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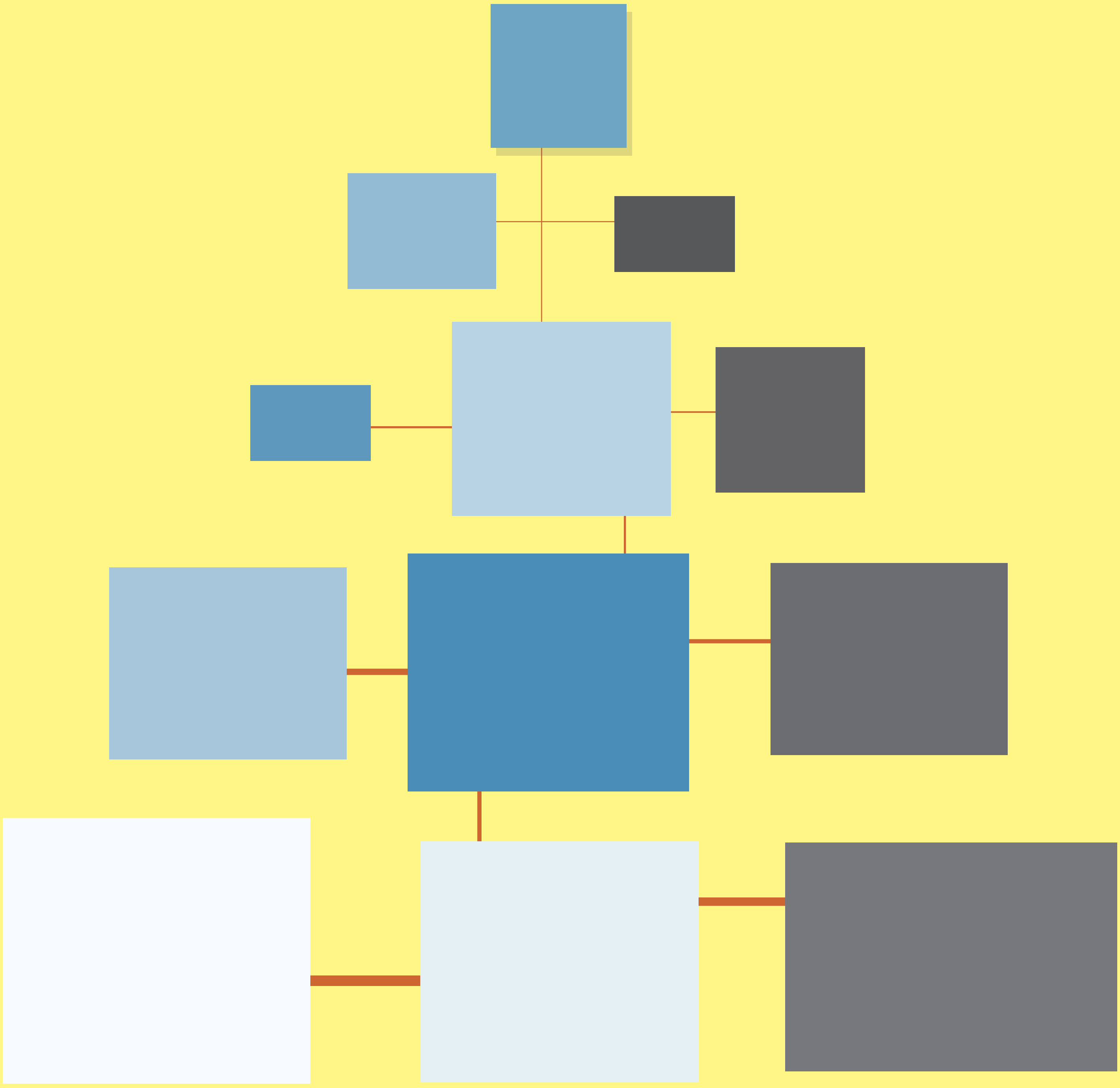
ECONOMIC DEVELOPMENT
INCENTIVES SERIES
PART II - JANUARY 2020

EDTIF ELEVATED?

Utah's Evolving State Incentive Program



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Research Report 773

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Utah Foundation's mission is to produce objective, thorough and well-reasoned research and analysis that promotes the effective use of public resources, a thriving economy, a well-prepared workforce and a high quality of life for Utahns. Utah Foundation seeks to help decision-makers and citizens understand and address complex issues. Utah Foundation also offers constructive guidance to improve governmental policies, programs and structures.

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INTRODUCTION

Across the country, economic development incentives have at times been controversial. At their most basic, they represent a transfer of otherwise public funds – typically foregone tax revenues – to select private parties. They have the potential to create an unfair playing field between private enterprises that receive the incentives and those that do not. They can create a so-called "race to the bottom" among states or localities seeking to outbid each other for a given project. In some cases, they may not be necessary to achieve desired goals. Over time, incentives may no longer be viewed as extraordinary public investments, but rather as part of the "rules of the game" for major private sector endeavors and, from the standpoint of critics, as a form of "corporate welfare."

These risks are not merely academic. In locations across the U.S., economic development incentives have been used as an opportunity to cut a ribbon, rather than creating a net gain for the public.

The danger of such an outcome can be reduced. In fact, Utah employs safeguards for avoiding some of the pitfalls associated with state-level incentives, such as a requirement that incentives be awarded only after previously agreed upon milestones have been reached. Those charged with administering Utah's state-level programs argue passionately that this state is indeed different, and that it shouldn't be painted with the same brush as other states.

But some have begun to question the state's approach to economic development. This is particularly true along the Wasatch Front, where the top quality of life concerns – air quality, traffic congestion and housing affordability – are all tied to a booming economy. Some see economic development incentives as a means of jump-starting a lagging economy, asking what their justification is in a dynamic, high-powered economy like Utah's.

Incentive proponents counter that Utah has a dynamic, high-powered economy at least in part because of its economic development incentives. They argue that Utah's program may need to be tweaked here and there, but that Utah's overall approach to economic development incentives has been fundamentally cautious and results-oriented. Furthermore, they suggest, it is critical for any state to have economic development incentives to help prospects feel that the state supports their project. Ironically, though, it may be the very success of Utah's economic development incentives that is now inflicting growing pains and heightened concerns about the incentives themselves.

KEY FINDINGS OF THIS REPORT

- While GOED targets six industry clusters for EDTIF incentives, more than a quarter of incentive agreements do not fall into any target cluster. Meanwhile, information technology dominates the other five clusters; one-third of EDTIF tax credit agreements are with information technology companies.
- Nearly half of the companies that have active EDTIF agreements are not taking advantages of the incentives.
- The Utah Legislature and GOED responded to a scathing report on incentives from the Utah Office of the State Auditor with significant changes, including more stringent reporting requirements and regular evaluation of GOED's tax incentive programs.
- From the perspective of the general public, it is desirable for EDTIF incentives to be deployed in a manner that is strategic, coordinated, effective, efficient and transparent. To this end, there are a number of issues policymakers and stakeholders can explore to verify that the EDTIF program is optimized in these categories and to strengthen public confidence.

In 2019, the Utah Legislature advanced SB 172, which calls for a re-evaluation of economic development incentives in the state.

In this report, Utah Foundation provides an overview of how the state's economic development incentives work and why they matter. The report focuses on the state's most important program, known as the Economic Development Tax Increment Financing (EDTIF) program. It sets forth a checklist of key areas of concern against which state incentives should be considered, with an eye toward ensuring public confidence in those incentives.

This is the second installment in Utah Foundation's Economic Development Incentives Series. The first installment, *Public Funds, Private Endeavors: A Primer on Local Economic Development Incentives in Utah* (February 2019), provides an overview of how local incentives work and several of the key issues surrounding them.

BACKGROUND

Across the country, most states offer some form of tax incentive to private sector entities for economic development purposes. Among the most common mechanisms is tax increment financing, or TIF. As the name suggests, this mechanism captures the new tax revenue from a project (or a portion thereof) and pledges that revenue to the project itself. The logic of the approach is the following:

1. The government would not receive new tax revenue if the project does not occur.
2. The project (or something comparable) cannot or will not occur if left alone.
3. Future tax revenues (that would not otherwise exist) can be pledged to enable the project to occur.

In this logic is a criterion commonly referred to as the but-for test, as in "but for this incentive, this (or comparable) development would not occur." Without an effective but-for test, a project cost-benefit analysis could be fundamentally flawed because the benefits outlined in the analysis might occur even if the government did not incur any of the costs.

Nationally, TIF has been used since the 1950s for a variety of purposes. These include public projects, in which new tax revenues within the boundary of a TIF district are captured solely for public improvements in that area (such as better roads, sidewalks, landscaping, street lighting, etc.). In these cases, the public's exposure is minimized, because the TIF simply captures public funds for discreet public purposes.

The risk of TIF can rise significantly when the public funds are directed toward a private beneficiary. The dangers include: special treatment of certain private enterprises or industries; creating an unfair advantage for one company over another; a failure of the promised benefits to materialize; and, due to an inadequate but-for

METHODOLOGY

In conducting this study, Utah Foundation drew from state statutes; plans, documents and data gathered from relevant agencies; interviews with various policymakers, stakeholders and observers; academic literature; and previous Utah Foundation staff monitoring and analysis. Utah Foundation also attended multiple meetings gathering together policymakers and stakeholders on the topic of economic development incentives.

THE CHALLENGE OF BUT-FOR ANALYSIS

Nationally, getting a but-for analysis right can be challenging, particularly in communities where there is pressure to make more deals or in situations where there is pressure to make a deal pencil out for a particular applicant. As one study put it: "The 'but for' test depends on local officials being stingy about how they deploy incentives so as not to publicly subsidize a firm that would have made the same decision without the incentive. Yet, if that policymaker's performance is based on the number of deals they incentivized, then perversely it may be in their interest to give more incentives, not fewer. Evidence suggests that this is often the case."* Another study gave poor reviews to the efficacy of but-for testing nationwide, estimating that in only 2% to 25% of cases is the incentive "decisive in tipping a location, expansion, or job retention decision towards that state or local area."† Still another study found a wide variety of interpretations of what the but-for requirement in state statute even means. They included basing but-for testing on location decisions, timing, scale, competition with other jurisdictions and ancillary public improvements.‡

An inherent problem with but-for testing is that it involves predictions about the future – specifically, what would have happened if the development did not occur. Some observers with whom Utah Foundation spoke even regard but-for analysis as a sort of lost cause, favoring instead an approach that focuses on qualifying projects for incentives based solely upon strategic economic impact. Others use this lost-cause reasoning as a basis for opposing incentives altogether.

For its part, GOED stands by the rigor of its analyses – though it says it is not at liberty to provide specifics due to non-disclosure restrictions – and that the legal attestation that companies provide as to the necessity of the agreed upon subsidy would put them in legal peril if they tried to deceive GOED.

An in-depth review of the efficacy of Utah's but-for testing could entail a study all its own and is therefore beyond the scope of this report. However, the apparent challenges of but-for testing suggest that state and local economic development actors nationwide should explore mechanisms to reduce the risk of bias in their but-for analyses. The mechanisms may include running random back-up analyses and third-party review. It may also include addressing any pressure on economic development staff and consultants for increased deal flow at the expense of analytical rigor. Clarifying the definition of but-for testing under statute or agency policy may also be helpful.

* Parilla, Joseph and Sifan Liu, *Examining the Local Value of Economic Development Incentives: Evidence from Four U.S. Cities*, Brookings Institution, Metropolitan Policy Program, March 2018, p. 9.

† Bartik, Timothy J., *"But For" Percentages for Economic Development Incentives: What percentage estimates are plausible based on the research literature?* Upjohn Institute Working Paper 18-289, W.E. Upjohn Institute for Employment Research, July 2018, p. 2.

‡ Merriman, David, *Improving Tax Increment Financing (TIF) for Economic Development*, Lincoln Institute of Land Policy, 2018, pp. 15-16.

analysis, the unnecessary transfer of public funds to a private enterprise. Criticism of incentives have come from various quarters, with the overarching concern being that they fail to yield net benefits to the public.[1] However, the approaches to incentives vary significantly from state to state, meaning that the results will vary as well.

An additional level of risk can come into play depending upon the type of TIF employed. The most common form of TIF in the U.S. is based on property taxes. This is the original form of TIF, and it is the most likely type of TIF to capture true incremental tax revenues. In these cases, the development creates a higher property value that would have not otherwise existed, which in turn generates new property tax revenues. Sales TIF, by contrast, usually cannot claim to generate pure incremental revenue. In these cases, a new retail development may encourage new retail spending to some degree, but it will also "poach" retail spending from competing local retailers that generate a full unabated sales tax. As a result, depending on the structure of the deal, the government could see limited new sales tax revenue or even a net loss. For this reason, most states do not allow sales TIF.[2] Utah is among the minority that do.

Similar arguments might in some instances be applied toward corporate income taxes. While an incentivized corporation might "poach" business from existing corporations paying a fully taxed amount, corporations pay taxes only on their profits. To the degree that newly incentivized businesses take customers away from profitable businesses, the government would see little or no new corporate income taxes. However, to the degree new incentivized businesses "poach" from unprofitable businesses, losses to the corporate tax revenues will be limited. This is further complicated by the different methods by which corporate income tax can be calculated. Corporate income tax apportionment for businesses that also operate outside of Utah vary by industry and can depend on the share of payroll, sales and property in Utah compared to other states. This could mean that, among incentivized national companies with a limited presence in Utah (and therefore a limited corporate tax liability), "poaching" business away from local Utah businesses could also result in a limited true increment.

To a lesser extent, such concerns might in certain cases apply to TIFs using employee personal income tax withholdings (which is also allowed in Utah). New developments receiving such an incentive may be able to "poach" employees from one that is not. However, this danger is lower than the danger posed by sales TIF and would be a risk primarily when the labor market is tight.

It should be noted that the structure of a TIF is critical to addressing the risks. For instance, if only a fraction of the new tax revenue is used for the incentive while the government captures the rest, then the risk to the public can be significantly diminished. Risk can also be significantly diminished if the tax incentives are post-performance – meaning the financial incentives are credited back to the awardee only after certain milestones have been met. Utah's EDTIF program contains both safeguards.

OTHER ECONOMIC DEVELOPMENT PROGRAMS

While this report focuses on EDTIF, the State of Utah has a number of other programs and incentives to promote economic development. The following addresses a selection of these in brief. Analysis of these programs is beyond the scope of this report.

The Industrial Assistance Fund. The Industrial Assistance Fund offers post-performance grants for the creation of high-paying jobs in the state. Like EDTIF, it requires the creation of at least 50 new jobs that pay above-average wages, proof of financial stability and the local community's commitment; grants are awarded on a post-performance basis.*

Rural Small Business Growth. Under the Utah Rural Jobs Act, tax credits are provided to investors who help provide access to capital for eligible small businesses in rural areas.†

Motion Picture Incentives. Utah's motion picture incentives program is designed to promote film and television production in the state. Most states offer some such incentive, although the generosity of incentives varies widely. Utah's incentives are paid out from the General Fund through a restricted account known as the Motion Picture Incentive Account, which the office uses to provide cash rebate incentives for state-approved productions. GOED may pay out up to $6.8 million in tax credits annually.‡ Any production approved for incentives must have an economic impact on the state that "represents new incremental economic activity."¶

Life Science and Technology Tax Credits. This is a tax credit issued by GOED to investors active in the life science and technology sector. Investors are eligible after submitting an application to GOED. There are two types of credits under the program: a refundable tax credit for generating state tax revenue; and a non-refundable tax credit for investment in certain life sciences establishments.§

* Governor's Office of Economic Development.

† See Utah State Code, 63N-4-301.

‡ See Utah State Code, 63N-8-103.

¶ Utah State Code, 63N-8-104(2)(c).

§ Utah Administrative Code, R357-6-5(1)(a)-(b).

EDTIF

Created in 2005 and modified over time, the purpose of the state's Economic Development Tax Increment Financing program is fourfold:

- To foster and develop industry in the state, to provide additional employment opportunities for Utah's citizens, and to improve the state's economy.
- To address the loss of prospective high paying jobs, the loss of new economic growth, and the corresponding loss of incremental new state and local revenues to competing states caused by economic incentives offered by those states.
- To provide tax credits to attract new commercial projects and new jobs in economic development zones in the state.
- And to provide a cooperative and unified working relationship between state and local economic development efforts.[3]

Broadly speaking, the EDTIF program offers a post-performance, refundable tax credit drawing on up to 30% of new state sales, and corporate income and employee personal income taxes for up to 20 years. GOED reported to Utah Foundation that it currently offers these tax credits at a lower level – typically for around 7 years at 20%, although historically incentives have been larger and for longer terms. Credits are available for both relocating companies from outside of the state and expanding companies within the state, with the lion's share (roughly two-thirds, according to GOED) of incentive deals going to expanding Utah companies. This is noteworthy, since one of the criticisms directed at EDTIF is that it benefits outside companies at the expense of Utah businesses and taxpayers.

To benefit from EDTIF tax credits, an enterprise must create at least 50 new jobs, maintaining them during the period in which the credits are provided, and pay above-average wages for the location. It must demonstrate financial stability and profitability. It must demonstrate that the tax credit is necessary to make Utah com-

GOED'S ROLE

Utah's EDTIF program is administered by the Governor's Office of Economic Development, or GOED, which was established in 2006. According to GOED, the office is guided by a vision that "Utah will lead the nation as the best performing economy and be recognized as a premier global business destination." Aiming at companies categorized under the state's six strategic industries (aerospace and defense, energy and natural resources, financial services, life sciences, outdoor recreation, and software and information technology), GOED's staff engages in corporate recruitment to help local and out-of-state companies expand operations in Utah.

Under state statute, GOED manages the state's incentives programs, including EDTIF. Eligible companies work with GOED staff to reach agreement on performance criteria. GOED ultimately examines performance under these agreements as part of the approval process for companies to receive state tax rebates. To date, GOED has approved 225 companies for tax credits totaling $150.2 million. The EDTIF program is credited with generating $534.3 million in new state revenue.

GOED is overseen by a 15-member board. Members are appointed by the Governor and confirmed by the Senate for four-year terms. No more than eight members can be from one political party and the membership represents all areas of the state.

GOED's governance structure and responsibilities are set forth in the Utah State Code, Sec. 63N-1. GOED staff emphasized to Utah Foundation that the office's operations are strongly guided by state statute, and that the organization therefore does not formulate its own "ground rules."

Since inception, the EDTIF program has generated more than $500 million and about 24,000 jobs.

Figure 1: Governor's Office of Economic Development EDTIF Award Metrics, through 2017

Total Incremental Jobs (cumulative)	24,083
Total High-Paying Jobs (as of 2017)	10,981
Average Salary (as of 2017)	$91,206
Total New State Revenue (cumulative)	$534.3 million
Total Tax Rebate (cumulative)	$150.2 million

Source: GOED.

petitive with another state. It must also enter into an incentive agreement with the Governor's Office of Economic Development (GOED) that specifies performance milestones are reached in order for the tax credits to be realized. These milestones may include the creation of new, incremental, high-paying jobs; significant capital investment; and significant purchases from Utah vendors and providers. The enterprise must also create new net revenue for the state. Among other requirements to receive tax credits, the enterprise must submit any known detriments it will bring to other businesses or the state itself.

The enterprise must also secure a commitment from the host community to support the project. The project must be located in a properly zoned area in the jurisdiction, and the local government must actively participate, whether through assistance with permitting or participation with its own incentives.[4]

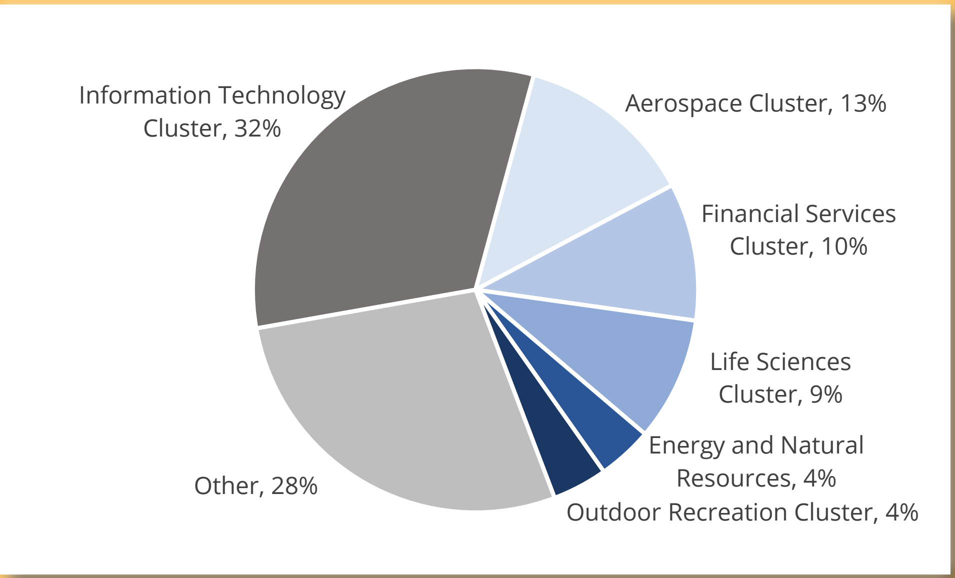
GOED targets six industry clusters: information technology; aerospace; financial services; life sciences; energy and natural resources; and outdoor recreation. GOED leadership uses these clusters as a guide in its decisions to award EDTIF incentives and reports that they are central to decision-making. However, a significant proportion of EDTIF beneficiaries have been outside of these industries.

To promote transparency, GOED must produce an annual report to the public detailing: its success in attracting new developments; the number of new, high-paying jobs created; the amount of tax credits committed and their duration; and the revenue impacts of tax credits and new revenues from EDTIF developments. On a monthly basis, GOED must report the new tax credit commitments it made in the previous month, as well as the estimated costs and economic benefits of those commitments. Every three years, it must conduct a full-scale audit. Among the audit requirements are an evaluation of the cost of the tax credits, their purpose and effectiveness; the extent to which the state benefits; and "the state's return on investment … measured by new state revenues, compared with the costs of tax credits provided and GOED's expenses."[5] Finally, each fall, GOED must submit a report to the Governor's Office of Management and Budget, the Office of the Legislative Fiscal Analyst and the Division of Finance laying out the new state revenues created from new commercial projects, with a breakdown of new sales, income and corporate franchise and income taxes, as well as the projects' new incremental jobs and high-paying jobs.[6]

Since the creation of the EDTIF program in 2005, GOED has assessed 110 companies and reports the creation of 24,083 new full-time jobs. In GOED's 2019 annual report, it reported nearly 11,000 current high-paying jobs, with salaries averaging above $91,000, as of the 2017 calendar year.[7] Over the history of the program, ED-

The information technology cluster is by far the most common beneficiary of EDTIF tax credits.

Figure 2: Assessed Companies in Strategic Clusters, as of 2017



Source: Utah Governor's Office of Economic Development 2019 Annual Report.

TIF-assessed companies have created $534.3 million in new state revenue, $150.2 million of that amount paid out in tax credits and $384.1 million in net new state revenue.

As of 2017, there were 102 active EDTIF agreements. Of those, only 53 had been assessed for a tax credit, meaning that many companies are not taking advantage of the incentives. On the one hand, this suggests that the state is benefiting from the EDTIF program on projects beyond those in which it has actually paid out incentives. On the other, it raises questions as to why the credits are not being used. In some cases, it may be because the companies have not hit performance targets, but GOED suggests that some companies may choose to forgo the incentives due to the administrative burden, even if they've hit performance targets. In such cases, the companies apparently have found the incentives to be unnecessary for the project. GOED points out that companies sometimes regard the offer of incentives, rather than the incentives themselves, as critical to their decision-making, as it indicates state support for the project.

Of the six EDTIF target industry clusters, information technology dominates among the companies assessed with active agreements, with about one third (32%) of the total. Nearly one third (28%) of those assessed for a tax credit do not fall into any of the target cluster categories. (See Figure 2.)

GOED told Utah Foundation that the clusters are critical because they focus on industries that provide significant economic ripple effects. GOED also stated that the office has placed greater importance and focus on the clusters over time as a decision-making factor in the EDTIF program.

In October 2014, the Utah Office of the State Auditor conducted a performance audit of GOED's incentives program, raising serious concerns – particularly with regard to the adequacy of program guidance and oversight.

EDTIF: CRITICISM AND POLICY RESPONSES

In October 2014, the Utah Office of the State Auditor conducted a performance audit of GOED's incentives program, raising serious concerns – particularly with regard to the adequacy of program guidance and oversight.[8]

To begin with, it reported that insufficient post-performance controls led to questionable incentive awards. It found that "GOED (1) used *existing* company employees to inflate the average wages of the new employees created by the corporate incentive award, (2) used an incorrect benchmark to improperly issue an EDTIF award, (3) boosted the average company wage by removing low-paying jobs from the average, and (4) retroactively modified the wage criteria and issued a corporate incentive award to a company that failed to meet the wage criteria under its original contract. … Additionally, GOED could not verify actual employment and wages for two companies that received EDTIF awards. In the absence of verifiable data, GOED relied on self-reported company information to determine whether a company qualified for an EDTIF award."[9]

The audit also found that, from 2008 to 2014, GOED gradually lowered the requirements for companies to receive a corporate incentive award. It reported that GOED reduced the average urban county wage requirement. It also reportedly approved companies for the EDTIF program even when almost 30% of the projected jobs were paying below the wage requirement, and included employer-paid health benefits in wage calculations "to boost the reported employee 'wages' of incented companies."[10]

The audit argued that insufficient oversight and policies had led to control weaknesses that threatened the accountability and integrity of the program – and that GOED had misled stakeholders about projected wages. It suggested that excessive autonomy granted to GOED by statute "led to questionable decisions, including the decision to double the length of one company's incentive period though it was not necessary for the company to remain and expand in the state." It called for a strengthening of approval processes to ensure that qualifying expansions and relocations meet the but-for test.[11]

Finally, the audit highlighted the cost of the incentives and called for more reliable documentation and data from GOED.[12]

In response to the audit, the Utah Legislature in 2015 passed a bill tightening up wage requirements and clarifying that health benefits are not to be included in wage calculations, clarifying what constitutes new incremental jobs, and requiring a triennial review of "the state's return on investment … measured by new state revenues compared with the costs of tax credits provided."[13] In 2016, a second statute called for triennial review by the Revenue and Taxation Interim Committee. Under that process, the committee is to invite both GOED and the Office of the Legislative

A 2017 report by the Pew Charitable Trusts applauded Utah's new laws, finding that the state was "making progress because the state has adopted a plan for regular evaluation of tax incentives."

Fiscal Analyst to make presentations on the tax credits awarded by GOED. The aim is to examine the cost of the tax credits to the state, the purpose and effectiveness of the tax credits, and the extent to which the state benefits from them. The committee is also to consider whether changes should be made to the tax credit program.[14]

GOED has since undergone an independent audit (2017) and submitted two reports to the Revenue and Taxation Interim Committee. The GOED team has also created an EDTIF "dashboard" with the number of jobs created, by cluster; aggregate salary information; the number of contracts; and new state revenue by year, type and cluster. A 2017 report by the Pew Charitable Trusts applauded Utah's new laws, finding that the state was "making progress because the state has adopted a plan for regular evaluation of tax incentives."[15]

GOED has also implemented a number of other changes in response to the audit. First, using unemployment insurance records from the Department of Workforce Services for verification, the GOED compliance team completes an employee baseline for each EDTIF beneficiary. That baseline is then used to calculate incremental jobs for subsequent assessments. The GOED compliance team calculates the highest annualized wage required to qualify under the EDTIF agreement. If the company meets the required number of new high-paying, full-time jobs, it can move on to the next phase of the assessment, a calculation of new state revenue. If not, it is disqualified for that assessment period.[16] Each calendar year, the team calculates all high-paying jobs of each company that requests an assessment.

GOED told Utah Foundation that the majority of the projects now exceed the requirement that high-paying jobs pay at least 110% of the average wage of the county where they are located. In addition, whereas the average wage for 2017 was $45,727, for that same year GOED has reported an average wage of $91,206 – twice as high – for the 10,981 high-paying jobs created under the EDTIF program.

GOED also told Utah Foundation that it has improved internal controls since 2014. The Director of Compliance, supported by a team of compliance analysts, reports directly to the Managing Director of Operations, creating a separation between corporate recruitment and compliance. The operations team now has a contracts manager who oversees all contracts and amendments to ensure coordination and consistency in drafting contract language.

Finally, GOED reports greater efficiency as its corporate recruitment team has worked to reduce future obligations and shift a business receiving an EDTIF into full tax paying status more quickly. "Today," GOED says, "a company's incentive is 7 years and 20%, compared to 15 years and 25% prior to 2014."[17]

Overall, GOED reports that it has "gone to great lengths to resolve all issues from the audit," asserting that the office takes its stewardship role very seriously and that the EDTIF program is well-administered.[18]

REVISITING EDTIF: SB 172

In 2019, the Utah Legislature passed SB 172, Economic Development Incentives, which calls on GOED to revisit the state's economic development strategy.[19] Among other things, it calls for the following:

- A statewide economic development strategy that consists of a limited set of clear, concise, and defined principles and goals.
- Targeted economic development policies to further that strategy.
- Goals and principles to ensure the state's economic development strategy works for both urban and rural areas of the state.
- Recommendations for improvements to incentive policies, coordination among state-level economic development agencies and local governments; policies that address the strengths and address the weaknesses of the state's current and projected urban and rural workforce; and performance metrics to measure results.

To that end, GOED convened groups of state agencies and other stakeholders and contracted with a Virginia-based economic strategy organization, the Center for Regional Economic Competitiveness. Among the guiding principles of the process were the following:

- Risk to taxpayers should be minimized.
- Incentives should fill gaps that the private sector cannot.
- There should be a clear, measurable return on investment.
- Economic diversity of industry and geography are desirable.
- There should be improved state-local alignment.
- Utah's incentives should be nationally competitive, but not overly aggressive.
- Quality of life considerations should come into play.

In October 2019, GOED released *A Plan to Elevate Utah's Economic Success*.

INCENTIVES IN GOED'S NEW STRATEGIC PLAN

GOED's *Plan to Elevate Utah's Economic Success* sets forth four "policy pillars": strategic industry advancement; innovation and entrepreneurship; talent development; and "Uniquely Utah" – capitalizing on Utah's "natural environment, outdoor recreation and sports, and unique heritage and arts to attract workers and build the state's tourism and film economies."[20]

With regard to incentives, it takes as a guiding principle that they be used "sparingly" to promote investments and public benefits "that might not otherwise be achieved." It also sets forth the principle that incentives should be approached in a manner that creates "a clear connection to state economic development priorities," addresses "private market gaps" and rewards companies with incentives after they deliver on promised public benefits.[21]

Under the pillar of Strategic Industry Advancement, the plan calls for the state to consolidate incentive programs, describing them currently as "a patchwork array … created to solve past challenges." As to incentives, it calls for a re-evaluation that focuses on promoting high quality job creation; improving human capital; encouraging capital investment; providing infrastructure and related resources for

GOED's new strategic plan calls for revamping EDTIF "to focus on creating higher-quality jobs that have the potential to improve state residents' standard of living."

"unique, high-impact economic opportunities"; and fostering increased investment in rural areas. It also calls for an examination of "how greater discretion in the incentive program design and implementation might allow for flexible responses" in light of changing economic conditions.[22]

More specifically, it calls for revamping EDTIF "to focus on creating higher-quality jobs that have the potential to improve state residents' standard of living." It also calls for "greater adaptability," although it does not offer details on this point. Other suggestions include revising the state's tax credits and using federal programs to encourage more private capital investment, and refining both the Industrial Assistance Program and the state's Enterprise Zone program.[23]

Handing off a detailed incentive strategy to future GOED efforts, the plan sets forth guiding principles. They include the following:

- Public investment in incentives should have a clear connection to Utah's current economic development policies and priorities.
- Incentives should be used sparingly to encourage businesses to make investments resulting in public benefits that might not otherwise be expected.
- Incentives help enhance the state's competitiveness and economic environment for its citizens, so Utah does not use incentives to pick individual winners and losers.
- Incentives should be implemented so that they address private market gaps or offer stability in terms of risk to investors (including the public sector).
- Incentives should generate a positive return for the state – with return measured as either (a) a fiscal gain or (b) a pre-defined economic development benefit that the public values.
- Incentives should either create high-paying jobs across the state (acknowledging that the meaning of "high-paying" differs between urban and rural areas) or attract new capital investment that serves as a long-term asset and improves the state's infrastructure.
- Companies should meet their obligations before incentives are paid out to mitigate risk to taxpayers from companies that make promises but don't deliver.
- Incentive programs should be sufficiently flexible so that over time the state can respond to economic fluctuations and technology disruptions or displacements, but they should also be managed in a transparent way to ensure fairness, consistency, integrity of use and minimal taxpayer risk.

In addition, the plan calls for Utah leaders to "work together to more clearly articulate the roles of state and local partners when offering incentives for high impact projects."[24]

A FRAMEWORK FOR REVIEWING STATE INCENTIVES

To assist GOED and other stakeholders in addressing economic development incentives – and particularly EDTIF – Utah Foundation has identified considerations in five different categories.[25] From the perspective of the general public, we take as a given that it is desirable for EDTIF incentives to be deployed in a manner that is strategic, coordinated, effective, efficient and transparent. The following discussion explores the challenges surrounding each of those ends.

A Strategic Approach

Both SB 172 and the *Plan to Elevate Utah's Economic Success* recognize the need to bring strategic focus to the use of state economic development incentives. The core question with regard to EDTIF is: What problems are the incentives meant to address, and why do those problems matter? Without adequate answers to those questions, tax incentives can become subject to a kitchen-sink approach, and some policymakers may be inclined toward an expansive deployment of the incentives. At any rate, a tax incentive is meant to serve as a device to execute a stated economic development purpose. Without a clear, specific strategy, its utility and credibility among the public can be undermined.

First and foremost, a strategic approach implies that clearly enunciated goals are in place. There is considerable discussion in policy circles about what those goals should be, and various suggestions have been offered. Some observers are concerned that Utah may not be doing enough to lure corporate headquarters to the state. Others worry about the implications of a young population in search of opportunities. The Economic Development Corporation of Utah (EDCUtah), a nonprofit, public-private partnership focused on economic growth, has suggested several goals: making Utah the economic headquarters of the Intermountain West; making Utah the cradle of the next industrial revolution (attracting tech while guarding against the economic displacement that automation will bring); promoting greater economic mobility; honing Utah's competitive advantage as a community through public-private sector collaboration; and addressing generational real estate opportunities.[26]

The most prominent feature of GOED's current strategic approach is the target industry clusters. In the most recent numbers reported by GOED, 28% of the companies assessed for tax credits did not fall within the six targeted industry clusters, which might suggest the possibility of inadequate focus. However, GOED staff told Utah Foundation that the EDTIF program has evolved over time and that the office has recently intensified its focus on the targeted industry clusters. GOED staff says a focus on the clusters is important because of the economic ripple effects the target industries offer. GOED also says that some projects may fall outside of the target clusters but offer uniquely potent economic opportunities that are critical to the communities in which they are located.

From the perspective of the general public, we take as a given that it is desirable for EDTIF incentives to be deployed in a manner that is strategic, coordinated, effective, efficient and transparent.

Some observers with whom Utah Foundation spoke raised questions about whether the current set of clusters were optimal. In addition, a 2018 report commissioned by GOED found very uneven progress among the clusters, with some showing little or no progress since they were designated. The report suggested that "some of these under-performing clusters could be re-formulated or combined into an advanced manufacturing cluster that might better capture high-growth industries." It suggested consideration of "transportation and distribution" as a new strategic cluster. It also suggested that rural areas have difficulty realizing the benefits of the clusters due to these areas' "isolation and lower education and skill levels."[27]

As noted, the *Plan to Elevate Utah's Economic Success* recognizes a need for heightened strategic focus. While it provides broad guidance for economic development, it does not set forth a specific strategy for the use of economic development incentives. It addresses EDTIF incentives only in brief. That said, broad guidance is an important step in formulating strategy.

Meanwhile, several observers have raised concerns about whether the jobs creation strategy under EDTIF has lofty enough standards for wages – an issue raised in the 2014 auditor's report.

Some told Utah Foundation that they would like to see a shift in emphasis from economically booming areas already straining from growth pressures to those that are struggling economically, particularly struggling rural areas. Others countered that fundamental challenges posed by rural areas (such as infrastructure, logistical issues and workforce supply) often take them out of consideration for targeted projects, making a shift in strategic emphasis to these areas difficult. That said, overcoming such challenges is often the very justification for providing incentives. (We note that these challenges deserve thorough study, though such an analysis cannot be addressed within the scope of this report.)

Finally, it should be acknowledged that there is a basic tension between ensuring specific, tailored strategic criteria for decision making and a desire for flexibility in awarding incentives, particularly as economic conditions change.

Among the strategic questions Utah must grapple with as it considers the strategic framework in which EDTIF incentives may be used:

- To what extent do GOED's target industry clusters require refinement?
- What are the implications of Utah's large youth population and the large number of young Utahns coming into the workforce?
- Should the proportion of high-wage jobs achieved under the EDTIF program be higher?
- Can EDTIF incentives be better targeted to address the needs of underdeveloped communities in the state, particularly rural communities?
- How does the use of EDTIF incentives jibe with concerns about growth pressures in certain areas of the state? Should geographic criteria be tightened?
- Can the incentives be better calibrated to make Utah the regional headquarters location of the Intermountain West? To what extent can they be used to support the expansion of existing locations to regional headquarters from strategic growth industries?
- To what extent should GOED retain flexibility to adjust its approach to EDTIF as economic conditions change?

A Coordinated Approach

Casting a shadow over strategic considerations is the issue of coordination. As noted earlier, the state cannot agree to an EDTIF incentive unless there's a commitment from the host community to support the project, and it is located in a properly zoned area in the jurisdiction.

In the February 2019 report, *Public Funds, Private Endeavors: A Primer on Local Economic Development Incentives in Utah*, Utah Foundation discussed the controversies surrounding state and local strategic coordination. It found that a given economic incentive package can have differing fiscal impacts on different tax-recipient bodies. As a result, the state, counties, cities, school districts and special districts may have differing motivations and strategies when it comes to incentives. It also found that there are potential benefits to the coordination of state, local and regional goals. To begin with, coordination diminishes the danger of destructive competition among local jurisdictions, which from a state or regional perspective may be self-defeating. It may also assist with providing clearly aligned messaging on economic development that emphasizes state or regional assets, as opposed to dissonant, competing voices that may discourage such development.

Still, with the requirement for local participation, there is a core tension built into EDTIF. On one side, the state can focus on broad strategic objectives that accrue to the state as a whole, with local-level preferences sometimes perceived as an impediment to execution. On the other side, there is a protectiveness around local areas' power to determine their own destiny, with the fear of an overbearing state government violating communities' local control.

There can also be breakdowns in incentive finance. The state can't fund projects that focus on capital investment (including automation) because they don't get any incremental funds for those projects. On the other hand, projects that focus on jobs can consist of companies moving into rented office space. While local governments may be supportive of such projects, there is no incremental revenue for them to provide an incentive.

There is some overlap between state and local goals, but just because a project hits the cost-benefit for the state, that doesn't mean it will for the locality, and vice-versa. If a project is moving from one location in the state to another, it makes a big difference to the target locality, but not to state revenues. If two jurisdictions compete for the same project, the state can actually end up losing. In other cases, a project might not pass the but-for analysis at the local level. For instance, a local government may have little motivation to provide an incentive to give up the scarce developable space for a state-led project whose capital investment depreciates rapidly and provides few jobs when they can truly take no action and end up with a better revenue generator in the near future.

In the face of these challenges, SB 172 seeks recommendations for improved coordination among state-level economic development agencies and local governments. The *Plan to Elevate Utah's Economic Success* responds by suggesting increased training among economic development professionals in Utah, better clarification of state and local roles in offering incentives, and standing protocols for state-local collaboration. Meanwhile, various cities and the Utah League of Cities and Towns have called for what the league calls a "community first" model of economic development, which prioritizes the sustainability and quality of life concerns in local communities.[28]

Utah Foundation will address state-local coordination challenges in additional detail in a subsequent report addressing local level incentives. However, among the questions surrounding coordination are:

- What is the appropriate scope of decision-making authority at the state, municipal and county levels?
- What is the role of local prerogatives for revenue generation and quality of life in state-level EDTIF decisions?
- What is the role of county-level or regional land use strategies?
- Can EDTIF incentives be better integrated with existing (or planned) transportation and other infrastructure at the local, regional and state levels?
- Can local and state fiscal motivations be better aligned?

An Effective Approach

Ultimately, a strategy guiding the use of economic development incentives is only as good as its execution. And the effectiveness of execution depends upon regularly updated information on progress toward goals and monitoring of longer-term outcomes.

Along these lines, SB 172 seeks recommendations for performance metrics to measure the results of Utah's incentive programs. The *Plan to Elevate Utah's Economic Success* calls for the state to expand efforts to validate client-reported data "with third-party sources and streamlining data collection and reporting related to existing programs."[29]

With regard to monitoring, the plan goes on to call for tying metrics to the four overarching goals of: more high-paying jobs across the state; more new, high-impact businesses and more significant investment in Utah companies; a better talent pool for companies and more economic mobility and opportunity for residents; and capitalizing on Utah's natural and amenity assets. It gives examples of broad economic metrics such as: per capita income, wages, new jobs held by current residents or people moving to the state; jobs and job change by industry, cluster or occupation, new capital investment by industry or cluster, and the like.

While such metrics are certainly suitable for a broad-strokes economic strategy, monitoring of incentives requires more fine-grained analysis to determine their effectiveness. Adequate data for evaluation was a key focus of the 2014 auditor's report, and was central to the reforms of 2015 and 2016.

Among the key questions around EDTIF's effectiveness are:

- Is the strategic context in which the EDTIF tool is deployed specific enough to craft meaningful performance measures?
- How accurately can we measure the true increment of sales tax (as well as, in some cases, corporate income and employee personal income) given the potential for poaching?
- Given the lack of progress over time toward building certain industry clusters via EDTIF, is there a desire to emphasize – or rethink – the use of incentives for lower-performing clusters?
- What have been the negative impacts of providing EDTIF incentives to certain Utah enterprises on competing enterprises? How is this regularly accounted for?

- How will GOED use the *Plan to Elevate Utah's Economic Success* to guide EDTIF decisions?
- With what metrics will GOED measure the EDTIF program's contributions to the goals articulated in the *Plan to Elevate Utah's Economic Success?*

An Efficient Approach

Among the trickiest aspects of any tax incentive program is to ensure its efficiency. Here, the heart of efficiency is ensuring that no incentives are provided unnecessarily (the "but-for" test) and that, when incentives are provided, the public investment is minimized and the return on private investment is maximized. From the public's perspective, the stakes here can become high, striking at the heart of citizen trust in government: There is the danger of an unnecessary transfer of public resources to a favored private party for a prolonged period.

The 2014 audit raised serious questions about whether at least some projects approved for EDTIF incentives had failed to meet the but-for test. It cited an example where one company's incentive period was doubled even though that change was not necessary for the company to remain and expand in the state. If accurate, this was not only unfair to other taxpayers; it was public money down the drain.

GOED says that it researches company activities, such as public announcements or real estate transactions, to determine whether a subject company is already committed to Utah in advance of signing an EDTIF agreement. In addition, GOED asks the company CEO to sign a form stating that the process was competitive and the company has looked elsewhere, asserting that it could become a felony if they lie. However, GOED staff worry that this sometimes might encourage deal-shopping, where Utah is indirectly requiring prospects to go to other states looking for a better deal before settling on an agreement here. Other observers referred to this requirement as a "game" that applicants are forced to play to receive an incentive.

Since 2014, GOED's EDTIF recruitment team has worked to increase the efficiency of EDTIF. GOED reported to Utah Foundation that a typical incentive is for seven years with a 20% increment capture; prior to 2014, the incentives lasted more than twice as long (15 years) with a 25% increment capture. Over the life of the program, GOED reports that the state has received more than a 3:1 return on tax investment.

Another consideration is whether wage criteria should be further tightened. In recent meetings on incentives among policymakers and other stakeholders, there was discussion regarding whether using the county average as a baseline was too low a threshold for certain industries, with the alternative being to use the industry average as a baseline. Observers also suggest addressing less-skilled workers through an investment in training rather than just focusing on high average wages.

Still another question pertains to how wages are measured. Using the average wage as a measure, if a project creates 50 jobs, it could include three corporate jobs at $200,000, seven $100,000 specialist jobs, 20 below-average $40,000 jobs and 20 just-above-poverty-wage jobs at $25,000 and still come in above the 2017 average wage target.

Finally, there is the question of sales TIF. While sales TIF is primarily a concern for local government, consideration of its use would need to occur across levels of government. Interestingly, in interviews with both state and local stakeholders and various observers, Utah Foundation encountered little enthusiasm for the use of sales TIF in Utah.

- Are there ways to strengthen the but-for test?
- Should the current wage criteria be fine-tuned?
- Given the challenges of capturing true incremental revenue from sales tax increment financing, should extra safeguards be put in place to ensure sales tax revenues are not simply being diverted? Should Utah join the majority of states in rejecting sales TIF as an option altogether? Are there ways to reduce the risk of possible poaching with regard to corporate income tax and employee personal income tax during tight labor markets?

A Transparent Approach

With the reforms of recent years, the public has reason to place greater trust in the EDTIF program. However, the 2014 auditor's report highlights areas of concern that suggest thoroughgoing efforts to build public trust. A key challenge is in providing transparency on the benefits provided.

While GOED is required to report the overall value of EDTIF incentives, it does not disclose the value of tax credits awarded to individual companies. On the surface, common sense would seem to suggest public disclosure of tax expenditures on a project-by-project, annual basis.

However, GOED sees itself as caught in a tension between the desire for greater transparency and the need to report accurately on the total value of incentives. To accomplish the latter goal, GOED officials must gather significant amounts of private, company data – data that, if made public, the companies would be much more reluctant to share. As one GOED official put it, the quest for transparency and accuracy can therefore be "mutually exclusive." However, if GOED is verifying company-reported data using state tax and employment records, less accurate reporting by companies may not be an insurmountable hurdle.

Another GOED official suggested that more stringent transparency requirements could make Utah less competitive as prospects fear public release of sensitive data that could be used against them by competitors.

Still, the tax credits granted under the EDTIF program represent a transfer of public funds to private parties. A case could be made that citizens are entitled to such information and that such transparency is a pre-requisite to accountability and public confidence in the program. It could also be argued that businesses benefiting from the tax credits should be willing to submit to thorough review as a quid pro quo for receiving public funds. Other states require such transparency.

A recent report ranking the states on transparency gave Utah a D+ in providing online access to economic development subsidy data, placing it behind 25 other states in its transparency score. It pointed out that Utah statute shields documents pertaining to subsidy deals from public view.[30] GOED notes that it is open to improvements in transparency, though it reiterates the view that there is a tension between transparency and accuracy.

Some observers have raised questions about whether structural changes could be made to enhance public trust. For instance, if the perception of some in the business community and general public is that the state picks "winners and losers" (whether individual businesses or whole industries) in the incentives game and that politics may even play a part, they suggest one antidote might be to create a core EDTIF program that is based on qualifying criteria alone.

The downside of this approach is that the state may end up paying out more in

EDTIF benefits than it otherwise would. It may also end up paying out benefits to enterprises that, for one strategic reason or another, it would prefer not to support. Furthermore, GOED strongly dismisses the perception that it is picking winners and losers or that politics play a role in its decisions. GOED says that decisions already depend heavily upon set statutory, rule and policy criteria.

Finally, some suggest a still more foundational approach: focusing on perceived flaws in the state's overall tax structure and remediating those to the benefit of the entire economy. Implicit in this approach is a reduced reliance on incentives. However, significant tax cuts, for instance, would make it difficult to pay the costs of government.

Among the unresolved questions surrounding transparency are:

- What is the balance of pros and cons in increasing transparency requirements going forward? For instance, does a danger that aggressive transparency measures will make the EDTIF program less competitive outweigh the benefits of increased public confidence and understanding?
- Is there an effective mechanism by which GOED can ensure accurate data from EDTIF beneficiaries while providing greater transparency to the public on individual benefits?

CONCLUSION

Tax increment financing has become a widely used economic development tool across the U.S. By design, it is meant to yield to the public new revenues and other benefits that would not otherwise have occurred. However, TIF is not without potential pitfalls. Utah itself has encountered certain challenges in its EDTIF program. This is despite laudable protective mechanisms, such as the fact that Utah provides EDTIF tax credits only on a post-performance basis, limits the percentage of new revenues that can be captured as an incentive and has reduced the duration of benefits.

Among the concerns about EDTIF is strategic focus. GOED has focused increasingly on target industries, though roughly a third of EDTIF tax credits have gone to industries outside of these clusters. Whether these clusters are ideal and whether they should be recalibrated have been the subject of discussion. Beyond that, there are concerns about whether the strategy under which incentives are used is up to date, well-focused and provides adequate attention to rural areas. SB 172 was directly concerned with this issue, calling for "a limited set of clear, concise, and defined principles and goals" and "targeted economic development policies." There are also questions about the connection between the economic development incentives strategy and broader goals and considerations, such as growth management, connections with existing infrastructure and the needs of areas that are struggling economically. Finally, there is tension between the need for tailored, strategic criteria for decision making and the need to ensure adequate flexibility as economic conditions change.

Coordination on EDTIF incentives at the state and local levels has also been an area of concern, with conversation among policymakers and civic leaders centered on that issue since 2018. The 2019 *Plan to Elevate Utah's Economic Success* calls for improved communication on this front. Looking ahead, policymakers must continue to wrestle with the tension between local governments' desire to chart their own economic destiny and state government's desire to create a coherent, state-level approach, as well as differing fiscal motivations. The next report in this series will discuss that challenge in further detail.

The effectiveness of EDTIF can only be measured against a clear strategy, and only

There are questions still to be addressed with regard to Utah's evolving EDTIF program. Resolving them in some cases may require minor tweaks; in others, maybe better public information and communication; and in still others, maybe a significant rethinking of the current approach.

if adequate data exists. The efforts of the State Auditor, the Legislature and GOED have yielded significant improvements in ensuring more rigor in data collection and better public reporting on the effectiveness of the program. However, there may be additional opportunities to explore big-picture and long-term impacts, particularly if greater strategic focus is applied to the program.

Whether EDTIF is efficient depends heavily on the rigor of but-for testing. A solid but-for analysis is always a challenge, but the 2014 auditor's report raised serious questions on this front, and horror stories abound in other states of TIF incentives being awarded after a company had already committed to a project. GOED stands by the rigor of its analyses – though it says it is not at liberty to provide specifics due to non-disclosure restrictions – and that the formal attestation that companies provide as to the necessity of the agreed upon subsidy would put them in legal peril if they tried to deceive GOED. Still, given the challenges of but-for testing, continued vigilance and a continued reach toward the highest standards is in order. Utah policymakers may also consider a fresh examination of the use of sales TIF, which can pose unique challenges to the efficiency of tax increment financing.

Finally, there is unresolved tension regarding transparency. The EDTIF program entails the transfer of significant amounts of public funds to select private parties and as such deserves robust public scrutiny. On one hand, it is difficult to build public trust without providing the public access to the benefits provided to specific entities. On the other hand, GOED is concerned that it will be more difficult to obtain accurate, in-depth data from EDTIF beneficiaries if they know it will be openly accessible, and the competitiveness of the program could be adversely affected.

There are questions still to be addressed with regard to Utah's evolving EDTIF program. Resolving them in some cases may require minor tweaks; in others, maybe better public information and communication; and in still others, maybe a significant rethinking of the current approach. The good news is, the EDTIF program contains some desirable protections already, and the trend in recent years has been toward better monitoring, oversight and efficiency. Continuing that trend, by addressing the questions discussed in this report, can only work to build public trust.

ENDNOTES

1 See, for instance, McDonald, Bruce, et al., *You Don't Always Get What You Want: The Effect of Financial Incentives on State Fiscal Health* (April 23, 2019). Available at SSRN: https://ssrn.com/abstract=3376991. The authors write: "After controlling for the governmental, political, economic, and demographic characteristics of a state, we find that incentives draw resources away from the state. Ultimately, the results show that financial incentives negatively affect the overall fiscal health of a state." See also Slattery, Cailin and Owen Zidar, "Evaluating State and Local Business Tax Incentives," in preparation for *Journal of Economic Perspectives*, January 3, 2020.

2 According to the Council of Development Finance Agencies, only 16 states allow sales TIF. Council of Development Finance Agencies, "Tax Increment Finance State-By-State Report: An Analysis of Trends in State TIF Statutes," 2015, p. 6.

3 Utah State Code, 63N-2-102.

4 Utah State Code, 63N-2-103-105.

5 Utah State Code, 63N-2-106.

6 Utah State Code, 63N-2-107.

7 Utah Governor's Office of Economic Development 2019 Annual Report, https://business.utah.gov/news/2019-annual-reports/.

8 See Office of the Utah State Auditor, *Performance Audit No. 14-03, A Performance Audit of GOED's Corporate Incentives Program*, October 14, 2014, http://financialreports.utah.gov/saoreports/2014/PA14-03GOEDGovernor'sOfficeofEconomicDevelopment.pdf.

9 Ibid., p. 5.

10 Ibid.

11 Ibid., p. 5.

12 Ibid.

13 S.B. 179 Amendments to Economic Development, Utah State Legislature 2015 General Session, https://le.utah.gov/~2015/bills/static/SB0179.html.

14 Utah Code Sec. 59-7-159(2)ff.

15 The Pew Charitable Trusts, *How States Are Improving Tax Incentives for Jobs and Growth: A national assessment of evaluation practices*, May 2017, p. 111.

16 Incremental jobs, as defined under state statute, are jobs that did not exist within the company in the state and are created in addition to the number of baseline jobs. High-paying jobs are newly created full-time employee positions where the aggregate average annual gross wage of the employment position, not including health care or other paid or unpaid benefits, is at least 110% of the average wage of the county in which the employment position exists.

17 Letter from Q. Val Hale, Executive Director, Governor's Office of Economic Development, to Peter Reichard, President, Utah Foundation, dated November 4, 2019.

18 Letter from Ben Hart, Deputy Director, Governor's Office of Economic Development, to Peter Reichard, President, Utah Foundation, dated December 23, 2019.

19 See SB 172, 2019 General Session, Utah State Legislature, https://le.utah.gov/~2019/bills/static/SB0172.html.

20 Utah Governor's Office of Economic Development, *A Plan to Elevate Utah's Economic Success*, October 15, 2019, p. 20, https://business.utah.gov/news/2019-economic-development-strategic-plan/.

21 Ibid., p. 8.

22 Ibid., p. 20.

23 Ibid.

24 Ibid, pp. 28-29.

25 As part of its research for this project, Utah Foundation presented these categories for consideration to a variety of interviewees and found consensus that they were sound and reasonable.

26 Information provided by EDCUtah staff.

27 Downen, John C., *Utah's Strategic Clusters: Performance, Benefits, Workforce Needs, and Rural Utah*, Kem C. Gardner Institute, University of Utah, September 2018, p. 21. See also p. 3.

28 Utah League of Cities and Towns, Resolution 2019-001, Sept. 9, 2019.

29 Utah Governor's Office of Economic Development, *A Plan to Elevate Utah's Economic Success*, op. cit., p. 29.

30 Cross, R.J., Andre Delattre And Linus Lu, *Following the Money 2019: How The 50 States Rank On Online Economic Development Subsidy Transparency*, Frontier Group and U.S. PIRG Education Fund, December 2019, pp. 6, 14.

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