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After Tough Audit, State Incentive Program has seen Significant Changes *Questions Remain on Strategy, Coordination, Effectiveness, Efficiency and Transparency*

(January 22, 2020) – Just over five years since receiving strong criticism from the state auditor, Utah’s Economic Development Tax Increment Financing program (EDTIF) has undergone significant changes. However, a number of questions remain to verify that the program has been optimized. Today, Utah Foundation releases *EDTIF Elevated? Utah’s Evolving State Incentive Program*, which examines recent changes to EDTIF, sets out program results and explores ongoing areas of discussion. It is the second installment in Utah Foundation’s Economic Development Incentive Series.

Among the findings of the new 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 advantage 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.

Utah Foundation President Peter Reichard says that continued fine-tuning is in the nature of economic development incentives. “Nationally, tax incentives still have some growing up to do,” Reichard says. “Serious mistakes have been made, and all states should be working to optimize their incentive programs. While Utah’s program has evolved and features important safeguards other states lack, it is well worth exploring whether EDTIF can be further improved.”

Special thanks to **Salt Lake County, the Utah League of Cities and Towns, the Salt Lake Chamber and the Utah Valley Chamber** for providing project-based funding to support the Economic Development Incentive Series. *EDTIF Elevated? Utah’s Evolving State Incentive Program* is available on the Utah Foundation website at www.utahfoundation.org. The first installment in the series, *Public Funds, Private Endeavors: A Primer on Local Economic Development Incentives in Utah*, can also be found at utahfoundation.org.

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Founded in 1945, 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.

Utah Foundation is an independent, nonpartisan, nonprofit research organization.

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