Missing the Bus

How States Fail to Connect Economic Development with Public Transit

Good Jobs First
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Executive Summary

A 50-state survey of economic development subsidy programs – such as loans, grants, and tax incentives – reveals that not one single state effectively coordinates its economic development spending with public transportation planning. That is, according to the state officials who administer them, no state has a policy or even a small cluster of subsidies that either requires or encourages companies that receive subsidies in urban areas to locate the projects at locations accessible by public transportation.

A small number of states have transit-oriented development programs, but funding for them comes predominately from federal transportation programs that require matching funds from state and local transportation agencies, not state development programs. And some state subsidies, by virtue of their eligibility rules, go to projects in core urban areas that are likely to be served by transit, but the overlap is de facto, not intentional.

This lack of connection between economic development and public transit is remarkable given how many programs and dollars are involved. The 50 states have an estimated total of more than 1,500 development subsidy programs.¹ Many are locally administered and/or bundled with local subsidies; total state and local spending for economic development was estimated at $48.8 billion as of 1996 and is believed to be higher today.² State spending for public transportation totaled $11.6 billion in 2001; federal spending for public transportation, which flows through state and regional bodies, totaled $7.3 billion in 2001.³

The 50-state survey also finds that only four states – Ohio, Minnesota, Maine and Connecticut – have any kind of system to collect even fragmentary data on corporate relocations that receive economic development incentives. In other words, only four states collect data that could help them determine if their economic development programs are reducing or increasing access to jobs for workers who cannot afford a car, or if they are harming or improving commuter choice when jobs get relocated.

These are troubling findings, given the sprawling patterns of development in most major metro areas that have created a “spatial mismatch” between core areas (inner cities and inner-ring suburbs with high concentrations of unemployment and poverty) and newly developing areas (job-rich outer-ring suburbs and exurbs). Thinly distributed in auto-dependent areas, these outer-ring jobs are typically not accessible or poorly accessible by transit systems that were originally created to transport workers to the core. Sprawl effectively cuts central city residents off from regional labor markets, exacerbating the concentration of poverty in core areas. In some cases (see our case study here), subsidized corporate relocations area actually take transit-accessible jobs off the public transit grid.
Although the survey – which involved more than 170 officials in the 50 states – finds that no state coordinates development incentives to transit, some of the officials interviewed thought it a useful idea. Many acknowledged that there is seldom any coordination between economic development planning and transit planning and said they consider it an omission. Regional planning bodies, such as Metropolitan Planning Organizations (MPOs), sometimes undertake comprehensive planning exercises, where the relationship between economic development, transportation and other land use issues are addressed, but economic development subsidy programs are usually missing in such discussions.

In a handful of states, there are incidental connections between subsidies and access to transit. California is the best example; some cities there use Enterprise Zone, Community Development Block Grants and other incentive funds to match federal transit dollars for promoting jobs and development adjacent to transit hubs. But in all other cases, none of the officials interviewed could provide hard data or specific examples of economic development incentives being deliberately tied to transit.

The fact that we were unable to find any positive examples of economic development being integrated with transit highlights the fact that although transportation and development programs greatly affect each other, they remain profoundly balkanized. As states now face their worst fiscal crises since the late 1940s, policymakers would be wise to ensure that each set of programs leverages the other, thereby maximizing the return on taxpayer investments.

Policy Options

We offer the following policy options based on our findings:

**Location Efficient Incentives** - Making development subsidies granted in metro areas “location efficient” by restricting their use to sites that have access to public transit (typically defined as within a quarter mile, and definitely within a half mile, of a regularly served transit stop). Such a requirement would steer more new jobs to the transit grid; it would also likely help to create more support for transit in suburban areas. Extending existing bus lines or increasing frequency of service is often an efficient and economical way of providing access to jobs and does not require significant up-front capital investments.

**Subsidy Disclosure** - Annual, deal-specific reporting of costs and benefits, including whether or not the project involved a corporate relocation and if so, how many jobs are involved, where the relocation originated and ended, and whether or not each site is transit-accessible. Having meaningful data would enable state and local officials to determine if their development and transit programs are working at cross-purposes.

**Impact Statements** - While a handful of states prohibit subsidies for an intrastate
relocation unless it is an expansion, most states do not have any safeguards such as requiring companies that seek relocation subsidies to consult with state or regional authorities or with the city they are abandoning. States could require departing companies to provide impact statements to local governments when subsidized relocations occur, including how many workers are likely to be dislocated, how the relocation will affect future commuting distances and modes of commuting, and whether the new location is accessible via public transit.
States Fail to Connect Economic Development with Public Transit

The 50-state survey conducted during 2002 and 2003 looked at the relationship between economic development incentive programs and public transportation; it reveals that not one single state effectively coordinates its economic development spending with public transportation planning. That is, according to the state officials who administer them, no state has a policy or even a small cluster of subsidies that either requires or encourages companies that receive subsidies in urban areas to locate the projects at locations accessible by public transportation (typically defined as no more than a quarter of a mile from a regularly served transit stop, and definitely no more than half of a mile away).

This is a remarkable finding given how many programs and dollars are involved. The 50 states have more than 1,500 development incentive programs, many of which are in turn locally administered; total state and local spending for economic development was estimated at $48.8 billion as of 1996 and is very likely higher today. State spending for public transportation totaled $11.6 billion in 2001 and federal funds, which flow through state and regional bodies, totaled $7.3 billion in 2001.

Only a few of the more than 170 people interviewed from state, local and regional economic development agencies were able to provide any concrete examples of economic development incentives being used in tandem with public transit. The link is encouraged incidentally in a handful of states. California offered the best example: some California cities use Enterprise Zone, Community Development Block Grants, and other incentive funds to match federal transit dollars for promoting jobs and development adjacent to transit centers.

While no state integrates development spending to transit access, some state development officials we interviewed thought it a useful idea. Many acknowledged that there is seldom any coordination between economic development planning and transit planning and they consider it a significant omission. Regional planning bodies, such as Metropolitan Planning Organizations (MPOs), often undertake comprehensive planning exercises, where the relationship between economic development and transportation and other land use issues are addressed, but economic development incentives are usually absent from the discussion.

Some states such as New Jersey, Washington and Massachusetts cited transit-oriented developments (TODs) as examples of economic development incentives used to promote access to transit. TODs are high-density mixed-use projects around transit stations (that is, they include retail, housing, and offices or other workspace). Such projects are generally considered to have positive benefits both for economic development and transit ridership. It should be noted that state and local transit agencies are usually required to use matching funds in order to get federal transit dollars for TODs. That is, incentives for transit are not coordinated with state or local economic development agencies, rather they are under the aegis of
the state and local transportation agencies. Under the federal Intermodal Surface Transportation Equity Act (ISTEA), states have also had increased flexibility in transportation funding because it broadens the scope of transit capital projects by making increased ridership the only criterion for funding eligibility.

A 2001 report to the Pennsylvania Environmental Council, *The Role of State Government in Transit Oriented Development*, finds that states have taken an increasingly proactive role in enabling and promoting smart growth initiatives such as Transit Oriented Development. According to this report, as of 2001, 11 states had laws, programs, funding initiatives or policies that promote TODs. Of these, 7 have laws and 8 have financial incentives or designated funding streams. There are generally three categories of funding approaches reflected in state policy and practice: tax incentives, dedication of federal funds and fuel tax revenue. Tax abatement was used only in Oregon at the time, although there was a bill in California proposing a similar approach. A tax increment value capture method, proposed in Pennsylvania, places the burden of predevelopment costs on the public sector. In turn, the developer builds the TOD creating both transit riders and new ratables. Tax payments from future development help to pay down infrastructure investments by the public sector and the transit authority shares in the revenues generated to help reinvest in local capital improvements. This method has not been explicitly employed elsewhere, although Washington State uses other tax incentives for development that are being tied to TOD.6

A 2002 report by the Brookings Institution,7 however, finds that true, comprehensive TOD projects remain relatively scarce in this country. In Washington,8 financial incentives for TODs include Tax Increment Financing (TIF),9 Tax Incentive Zones for Transit10 and Multi-Family Tax Abatement Programs.11 The City/County Association of Government (CAG) of San Mateo County, California won EPA's 2002 National Award for Smart Growth Achievement for its transit-oriented development incentive program. CAG's approach is an innovative use of transportation funds that provides incentives to land-use decision-makers to achieve transit-oriented development. CAG allocates up to 10 percent of State Transportation Improvement Program funds for San Mateo County’s TOD Incentive Program.

The Twin Cities had a tax incentive program that sought to steer jobs to transit, but the program has been repealed. The Minnesota legislature enacted the program in 1995;12 it provided a 10 to 15 percent property tax reduction on certain types of commercial and industrial development and redevelopment if the project was located within a quarter of a mile of a frequently operating regular transit line. However, Minnesota officials interviewed for this survey report that the statute was later repealed.

A few officials mentioned the Commuter Check Program and the Job Access Reverse Commute Program when asked if their state economic incentive programs encourage
companies to locate projects at locations that are served by public transit. However, neither program is a state economic development incentive. Commuter checks are vouchers that are redeemed for transit passes, tickets or tokens and to pay for vanpool fares. Under federal law they may be provided tax-free to employees for up to $100 per month. Commuter Checks are used as an employee benefit, either as a substitute for taxable salary, offered on a pre-tax basis like a 401-K plan, or as a supplemental employee benefit plan.

Under the Job Access Reverse Commute Program (JARC), authorized under the Transportation Equity Act for the 21st Century (TEA-21), the U.S. Dept. of Transportation can provide up to $150 million in competitive grants to support the development of transportation services for low-income individuals to jobs and job-related activities. It also provides funds for reverse-commute programs that serve suburban employment centers from urban centers, rural areas and other suburban locations.

Indeed, the very existence of JARC speaks volumes about our findings. Reverse-commuting programs are needed to address the fact that suburban job growth is geographically diffuse and often not transit-accessible. If states allow job growth to continue in a way that is dysfunctional to the transit system – by not using development incentives as a “carrot” to get more jobs on the grid – more such special systems will be needed.

Some respondents also mentioned brownfield grants but most could not provide specific examples for their states. Brownfields are properties that have environmental pollution left from a previous use. They are a significant cause of urban property abandonment and loss of tax-base in older areas. Brownfield grants foster redevelopment, subsidizing the assessment and cleanup of contaminated industrial sites, making reuse financially feasible by putting sites on a financial par with unpolluted land. In St. Paul, Minnesota, brownfield business centers are located within walking distance of public transportation. The St. Paul Port Authority cleans up blighted properties and sells parcels of those properties to qualifying business customers for $1.

Reflecting the profound balkanization we found, many state economic development officials suggested that we talk to their transportation counterparts – even though our questions only concerned development programs. They also noted that states usually monitor the number of jobs created and wages paid on incentive deals with companies, but that issues such as access to transit are seldom considered.
States Fail to Track Corporate Relocations That Receive Subsidies

Our survey finds that only four states have any kind of system to collect even partial data on corporate relocations that receive economic development incentives: Ohio, Minnesota, Maine and Connecticut.

The Ohio Enterprise Zone Annual Reports provide data on project location: where they are moving from, names of companies and status of request. Minnesota requires companies to report when a deal involves a corporate relocation, as part of its economic development subsidy disclosure rules. Maine asks a simple “relocation yes or no” question on its disclosure form. In Connecticut, three state agencies that provide incentives to businesses write annual reports, which include relocation data. However, the reports can only be obtained by filing a Freedom of Information request.

The largest and most significant of these is the Ohio Enterprise Zone Program. Its annual reports include a table on relocation projects, which states the name of company, where the relocation began and ended, and how many jobs were moved. The report can be found on the Ohio Department of Development's (ODOD) website from 1996 through 2001. (Contrary to the “economic war among the states” media stereotype, it reveals that in a typical year, jobs relocated intrastate outnumber jobs relocated across state lines by 20 to 1.)

A forthcoming study by Policy Matters Ohio, analyzing corporate relocations into the Buckeye State’s zones, found that “the very areas [zones were] initially designed to help are now disadvantaged by the program. An aging infrastructure, a low tax base, weak education systems, and numerous costly social challenges place poor urban areas in a weak position relatively to their wealthier suburban neighbors. Ohio's [zone program] has succeeded in making the playing field even more tilted against urban areas by extending to wealthier suburbs an additional fiscal tool with which to compete for firms.”

Since 1999, Minnesota has required a small amount of relocation data to be reported on its subsidy disclosure form. The form covers a large number of state and local programs’ deals over $75,000 in value. If the deal involves a relocation, the form asks for the location from which the jobs were relocated and a statement as to why the company did not choose to receive the subsidy at that location.

An example of Minnesota Business Assistance Form, indicating a relocation, is reprinted on both sides of the back cover of this report; they are available on the website of the Minnesota Department of Employment and Economic Development (DEED). Unfortunately, a DEED official reports that the state’s legislature has never asked the Department to analyze the relocation data. He added that the relocations are predominately intrastate, not interstate.
We found a municipal example in Minnesota: the St. Paul Port Authority conducts an annual audit of companies located in its business centers under its Workforce Agreement for businesses. As a part of the audit, the Port Authority monitors those “backfilled” sites that were vacated when the businesses relocated to Port Authority business centers.\(^\text{18}\)

In Connecticut, three agencies – Connecticut Development Agency (CDA), the Department of Economic and Community Development (DECD), and Connecticut Innovations, Inc. (CII) – issue annual reports that include relocation data. The reports can be obtained by filing a Freedom of Information Act request. The DECD and CII reports, however, omit deals in which firms have either gone out of business or have completed their obligations to the agency. In contrast, CDA provides separate sets of data on “active” companies and on “all” companies to which it has provided financing. DECD also audits all companies that receive incentives from it, including relocation information.

Maine’s subsidy disclosure form, used in conjunction with that state’s 1998 disclosure law, covers seven programs. The form asks a simple “Relocation: Yes\(\square\) No\(\square\)” question with no further detail. Companies are also required annually to file data such as their address, details of TIF and other subsidies, which theoretically could be used to reconstruct relocation data. However, given that the Pine Tree state has only one substantial metro area, Portland, we assume that there would be only a modest amount of useful data.

Some states, such as Texas and Tennessee, reported that they keep data on the “type of growth,” i.e., expansion, new business, or modernization. Other states, such as Arizona and Colorado, keep performance monitoring data, such as jobs and wages at companies that receive incentives. They do not, however, track company relocations. Remarkably, state officials in Arkansas and Virginia stated that information about company relocations is considered proprietary and is therefore precluded from disclosure even under the states’ Freedom on Information Acts.

Some states, such as Georgia and Montana, attach rules to some subsidies that prohibit their use for intrastate relocations. Other states have program rules that allow intrastate relocation with incentives only in the case of an expansion, such as in Arkansas, South Dakota and Pennsylvania. As stated above, Maine and Minnesota ask for annual relocation disclosure, but do not regulate such moves. In Ohio, intrastate relocation is allowed in Enterprise Zones under specific circumstances and requires a relocation waiver by the Ohio Department of Development. According to Ohio’s 2001 Enterprise Zone Annual Report, since the inception of the relocation restrictions in 1994 through December 31, 2001, ODOD received 357 relocation waiver requests and granted 256.

In Missouri, incentive programs do not encourage relocation within the state from one
site to another. If a company wants to relocate, then the mayor of the city that the business would be leaving has to sign off on the move before the Department of Economic Development will get involved. One exception is the Distressed Communities Program, which authorizes the Missouri Department of Economic Development to issue tax credits to new, relocating or existing businesses and for employees of those businesses in distressed communities.
Development-Transit Connection is Sometimes De Facto, Not Deliberate

In a handful of states, there are incidental connections between subsidies and access to transit. In a few others, new programs are beginning to take transit into account or to favor redevelopment of older areas that presumably have transit service.

California is a good example of incidental connections. There, some cities use Enterprise Zone, Community Development Block Grants and other incentive funds to match federal transit dollars for promoting jobs and development adjacent to transit hubs. But in all other cases, none of the officials interviewed could provide hard data or specific examples of economic development incentives being deliberately tied to access to transit.

In Texas, like other states, many enterprise zones are located in older urban areas that are served by public transit. For example, in Houston, the Central Business District is included in the Enhanced Enterprise Community Zone. There are two other enterprise zones within the Inner Loop (Loop 610), where the city has its most intensive transit service. According to the Economic Development Division of the Greater Houston Partnership, public transit is of significant interest for many businesses, especially those siting back offices, call centers or other high-density, low- and moderate-income jobs.

In Florida, state economic and transportation officials said that “leeway” is granted to companies that locate in multi-modal transportation districts (areas that have more than one form of transportation available to them). This includes easing the permitting process for eligible companies. Currently, relevant state agencies are trying to transition from roadway concurrency to transit concurrency. Concurrency refers to the transportation infrastructure facility (e.g., roads, transit, bike trails, pedestrian paths) needed to accommodate new development. Previously, the state only considered the impact of a new development (or an expansion of an existing project) on highway traffic. This has changed to considering the service impact on a multi-modal transportation system, not just roads and highways.

Connecticut's Inner City Business Strategy, a statewide plan to promote inner city revitalization through business development, encourages companies to locate in the state's urban cores. Companies may be eligible for up to 90 percent of project costs to be financed by economic development funds. Since the state's inner cities are served by transit, most project sites are presumably accessible. Companies that locate in established suburban areas may be eligible for up to 50 percent of project cost to be financed with economic development funds.
In New Jersey, new projects are usually located within established urban and suburban infrastructure. Such a strategy is part of the state's effort to promote smart growth by utilizing existing infrastructure.

**Smart Growth Incentives in California and Maryland**

California and Maryland have taken pioneering initiatives to encourage urban reinvestment. While not necessarily transit-specific, these efforts promote access to transit because they favor reinvestment in urban areas that often have a well-developed public transit system.

In 1999, California State Treasurer Phil Angelides issued “Smart Investments,” a policy for infrastructure investments that favors reinvesting in the state's cities, older suburbs and other communities at risk of decline. It is part of a comprehensive strategy to use infrastructure spending to promote in-fill development, transit-oriented development and otherwise deter the creation of more sprawling suburbs. For example, the California Debt Limit Allocation Committee’s procedures for implementing the state ceiling on qualified private activity bonds set the priorities and the amount of the state ceiling awarded by the Committee to an applicant (any state or local government agency, joint powers authority, special district, non-profit public benefit corporation that issues only student loan bonds, or any other public agency that is empowered to issue debt). The Committee awards points to applications with existing site amenities, provided the amenities are appropriate for the population served. Two and a half points are awarded to projects located within a Public Transit Corridor (i.e. an area within a quarter of a mile of regular transit service or within a quarter of a mile of an existing or planned mass transit guideway or busway station, or within a quarter of a mile of a multimodal mass transit terminal).

In September 2001, Gov. Gray Davis signed an Executive Order requiring the Department of General Services to use “smart growth” criteria when selecting locations for state offices, including the proximity of public transit service.

Treasurer Angelides launched a second initiative in 2000, “Double Bottom Line” investments that earn positive returns for taxpayers and state employee retirees while broadening economic opportunity through initiatives such as Community Reinvestment Act loans and increased deposits in community lending institutions and credit unions, many of which serve inner cities. According to the State Treasurer's Office, the Double Bottom Line Investment approach yielded positive returns on urban investments in 2002 while the S&P 500 stock index fell by 22 percent the same year.

In 1997, the State of Maryland enacted laws aimed at revitalizing older communities and making more efficient use of limited state funds for infrastructure, economic development and growth-related needs. The 1997 Smart Growth Areas Act restricts state spending for infrastructure and services to existing communities and other areas
targeted for growth known as Priority Funding Areas (PFAs). The law does not prohibit development outside PFAs; that decision remains the prerogative of local governments. Rather, under the Smart Growth law, state development incentives are prohibited for projects outside the PFAs. State officials have cited instances in which projects that might have gone to suburban fringes were instead located in established downtown areas, most presumably served by transit.
Why the Failure to Connect Development and Transit Matters

The failure of the 50 states to connect their economic development programs with public transportation has profound implications that go to the very reason for the existence of development incentives. Simply put, the disconnect suggests that much state development spending is not intentionally helping to reduce poverty.

The vast majority of development subsidies are cast, by their legislative advocates if not also in their formal intent language, as expenditures designed to increase economic opportunity for low- and/or moderate-income people who most need the help. Indeed, one of the largest federal assistance programs, the U.S. Department of Housing and Urban Development’s Community Development Block Program, has long mandated that cities and states spend at least 51 percent of the grants to primarily benefit low- and moderate-income persons.

Obviously, low-wage workers who can’t afford a car, and low- to moderate-income families who cannot afford a car for each working spouse, fit the profile of intended economic development beneficiaries. But as our findings show, states are consistently failing to even gather data on the development-transit connection, much less require it. As transit advocates pointed out during the reauthorization of the Temporary Assistance for Needy Families (TANF) program in 2002, better agency coordination is essential to provide America’s neediest families with the basic resources they need to achieve self sufficiency. A good example is JARC’s requirement that human services and transportation agencies coordinate on statewide planning and the Workforce Investment Act’s requirement for coordination among economic development activities. Similarly, economic development spending needs to be coordinated with transportation planning in order to serve those who need it the most.

Auto dependence disproportionately affects the poor and the working poor. The average American household spends 20 cents of every dollar on transportation, and those expenditures are dominated by auto-related costs (transportation costs are second only to housing costs in family budgets). Low-income families pay an even greater percentage; for the lowest income quintile of households, it is estimated that 40 percent of the household budget is spent on transportation. So by subsidizing job growth that is not connected to transit service, states are actually making the problem worse, by forcing low-income families to spend more on transportation than they would if jobs were accessible by transit.

Finally, fueling greater auto dependence is also making the states’ fiscal crises worse. Sprawling patterns of development cost taxpayers more, as numerous studies have shown. That’s because low-density development patterns require far higher amounts of infrastructure spending per household and are more costly to provide public services to than...
more compact, transit-friendly development patterns. The states’ fiscal crises, the worst since the late 1940s, has caused many of them to cut back on various forms of assistance to the poor, including health care, services for children, and in some cases even economic development and training programs.
Case Study: Subsidies and Transit Clash in the Twin Cities

As an example of why states should pay more attention to the transit impact of their economic development spending, we offer highlights from our 2000 case study from Minnesota, where a first-in-the-nation economic development disclosure law has since 1995 provided taxpayers with a great deal of information about development costs and benefits.23

Between 1994 and 1999, the Twin Cities suburb of Anoka has made aggressive use of tax increment financing (TIF) to offer free land to small and medium-sized light manufacturing companies willing to locate in its 300-acre Anoka Enterprise Park. Substantially more than $7.5 million in such free land subsidies were granted, luring at least 29 companies with about 1,600 employees into the Park.

TIF is a controversial development subsidy that has been associated with suburban sprawl in other states as well as Minnesota, usually in connection with retail projects. It is a state-enabled, state-regulated subsidy that is in turn locally granted.

A city defines a “TIF district,” as an area for redevelopment. As a result of that redevelopment, the area’s land values will go up and therefore property taxes will go up. When that happens, the city splits the property tax revenues from the TIF district into two separate streams. The first stream is set at the old level or “base value,” and those taxes continue to flow as before to the school district, the city, and the county. The second stream is the “tax increment,” the incremental increase in taxes resulting from redevelopment. The increment is diverted for as many as 30 years to subsidize the redevelopment. Some states also allow sales tax increments to be “TIFed.”

The City of Anoka used TIF to improve its relatively poor tax base and to diversify its industrial jobs base. The Park did achieve these positive goals for Anoka, and generated two other benefits as well: it reclaimed 300 vacant acres of land to productive use and it cleaned up a small contaminated site within the Park. In recent years, the Park’s TIF increment has exceeded the Park’s needs and subsidized other efforts, including downtown revitalization.24

From a regional perspective, however, the subsidized relocations present a very different picture. By many measures, they have had an adverse impact on the Twin Cities metro area. All 29 companies that relocated or expanded into Anoka’s Park were originally located within the Twin Cities seven-county region. Fifteen of them came from Minneapolis or older, inner-ring suburbs to its north and west, and all but 3 of the 29 were located either within the urban core area or closer to it than Anoka.

Figure 1 shows the corporate relocations to Anoka. In addition to the transit impact detailed in a second map, we found that the jobs are now further from the region’s largest concentrations of people of color, households receiving public assistance, and
households in poverty.
Figure 1. Corporate Relocations and Expansions to the Anoka Enterprise Park

🌟 Anoka Enterprise Park
Companies Relocated to Anoka Park
- Site Relocated From
- Site Expanded From
Figure 2 shows the prevalence of bus stops within a half-mile of the original company locations. We conclude that:

- The relocations also moved many companies and jobs off the region’s regular-route public transportation grid. Of the 29 relocating or expanding firms, 23 were within a half-mile of a regular route bus stop before moving to Anoka, and they accounted for more than 70 percent of the jobs that moved. Bus service to the Anoka Park was not initiated until more than four years after it opened, with service so infrequent that all of the companies are deemed inaccessible by public transportation.

- This movement very likely harmed inner-city workers, who are more likely to rely on public transportation because they are less likely to have access to a reliable automobile. One study found low-income households were less than one-sixth as likely to own a vehicle as middle- or upper-income households. Only 40 percent of African-American households in the Twin Cities region owned a vehicle in 1990.

- Workforce commuting patterns for the companies have very likely shifted outward, so that an increasing share of the companies’ employees is commuting from outside the Metropolitan Urban Service Area.

The movement of jobs away from public transportation is, of course, not unique to the Twin Cities, but it does pose one of the most significant challenges to equitable metropolitan growth. Automobile ownership is increasingly necessary to obtain employment in sprawling metro economies, so low relative rates of automobile ownership can contribute to high rates of inner-city unemployment. A report on nonresidential development trends in the Twin Cities region highlighted the troubling fact that 50 percent of the region’s net employment growth will occur in the “Developing Area” (as defined by the Metropolitan Council) and as of 1998, nearly half of the projects underway in that area were inaccessible by transit.

Finally, there is an efficiency lesson here that is especially salient at a time of state fiscal austerity. We conclude that the relocations represent an inefficient regional use of development subsidies because they do not represent a net gain in economic activity for the region or the state. Contemporary records clearly indicate that the companies that relocated to the Park had the ability to locate elsewhere without such a subsidy, and most if not all would have. Only one is known to have considered leaving the region.

Therefore, from a net regional perspective, the Anoka subsidies represent a transfer of property tax revenues away from public services and into free land for the 29 companies. If the TIF spending had been integrated with public transit, the relocations
could have improved job access for low-income workers and given more workers a commuting choice.
Figure 5. Bus Stops Within 1/4 Mile and 1/2 Mile of Original Locations

- Site of Relocating or Expanding Company
- Bus Stops Within 1/4 Mile
- Bus Stops Within 1/2 Mile
- City Boundaries
Policy Options

Every year, state governments provide companies with billions of taxpayer dollars in economic development incentives to create or retain jobs. However, the incentive statutes and agency regulations and procedures all fail to encourage or require companies to site those jobs at locations that are served by public transit. And 46 states don’t even track any information about subsidized corporate relocations.

Based on these findings, we offer the following policy recommendations:

Location Efficient Incentives - Making development subsidies granted in metropolitan areas “location efficient,” by restricting their use to sites that have access to public transit (typically defined as within a quarter of a mile, and definitely within half a mile, of a regularly served transit stop). Such a requirement would likely steer more new jobs to the transit grid; it would also likely help generate more support for transit in suburban areas. Extending existing bus lines or increasing frequency of service is often an efficient and economical way of providing access to jobs and does not require significant up-front capital investments.

Economic Development Subsidy Disclosure – Annual, deal-specific reporting of costs and benefits of both state and local incentives, including whether or not the project involved a corporate relocation. If it does, additional disclosure of how many jobs are involved, where the relocation originated and ended, and whether or not either the former site or the new site is transit-accessible. Having meaningful data would enable state and local officials to determine if their development and transit programs are working at cross purposes.

Impact Statements - While a handful of states do prohibit the granting of subsidies for an intrastate relocation unless it is an expansion, most states do not have any safeguards such as requiring companies that seek relocation subsidies to consult with state or regional authorities or with the city they are abandoning. States could require departing companies to provide impact statements to local governments when subsidized relocations occur, including how many workers are likely to be dislocated, how the relocation will affect future commuting distances and modes of commuting, and whether the new location will be accessible via public transportation.
TEA-3 and Economic Development Incentives: Some Potential Ties

This year Congress is expected to reauthorize the federal transportation spending bill, variously dubbed “TEA-3” and “SAFE-TEA.” This law determines how federal transportation money can be spent. It evolves from the Intermodal Surface Transportation Efficiency Act (ISTEA) enacted by Congress in 1991. ISTEA authorized a wide range of federal-aid transportation programs and marked a fundamental shift in national transportation policy in that before ISTEA federal transportation policy was about building highways only. ISTEA was renewed as the Transportation Equity Act for the 21st Century (TEA-21) and is up for renewal later this year as TEA-3 or SAFE-TEA.

As transit advocates have noted, despite the progress made through ISTEA and TEA-21, the currently proposed version of TEA-21 would spend five times more on highways than on public transportation. In theory, TEA-21 calls for more local control of federal transit dollars, but in practice, governance and the transportation decision-making process continues to be top-down. Transit advocates are asking Congress to address these shortcomings.

Given our findings here, TEA-3 could have important implications for fostering accountable economic development. In other words, TEA-3 can enable states from missing the economic development-transit connection.

These include:

- Increased funding and incentives for public transit.
- Greater inter-agency coordination between land-use/transportation and economic development planning.
- Adequate community participation in planning.
- Greater transparency in the planning process and disclosure of data on economic development incentives and relocation to ensure equity, efficiency and accountability.
Appendix A: Survey Methodology

During 2002 and 2003, Good Jobs First surveyed all 50 states’ economic development agencies. A copy of the survey instrument follows in Appendix B. The survey covered: 1) whether any state economic development incentive programs require or encourage projects to be transit-accessible and 2) whether states record or regulate the use of development incentives in corporate relocations. In addition to state economic development agencies, we interviewed city and county economic development agencies when relevant, as well as a number of regional and metropolitan planning bodies.

We identified key officials responsible for providing development subsidies in each state from state websites or by calling the relevant agencies. In most cases, we interviewed the economic development staffers by telephone. We e-mailed the survey questionnaire to those who preferred to respond in writing.

Some state officials suggested contacting cities and enterprise zones, saying that relocation data was more likely to be available at the local level. We contacted a number of cities, including Phoenix, Atlanta, New York, Kansas City and St. Louis, but did not find any relevant examples in those cities.

Altogether, we spoke with (or emailed) more then 170 state and local officials. As with any survey, we may have missed some sources who may have been able to provide us with additional relevant information. This is an important qualifier. For even in Ohio, Minnesota and Connecticut – states that collect at least some relocation data – a number of officials interviewed were unaware of the existence of such data in their state.
Appendix B: Survey Questionnaire

State Survey on Economic Development Incentives and Company Relocations

Interviewer name: ___________________________  Interview Date: ___________

State: ________ Name of interviewee: ____________________________________

Title: _____________________  Agency: ___________________________________

Phone Number: _____________ E-Mail: ________________ Website:_______________

Hello; my name is _________________________, and I am calling from the Institute on Taxation and Economic Policy [Good Jobs First's former parent organization], a non-profit research group based in Washington, DC.

We are surveying state economic development agencies. We have a short number of very narrow questions about your economic development incentive programs. Specifically, we are looking at the relationship between incentives and the geography of jobs.

1. First, referring now to all of your state incentive programs – and by that I mean every kind of incentive: tax credits, site assistance, revenue bonds, training grants and so forth – do any of your state’s incentive programs either require or encourage companies to locate projects at locations that are served by public transit? *(Definition if needed: less than ¼ to ½ mile of a regularly served transit stop.)* Yes _____ No _____

If yes: what are they and how do they work? (insist on details in print: program law or regulations for requirements, operating procedures or rating systems if encouragement)

2. If no: Are you aware of any cities or counties or regional agencies in your state that have such a rule – requiring or encouraging companies that get incentives to locate at a site served by transit?  Yes_____ No _______

3. (If Yes) What city (cities) is/are that? Who should I call there to get the details?

4. Our next set of questions is related; it is about company relocations. Do any of your state incentive programs – and again, we mean all kinds of incentives – have any kind of reporting or tracking system that records relocations by companies? For example, Ohio’s enterprise zone system records data when a company relocates into a zone. Yes ____ No _______

5. (If Yes) What program(s) is/are that? Tell me how it works.
(If No) Go to 9.
6. (If yes) How can we get a copy of that data?

7. (If Yes) Has anyone studied the data, such as a government audit, an academic study, or a non-profit research report? Yes _____ No ______

8. (If Yes) Who should we call to get more information about that?

9. (If no) If your state does not keep any data about incentives and companies relocating, could we just brainstorm a minute, to ask: if a researcher wanted to look at a significant number of development deals that your agency has done, to determine how many involved relocations and to get details about jobs and distances and so forth, how would she do that?

10. I’d like to wrap up by asking you if you are aware of any other states – or any other cities or counties or regional agencies in other states – which address the issues we’ve been talking about.

   a) Are there state incentive programs in other states that either require or encourage companies to locate projects at locations that are served by public transit? If Yes:

   b) Are you aware of any cities or counties or regional agencies in your state – or any other state – that track company relocations and incentives? Yes _____ No _____

11. (If Yes) Which are they and who should I call to get more information?

12. Do you have any other ideas or suggestions for information sources for us on these questions?

____________________________________________________________

THANK YOU for your help!! Are you interested in receiving word when we publish our findings? Yes ____ No _____

If Yes, tell me where we should send a copy of the report
Appendix C: List of Interviewees

Alabama
Shabbir Olia, Manager of the Community Development Block Grant Program, Alabama Department of Economic and Community Affairs, 9/12/02.
Garry Faulkner, Senior Project Manager, Division of Economic Development, Alabama Department of Economic and Community Affairs, 9/12/02.
Robert Sutton, Manager of Research and Communications, Alabama Department of Economic and Community Affairs, 9/19/02.

Alaska
Sally Saddler, Lead Development Specialist, Alaska Department of Community and Economic Development, 9/30/02.
Gene Kane, Director, Division of Community and Business Development, Alaska Department of Community and Economic Development, 3/20/03.
Stephanie H. Stutler, Statistical Clerk, Division of Research and Analysis, Alaska Department of Labor, 3/24/03.

Interview Attempted:
Greg Wolfe, Director, International Trade and Market Development, 9/30/02.
Mark Nicholson, Assistant Director, Employment Security Division, Alaska Department of Labor, 9/30/03 and 1/31/03.
Peter Freere, Government Specialist, Business and Community Development, 1/31/03 and 3/28/03.

Arkansas
Gene Eagle, Vice President, Development Finance, Arkansas Development Finance Authority, 9/30/02.
Bryan Scoggins, Business Finance Team Leader, Arkansas Department of Economic Development, 1/30/03.
Jan Partain, Assistant Leader, Arkansas Business Development Team, Arkansas Department of Economic Development, 3/3/03.

Interview Attempted:
Joey Dean, Business Development Team Leader, Arkansas Department of Economic Development, 11/8/02, 1/30/03 and 3/19/03.

Arizona
Patty Duff, Enterprise Zone Administrator, Arizona Department of Commerce, 3/15/02.
Carol Sanger, Assistant Deputy Director, Office of Planning, Research and Policy, Arizona Department of Commerce, 5/13/02.
Michelle Pino, Director, Business Development and Attraction, Arizona Department of Commerce, 2/25/03.
Pat Grady, Director, City of Phoenix Community and Economic Development Department, 2/27/03.
Bruce MacTurk, Economic Development Program Manager, Economic Development Department, City of Phoenix; John Chan, Economic Development Administrator, Central City Division, Community and Economic Development Department, City of Phoenix, 3/26/03.

Interview Attempted:
Tim Lawless, Assistant Deputy Director, Arizona Department of Commerce, 2/25/03.

California
Paul Zykofsky, Program Director, Local Government Commission, 5/10/02.
Michelle Adams, Marketing Director, Office of Economic Development, Technology, Trade and Commerce Agency, 5/10/02.
Kristina Egan, Executive Director, Odyssey 2020, 5/10/02.
Ashley Nguyen, Manager of the Transportation for Liveable Communities Program, Metropolitan Transportation Commission, 5/16/03.

**Colorado**
Sue Piatt, Research Manager, Office of Economic Development and International Trade, 5/9/02.

Interview Attempted:
Chad Delong, Director, Economic Development, Metro Denver Network of Chamber of Commerce, 5/9/02.

**Connecticut**
Mark Prisloe, Associate Economist, Department of Community and Economic Development, 2/26/03.
Ginny Rae LeGree, Director, Program and Outreach, Department of Economic and Community Development., 2/26/03.
Robert Hammersley, Department of Transportation, 3/1/03.

**Delaware**
Jack Taburton, Director, Office of Business Development, 5/22/02.

Interview Attempted:
Ed Ratledge, Associate Professor, School of Urban Affairs and Public Policy, University of Delaware, 5/22/02.

**Florida**
Tara Bartee, Transit Planning Administrator, Public Transit Office of Florida Department of Transportation, 11/9/02.
Dell Ecker, Senior Planner, Florida Department of Community Affairs, 11/9/02.
Crystal Sircy, Incentives Manager, Enterprise Florida, 5/9/02.
Alberta Simmons, Program Manager, Economic Development Transportation Fund, Enterprise Florida, 3/6/03.

**Georgia**
Susan Arrington Brown, Economic Development Manager, Department of Community Affairs, 6/9/02.
Bobby Stevens, Special Assistance, Department of Community Affairs, 6/09/02.
Matthew Petersen, Project Manager, Department of Trade, Industry and Tourism, 6/09/02.
Brian Williamson, Director of Economic Development, Department of Community Affairs, 3/5/03.
Charles Craulter, Director, Atlanta Regional Commission, 3/7/03.

**Idaho**

**Illinois**
Ed Taft (for Dave Goben), Research Manager, Department of Commerce and Community Affairs (DCCA), 3/18/03.
Phil Wetherell (for Jane Langen), Economic Development Representative, DCCA, 3/18/03.

Interview Attempted:
Lori Clark, Deputy Director of Technology and Industrial Competitiveness, DCCA, 9/10/02.

**Indiana**
Robert Murphy, Director, Business Development Division, Department of Commerce, 9/9/02.
Ty Graves, Media Relations Manager, Department of Commerce, 9/10/02.
Richard Rowley, General Counsel, Department of Commerce, 9/30/02.

Interview Attempted:
Susie Harmless, Director, Communications Development Division, Department of Commerce, 9/9/02.

Iowa

Interview Attempted:
Mike Fastenau, Business Assistance Manager, Department of Economic Development, 10/3/01, 11/4/02, 3/17/03.
Ken Boyd, Business Finance Manager, Department of Economic Development, 3/17/02.

Kansas
Steve Kelly, Director, Business Development Division, Department of Commerce, 9/9/02.

Kentucky
Terry Bradshaw, Marketing and Communications Director, Kentucky Cabinet for Economic Development, 3/11/03.

Interview Attempted:
Chuck Willis, Assistant Director, Department for Business Development, Kentucky Cabinet for Economic Development, 10/3/02, 11/4/02.
Tom Bailey, Director, Site Selection, Kentucky Cabinet for Economic Development, 3/7/03.

Louisiana
Dave Roach, Communications and Research Director, Office of Policy and Research, Department of Economic Development, 5/22/02.
Eric Kalivoda, Deputy Assistant Secretary, Department of Transportation, 5/23/03.

Interview Attempted:
John LeBourgeois, Executive Director, Regional Planning Commission for Planning District 1, 5/23/02.
Walter Brooks, Director, Regional Planning Commission, 3/24/03.

Maine
L. Joseph Wischerath, Executive Vice President, Maine And Company, 5/15/02.
Alan Brigham, Policy Director, Department of Community and Economic Development, 2/28/03.

Interview Attempted:
Jim Nimon, Director, Office of Business Development, Department of Community and Economic Development, 5/20/02.

Maryland
Dan Gunderson, Assistant Secretary, Department of Business and Economic Development, 11/6/02.
Mark Vulcan, Chief Administrator, Tax Incentives Program, Department of Business and Economic Development, 11/6/02, 12/6/02, 2/27/03, 3/6/03.
Joe James, Executive Director, Economic Development Office, Prince George's County, 11/8/02.
J.O.K. Walsh, Executive Director, Caroline County Economic Development Corporation, 11/11/02.

Communications with:
Tori Leonard, Public Relations Director, Department of Business and Economic Development, 6/6/02.
David Ianucci (interviewed twice, changed jobs between interviews) Secretary, Department of Business and Economic Development, 5/20/02; Executive Director, Baltimore County Economic Development Corporation, 2/26/03.

Massachusetts
Laura Kantor, Marketing Director, Mass Development, 5/20/02.
Dennis Dizoglio, Assistant General Manager for Planning and Real Estate, Massachusetts Bay Transportation Authority, 5/23/02.
Barbara Lucas, Chief Transportation Planner, Boston Metropolitan Area Planning Commission, 5/20/02.

Interview Attempted:
George Irwin, Director, Massachusetts Office of Business Development, 5/15/02.
Peter Abair, Director, Massachusetts Office of Business Development, 2/26/03, 3/3/03.

Michigan
Kathy Blake, Senior Vice President, Michigan Economic Development Corporation, 10/3/02.
Gerald Rowe, Manager, Department of Transportation, Southeast Michigan Council of Governments (SEMCOG), 3/11/03.

Interview Attempted:
Bob McMahon, Manager, Department of Community and Economic Development, SEMCOG, 3/11/03.

Minnesota
Bob Isaacson, Director, Analysis and Evaluation Office, 5/20/02. Ed Hotter, same office, 9/6/03.
Paul Moe, Director, Business and Community Development, Department of Commerce, 1/31/03.
Lorrie Louder, Director, Industrial Development, St. Paul Port Authority, 3/17/03.

Communication with:
Bob Lind, Manager, Business Finance, Minneapolis Community Development Agency, 1/31/03.

Mississippi
John Helms, Research Director, Mississippi Development Authority, 3/28/03.

Interview Attempted:
Sherry Vance, Communications Director, Mississippi Development Authority, 10/29/02.
Harry Gibbs, Director, Business and Trade, Mississippi Development Authority, 3/20/02.

Missouri
Angie Thompson, Assistant to the Assistant Director, Economic Assistance Center, Department of Economic Development, 10/29/02.
Pat Bannister, Director, Department of Economic Development, 1/29/03.
Mike Heimericks, Manager, Enterprise Zone Program, Department of Economic Development, 4/15/03.

Interview Attempted:
Andi Udris, CEO/President, Kansas City Economic Development Corporation, 1/30/03.
Jennifer Brandt, Marketing, Kansas City Economic Development Corporation, 1/30/03.

Montana
Quinn Ness, Business Development Officer, Governor's Office of Economic Opportunity, 10/29/02, 11/11/02, 3/15/03.
Andy Poole, Business Resources Division Administrator, Department of Commerce, 2/25/03.
Nebraska
Steve Duvall, Consultant for Business Assistance, Department of Economic Development, 10/30/02.

Nevada
Tim Rubald, Director of Business Development, Nevada Commission on Economic Development, 5/16/02.

New Hampshire
Roy Duddy, Administrator IV, Department of Resources and Economic Development, 11/5/02.
Stuart Arnett, Director of Economic Development, Department of Resources and Economic Development, 11/6/02.

New Jersey
Herb Simmen, Director, New Jersey Office of State Planning, 3/31/02.
Rose Smith, Director of Marketing and Policy, New Jersey Economic Development Authority, 3/1/02.
Todd Poole, Director, New Jersey Commerce and Economic Growth Commission, 2/27/02.
Dominique DeMarco, Communications Officer, New Jersey Economic Development Authority, 3/17/02.

New Mexico
Elizabeth Davis, Research Bureau, New Mexico Economic Development Department, 3/1/03.

New York
George LaPointe, Commerce Policy Analyst, Empire State Development, 3/25/03.

Interview Attempted:
Terry Trifari (now retired), Director, Empire State Development, 3/4/03, 3/25/03, 3/31/03.
Susanna Stein, Director, Empire State Development, 3/31/03, 4/8/03.
John Bacheller, Deputy Commissioner, Empire State Development, 3/25/03.
John DiMaggio, Program Manager, Empire Zones Program, 3/31/03.

North Carolina
C. Michael Smith, Client Services Manager, Department of Commerce, 5/20/02.
Fatima Islam, Finance Officer, Department of Commerce, 5/20/02.
Stewart Dickinson, Director, Commerce Finance Center, Department of Commerce, 3/5/03.

North Dakota
Mark Strotheide, Director, Business Development, Department of Community Affairs, 3/3/03, 3/15/03, 3/31/03.

Ohio
Kristi S. Tanner, Manager, Office of Business Development, Ohio Department of Development, 11/12/02, 3/21/03.

Interview Attempted:
Bruce Johnson, Director, Ohio Department of Development, 3/20/03.
Marcy Altomare, Assistant to the Deputy Director, Economic Development Division, Ohio Department of Development, 3/7/03.

Oklahoma
Interview Attempted:
Brenda Vincent, Director of Business Incentives Analysis, Office of Business Location, Department of Commerce, 11/12/02.
Linda Dunn, Site Location Manager, Department of Commerce, 3/20/03.

Oregon
Ted Werth, Industrial Development Coordinator, Oregon Economic and Community Development Department, 5/12/02.

Pennsylvania
Scott Dunkelberger, Director, Economic Development Assistance, Department of Community and Economic Development, 11/7/02.
Dan Kennedy, Deputy Director, Governor's Action Team, 11/7/02.
Emily White, Deputy Secretary for Business Development, Department of Community and Economic Development, 11/8/02.

Rhode Island
Mary Cooper, Research Analyst, Rhode Island Economic Development Corporation (RIEDC), 5/12/02.
Dennis Maloney, Vice President of Business Development, RIEDC, 11/19/02.
Mark Therrien, Assistant General Manager, Planning, Rhode Island Public Transportation Authority, 3/6/02.
Interview Attempted:
Paul Harden, Business and Workforce Development Manager, RIEDC, 11/6/02.
Jean Robertson, Director, Research and Development, RIEDC, 5/12/02.

South Carolina
Jay Andersen, Director, Existing Business Services Division, Department of Commerce, 3/4/02.
George Harben, Research Director, Team South Carolina, Department of Commerce, 3/4/02.

South Dakota
Mary Cerney, Director, Research and Marketing, Governor's Office of Economic Development, 3/15/03.
Interview Attempted:
Chris Braendelan, Director, Office of Economic Development, 3/15/02.

Tennessee
Steve Wirth, Research Analyst, Department of Business and Community Development, 3/4/02.
Ray Dickersen, Director, Research, Department of Business and Community Development, 3/7/02.

Texas
Angie Mendez, Interim Director, Corporate Expansion and Recruitment, Texas Economic Development, 5/22/02
Kent Fuller, Vice President of Marketing, Greater Houston Partnership, 5/22/02.
Bill Calderon, Assistant Director for Economic Development and Revitalization, City of Houston Department of Planning and Development, 6/4/02.
Patricia Bailey, Program Specialist, Property Tax Division of the Comptroller's Office, 4/10/03.
Interview Attempted:
Jeff Mosley, Executive Assistant to the Executive Director, Department of Economic Development, 5/22/02.

Utah
David Douglass, Associate Director for National Business Development, Department of Community and Economic Development, 5/17/02.
Ron Richins, Program Director, Utah Business Development Program, Department of Community and Economic Development, 3/17/03.
Interview Attempted:
Christopher Roybal, President and CEO, Economic Development Corporation of Utah, 11/5/02.

Vermont
George Robson, Director, Natural Resources, Business Development, Vermont Department of Economic Development, 3/12/03.
Fred Kenney, Executive Director, Vermont Economic Progress Council, 3/27/03.

Interview Attempted:
Curt Carter, Director, Permit Assistance, Business Development, Vermont Department of Economic Development, 3/3/03.

Virginia

Washington
Peter McMillin, Managing Director, Business Development, Office of Trade and Economic Development, 5/8/02.
Christopher McCoy, Business Development Manager, Economic Development Council of Seattle, 3/11/03.

Interview Attempted:
Eileen Ackerman, Program Manager, Economic Assistance Center, 5/17/02, 5/21/02, 3/3/03.
Richard Chapman, Vice President, Corporate Advisory Services, Economic Development Council of Seattle and King County, 11/6/02.
Debra Knudsen, President, Snohomish County Economic Development Council, 3/3/03.

West Virginia
Alex McLaughlin, Director, Business and Industrial Development, West Virginia Development Office, 3/7/03.

Interview Attempted:

Wisconsin
Interview Attempted:
Geri Petersen, WIBRES Consultant, Bureau of Business Development, Division of Economic Development, Wisconsin Department of Commerce, 9/25/02, 3/3/03.

Wyoming

Interview Attempted:
Endnotes

1 Good Jobs First estimate based on various sources. For example, Conway Data (Site Selection magazine, November 2001, pages 749-752) lists 1,267 state incentives, but some of them are broad types of incentives, such as “corporate income tax exemption,” and many states have more than one such exemption.


4 Enterprise Zones typically give multiple economic development subsidies to companies that are located in geographic areas that are designated “distressed” or “blighted.”

5 CDBG programs are intended to provide decent housing, a suitable living environment and expand economic opportunities, principally for persons of low- and moderate-income. It is administered by the U.S. Department of Housing and Urban Development.


9 Under TIF, an area is deemed economically distressed or blighted and targeted for redevelopment. As a result property values and taxes are expected to go up. When that happens, the property tax revenue from the TIF district gets split up into two streams. The first stream is pegged to the original property values before the redevelopment and continues to go to the city, school board and other relevant taxing authorities. The second stream comprising all of the increase or the tax increment goes to subsidizing the new development.

10 Tax Incentive Zones for Transit include tax breaks for mixed-use developments in targeted locations.

11 Multi-family tax abatement programs encourage construction of new multi-family housing by forgiving property tax payments for a period of time.

13 In recent years, many states and the federal government have debated or enacted changes in their brownfields liability laws to encourage redevelopment.

14 Qualifying businesses must meet specific job and real estate criteria such as wage rates, construction value per square foot, local hiring etc.

15 Phone interview with Liz Conklin, Citizens for Economic Opportunity, 3/4/03.

16 Available online at http://www.odod.state.oh.us/edd/ez/

17 Interview with Ed Hotter, Minnesota Department of Employment and Economic Development, 9/6/03.

18 Saint Paul Port Authority Memorandum to Board of Commissioners March 21, 2002 re: “Thirty Seven New Jobs Located in Facilities Previously Occupied by Port Authority Park Owners.”

19 Principles of smart growth include mix land uses, availability of a variety of transportation and housing choices, compact building design, walkable neighborhoods, etc.

20 CRA loans are housing loans made to low- and moderate-income families or in low- and moderate-income neighborhoods. Home lenders are monitored for such lending under the federal Community Reinvestment Act to ensure they are not “redlining” older areas or areas with concentrations of low-income or minority residents.


23 This case study is drawn from *Another Way Sprawl Happens: Economic Development Subsidies in a Twin Cities Suburb* by Good Jobs First, 2000, at www.goodjobsfirst.org/anoka.htm.

24 Interview with Robert Kirchner, Anoka Director of Community Development, 9/6/03.
