

# *Salt Lake Tribune*

## **Editorial: Fix, don't toss, Utah's job-luring program**

### **Incentives program is fiscally sound.**

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The [State Auditor's office](#) this week released [a blistering audit](#) of Utah's program for luring employers to establish or expand their operations in the state. The [Governor's Office of Economic Development](#) is wise to embrace the audit's calls for more consistency and better reporting of its results.

Much of the audit is aimed at limiting the admittedly broad discretion GOED has to tailor and modify specific deals with employers. That discretion has included lowering the wage level that qualifies for tax incentives, and it has included counting health insurance costs in employee compensation to make the numbers work.

But the audit seeks a level of legislative oversight of the program that is not practical and not justified. While it's true that discretion invites inconsistency and the controls should be tightened at GOED, the audit does not undermine GOED's basic assertion that the program's tax breaks are more than justified by the economic growth they produce.

At the heart of Utah's incentive program is a very conservative principal: companies have to prove they've added to the economy before they get their tax breaks. It's always "post-performance." That proof comes through review of state tax withholdings. The audit found some vagaries in that data, but it did not identify any case of employers taking the money without producing the benefit.

That is critical because, in reality, the employers have only made good on about half the jobs they projected since the program began in 2006. Some of those employers are still adding jobs, but right now only 53 percent of the projected jobs have come through. As a result, only about half of the projected \$600 million in tax incentives will ever be paid.

The auditor's report is, in many respects, a political document. Almost a third of its recommendations are aimed at the Utah Legislature. (Utah State Auditor John Dougall is a former legislator who has been critical of GOED.) The primary purpose of the state auditor is to review the financials of public entities, but the law grants him broad powers to conduct performance and special purpose audits, too.

And it's clear Dougall wants to exercise those powers. This audit even goes to evaluating GOED's press releases, which it says lack the proper qualifiers. (If the state auditor really wants to start vetting all the state's press releases, he'll need a shovel.)

The economic development game is a tough one. Every state and scores of nations offer incentives that are often more lucrative than ours. And, despite Utah's advantages as a low-wage, low-tax state, many employers still pass us over because of concerns about air quality, about gender equality and gay rights, about financial commitment to education and about perceptions of a monocultural

society. GOED officials say their top challenge is convincing employers we have an adequately educated workforce. GOED needs some discretion to close deals.

The audit offers worthwhile improvements to accountability and transparency, but GOED's basic model is fiscally sound and justified by results. Legislators should focus on the rest of what will make Utah a place where employers and employees want to be.