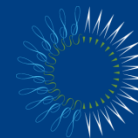


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# Evidence Counts

Evaluating State Tax Incentives  
for Jobs and Growth

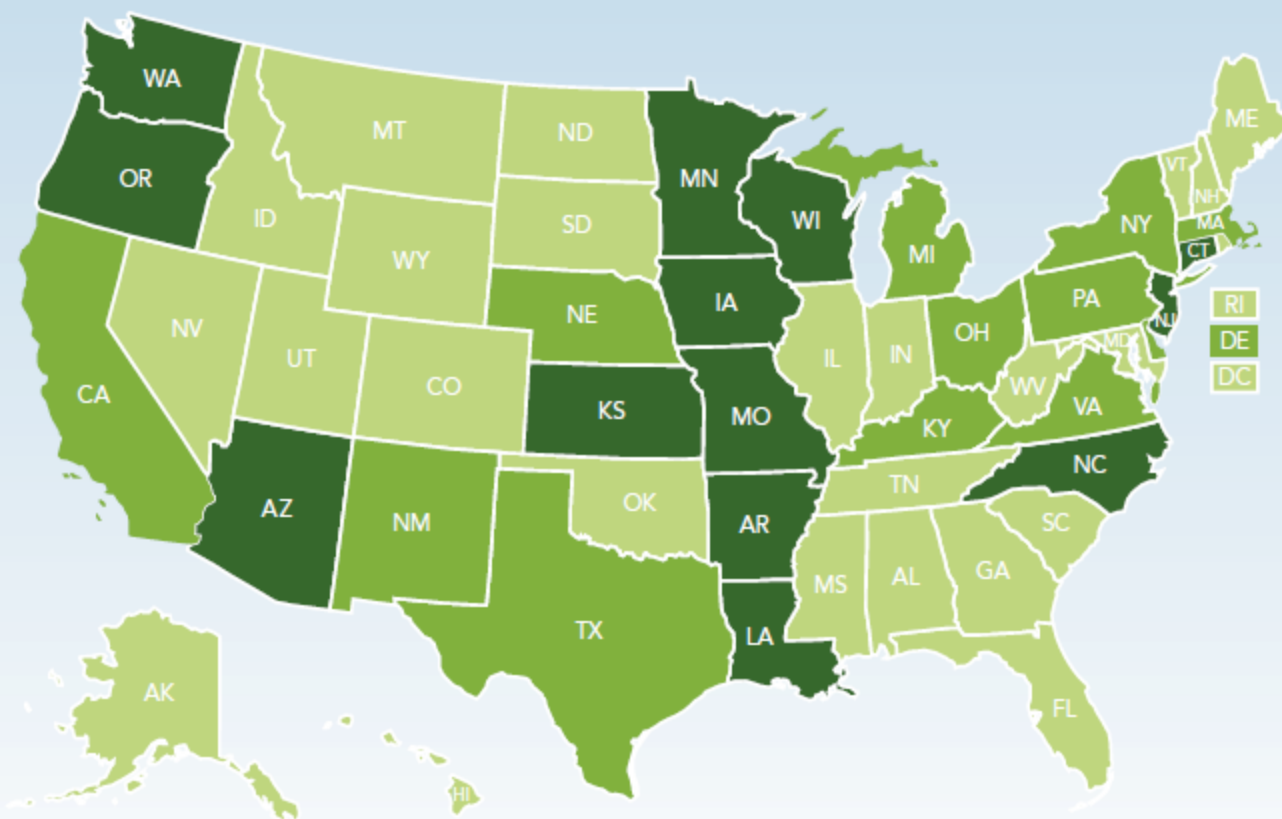


## How well are states evaluating tax incentives for economic development?

**13** ▲  
Leading the way

**12** ◆  
Mixed results

**26** ▼  
Trailing behind



# 4 steps states can take for effective evaluations



## **Inform policy choices**

Build evaluation of incentives into policy and budget deliberations to ensure lawmakers use the results.



## **Include all major tax incentives**

Establish a strategic and ongoing schedule to review all tax incentives for economic development.



## **Measure economic impact**

Ask and answer the right questions using good data and analysis.



## **Draw clear conclusions**

Determine whether tax incentives are achieving the state's goals.

# 4 states leading the way on scope



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## **Measure economic impact**

Ask and answer the right questions  
using good data and analysis.

## 1. Cause and effect

To what extent did tax incentives change businesses' decisions, and how much did they reward what would have happened anyway?

## 2. Winners and losers

To what extent did the incentive benefit some businesses or individuals at the expense of others?

## 3. Unintended beneficiaries

How much of the benefit of the incentive flowed across state borders?



## 4. Timing

When will the costs and benefits of the incentive occur, and how long will they last?

## 5. Economics of budget trade-offs

What were the adverse economic impacts of the tax increases or spending cuts made to fund the incentive? Do the benefits of the incentive outweigh those impacts?

## 6. Indirect impacts

To what extent do the investments of companies receiving incentives filter into the broader economy, causing further economic gains?



## **Draw clear conclusions**

Determine whether tax incentives are achieving the state's goals.

# 4 steps states can take for effective evaluations



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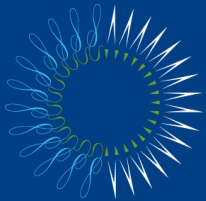
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