



## WEBINAR ANNOUNCEMENT

# Making Sense of Incentives: Taming Business Incentives to Promote Prosperity

Timothy J Bartik, Upjohn Institute

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In this book, Bartik analyzes incentives' benefits and costs with an economic model based on empirical evidence. Common claims about incentives are debunked. For example, incentives don't tip every location decision of assisted businesses; research suggests that typical incentives tip less than 25 percent of the location or expansion decisions of assisted businesses. Even without the incentives, the state or local area would have received at least 75 percent of these jobs.

As another example, once one accounts for the public service needs caused by job growth, typical incentives do not pay for themselves. Job growth yields population growth that increases the need for public services, such as expanded roads, more teachers, and police. Such public service needs eat up over 90 percent of any increased tax revenue. Incentives only have slight "fiscal benefits" (fiscal benefits are the increase in tax revenue minus the increase in needed public services' spending). Such fiscal benefits are not incentives' main benefit.

The goal in this book, he seeks to clarify

- what incentives should be trying to do;
- how best to evaluate incentives' effects; and
- how state, local, and federal policymakers can reform incentives.

**Timothy J. Bartik** is a senior economist at the Upjohn Institute. His research focuses on state and local economic development and local labor markets. Bartik's 1991 book, *Who Benefits from State and Local Economic Development Policies?*, is widely cited as an important and influential review of the evidence on how local policies affect economic development. His most recent research includes a 2017 report outlining a new database on business incentives offered by state and local governments, a 2018 report on the benefits and costs of incentives, another 2018 report on how to help manufacturing-intensive communities, and a 2019 paper on how place-based policies can promote overall economic growth. Bartik is coeditor of the academic journal *Economic Development Quarterly*. He received his BA from Yale University and his PhD in economics from the University of Wisconsin Madison. Prior to joining the Upjohn Institute in 1989, he was an assistant professor of economics at Vanderbilt University.

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