Evaluating Economic Development Tax Expenditures

Final Report

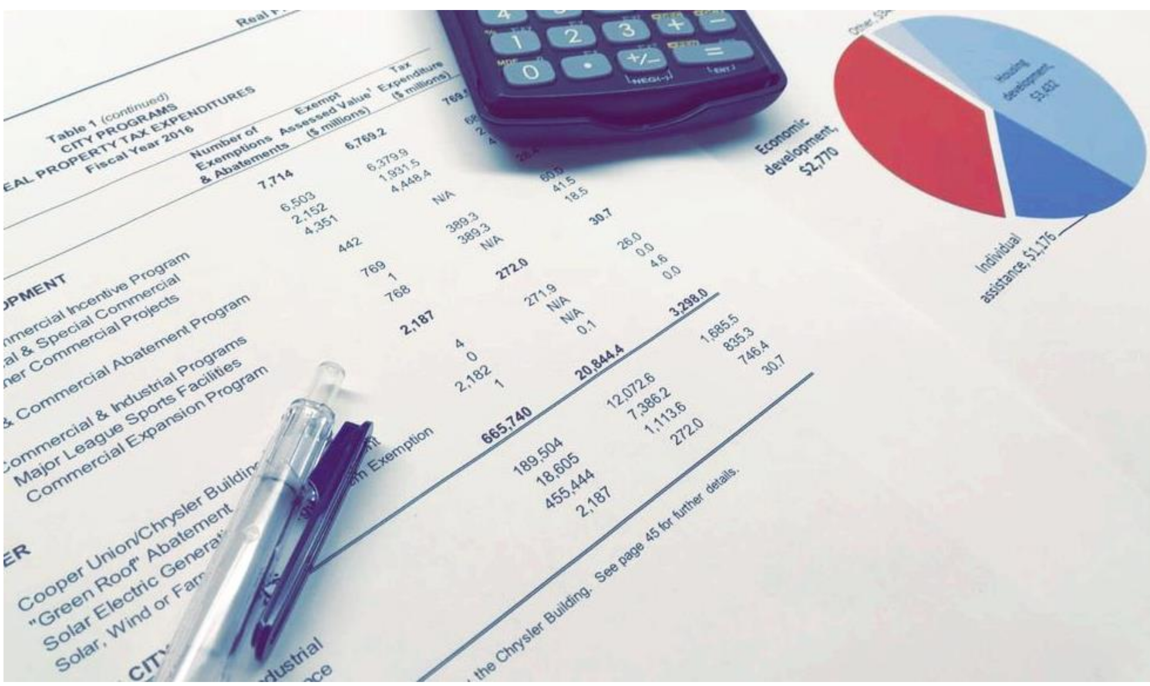
The New York City Council Task Force on Economic Development Tax Expenditures

Chair: Hon. Julissa Ferreras-Copeland

September 22, 2016

New York City Council Finance Division

Hon. Melissa Mark-Viverito, Speaker



Task Force Members

Council Member Julissa Ferreras-Copeland

Council Member Daniel Garodnick

Michael Dardia

Hector Figueroa

Marilyn Marks Rubin

Marvin Markus

James Parrott

Seth Pinsky

Michael Simas

Javier Valdes

Formal Observers

Francesco Brindisi: Office of Management and Budget

Ronnie Lowenstein: Independent Budget Office

Karen Schlain: Department of Finance

New York City Council Finance Division

Latonia McKinney, Director

Raymond Majewski

Paul Sturm

Emre Edev

Maria Enache

Kendall Stephenson

William Kyeremateng

Davis Winslow

CONTENTS

FORWARD

September 22, 2016

Dear Speaker Mark-Viverito,

I hereby submit to you the final report of the New York City Council Task Force on Economic Development Tax Expenditures. This task force was created to explore how the Council could improve its oversight responsibility of the nearly $2.8 billion in economic development tax expenditures. With an eye towards fiscal responsibility, the task force set out to recommend a systematic process for evaluations of the tax expenditures to help the public and lawmakers better understand the impacts of these tax breaks.

The task force, which was comprised of Council Member Daniel Garodnick, Michael Dardia, Hector Figueroa, Marilyn Marks Rubin, Marvin Markus, James Parrott, Seth Pinsky, Michael Simas, Javier Valdes, and me, held its first meeting on January 29, 2015. Over the course of the subsequent 20 months, the task force held an additional six meetings. During this time, the members of the task force engaged in thorough discussions and lively debate about the relevant issues, such as the definition of tax expenditures, the City's current review processes, and best practices of other states and municipalities. To further our research, we heard presentations from the City's Economic Development Corporation and the Department of Finance, as well as the Pew Charitable Trusts, an organization that has been at the forefront of researching and shaping tax expenditure evaluation processes throughout the country. In addition, the task force investigated the components of a good evaluation and the institutional structures that states throughout the country are employing to determine which structure is best-suited for our City given that much of New York City's tax policy is determined by New York State. Additionally, to better understand the evaluation process, staff evaluated the Industrial and Commercial Abatement Program.

Through this process, we have distilled these best practices and adapted them to New York City's specific needs. Our recommendations, which follow, call for the establishment of a standardized and regular evaluative process that makes use of an independent evaluator and expertise of City agencies and tax administrators. While the actual evaluation should be executed by an independent actor, the process should be incorporated into the current legislative and oversight process to ensure that results become part of the policy making process. It is also important to understand that the evaluation process will be an iterative one: evaluations are not easy to do, but experience will improve the process. The attached report provides the underlying research and discussion that informed the task force's work. We believe our recommendations will improve Council oversight and allow the body to be a more effective advocate for tax expenditures that serve the public interest.

We thank you for your consideration of this report and for your support in establishing a permanent, transparent system to review the effectiveness of the City's economic development tax expenditures. The Finance Committee looks forward to starting the evaluation process with you this upcoming year.

Sincerely,

Hon. Julissa Ferreras-Copeland
Chair, Finance Committee
Chair, Task Force on Economic Development Tax Expenditures

Recommendations of the Task Force

1. **Create a regular process to review tax expenditures.**
   The task force believes that this should include economic development tax expenditures and should be extended to all City tax expenditures, including those that apply to housing. Are these investments worthwhile or the best way to achieve program goals?

2. **Improve oversight of economic development tax programs.**
   The City Council and the Mayor have limited control over many of these programs. Most power rests with the Legislature and the Governor. Therefore, a goal of the improved oversight is improved advocacy in Albany by the City and by a better informed public, ultimately leading to improved tax expenditure outcomes.

3. **The approach to tax expenditures should be broad and pragmatic.**
   The City's Department of Finance has adopted a broad definition of tax expenditures and has applied that definition in a pragmatic way. It provides a good start to the programs to be reviewed. However, reviews need not be limited to programs identified in the Department's *Annual Report on Tax Expenditures.*

4. **Select a group of tax expenditures for review annually.**
   Provisions should be made to review all tax expenditures at least once every eight years.

5. **A committee of the City Council, such as the Finance Committee, should act as the oversight entity on this annual process.**
   The oversight entity, in consultation with the evaluator and the administering agencies, sets an agenda for the year's evaluations, provides guidance on the goals of tax expenditures, and goals of City's economic development policy to be used in the evaluations and provides questions for the evaluators to answer. The oversight entity receives the evaluations and provides recommendations for action to the full Council. The public should be provided an opportunity to review and comment on the agenda and to review and comment on the completed evaluation.

6. **Evaluation questions should include both standardized benchmark questions as well as those specifically applicable to the tax expenditure to be evaluated.** It is important that the oversight committee pose questions to the evaluator reflective of the tax expenditure, the current City economic development policy, and the policy concerns of the City Council. However, to ensure a baseline understanding across all tax expenditures, certain questions should be a part of all evaluations:
   - Does the legislative history suggest goals in addition to those prescribed by the committee? What evidence is there of these goals?
   - To what extent are the tax expenditure's goals still relevant? How do they align with current economic development policy goals?

- What evidence exists to show that the tax program has contributed to achieving its goals? Where applicable, provide the methodology and assumptions used.
- Are there recommendations for future evaluations of the program including feasible changes in data collection that would allow for better analysis?

7. **The evaluator should have the technical expertise and resources to undertake the evaluation.**
   Ideally, it should be an independent entity such as the City's Independent Budget Office. Evaluation is a part of tax administration and the evaluator should be provided with access to necessary tax information. The entity should be subject to rules on privacy and security of information similar to those of administrative agencies. If necessary, legislation should be sought to secure adequate access to information.

8. **The input of the administrating agencies should be sought by the oversight entity and the evaluator at all stages, since these agencies possess the expertise, experience and information necessary for good evaluations.**
   Their cooperation should be required. For economic development tax expenditures in New York City, these agencies are the Department of Finance and the Economic Development Corporation. If evaluation is extended to other types of tax expenditures the cooperation of the Department of Housing Preservation and Development and other agencies will also be necessary.

9. **All future legislation creating or extending tax expenditures should contain explicit statements of the program's goals and metrics by which it should be measured.**
   Additionally, such legislation should provide for the collection of data to assist in evaluating these expenditures.

10. **New York State should create its own process for regularly evaluating tax expenditures.**

Evaluating Economic Development Tax Expenditures

FINAL REPORT

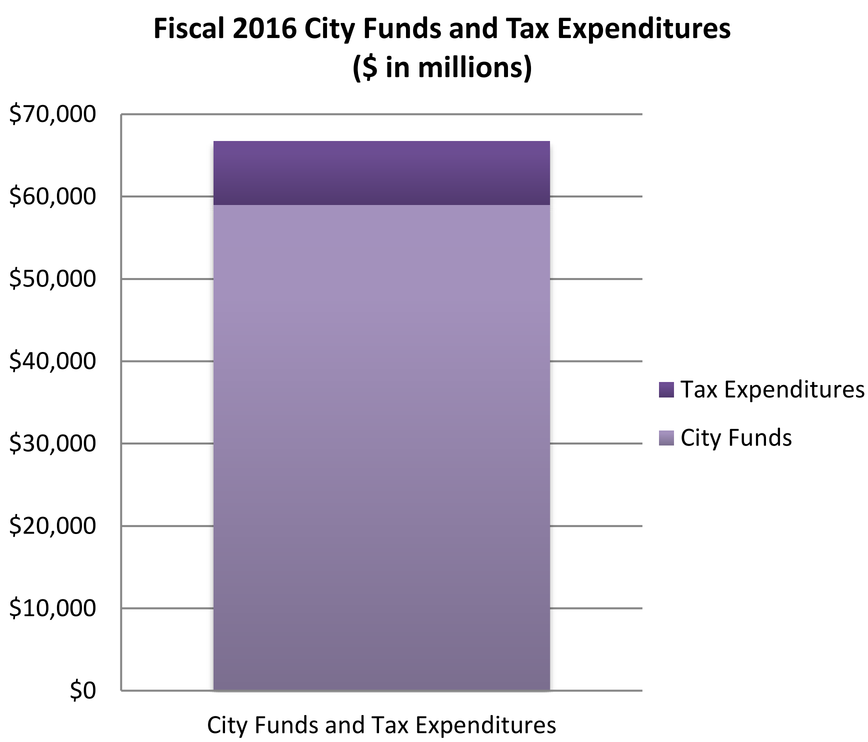
Introduction

> "Tax expenditure program evaluations are very hard to do." (US Legislative Analyst, 2012 - Department of Finance Report, Ireland p.2)

> "Though evaluation of tax expenditures may be difficult, a more serious problem may be failure to try." (The Organization for Economic Cooperation and Development - Department of Finance Report, Ireland p.2)

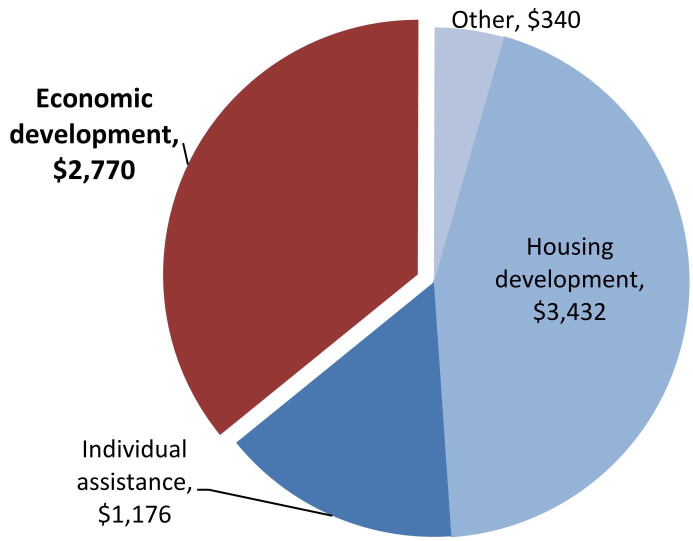
Public dollars are precious; it is important that they are well used. This is an obvious point on the spending side of the budget, but it is also true when tax breaks are given to achieve a public purpose. These tax breaks are referred to in the public finance and budgeting literature as tax expenditures. The purposes of these tax expenditures can vary; they can support charities, education, investments in housing, help provide child care, or help support low income households. These things are also done by spending, for example spending on schools through the Department of Education or on daycare through the Administration for Children's Services. Referring to these tax breaks as 'expenditures' is to encourage thinking about them as another form of spending.

One group of tax expenditures aim to promote economic development by creating jobs, encouraging investment in commercial real estate, and promoting investment in equipment and training.



These tax breaks represent a significant commitment of City resources. In Fiscal 2016, New York City's expense budget funded by the City's own revenues[1] was $59 billion. Not included in that figure were tax expenditures worth $7.7 billion[2]. If these tax breaks were accounted for as regular expenditures, they would represent 13 percent of City Funds. Indeed, just the $2.8 billion economic development tax expenditures represented the financial outlay that was spent on the Departments of Environmental Protection ($1.2 billion) and Sanitation ($1.5 billion)[3].

Fiscal 2016 Tax Expenditures by Purpose ($ in millions)



Unlike most other expenditures which are reviewed and allocated annually as part of the City's budget process, tax expenditures are often given multiyear authorization giving very little control over how much is spent. Even with sunset clauses, tax expenditures have a tendency to be remarkably long lasting. The oldest in New York City is the tax exemption for the land under the Chrysler Building which dates to 1859. As with much of tax law, the rules underlying them can be very complex and the goals of the program unclear.

For most of these programs the agency that administers them has a responsibility for applying the law correctly, but they are not responsible for whether or not the program achieves its goals. The Council's standard practice of calling commissioners to testify on effectiveness of their agencies does not work here. As a result, there is currently no systematic way to review and understand the effectiveness and impact of the City's economic development tax expenditures. This $2.8 billion

[1] Also known as City Funds

[2] Finance Division calculations based on DOF (Fiscal 2016). Note that these figures do not include tax exemptions given to other government entities and to non-profit organizations that serve the public at large are not as such exemptions are routinely granted by states and municipalities and generally reflect conformity with federal law.

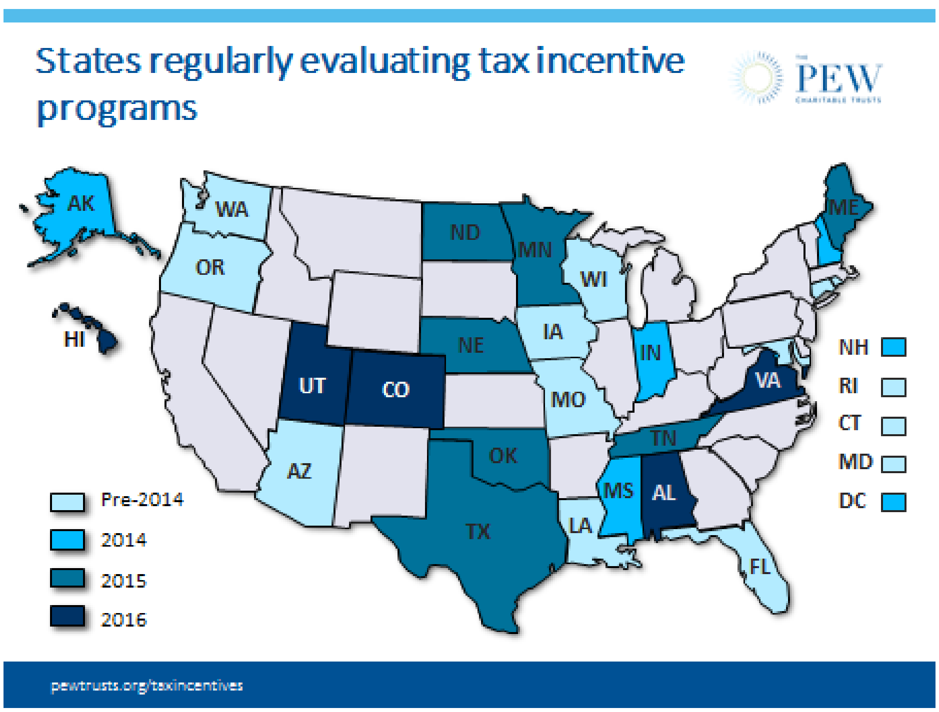
[3] Fiscal 2016 Plan at Fiscal 2017 Adopted – City Funds

annual investment is too important and represents too much of the people's money to be allowed to drift.

Addressing this gap is the principal motivation behind the task force. The project is one of institutional design: recommend to the Council a process by which the City's economic development tax expenditures will be subject to periodic and rigorous review. One of the City Council's key powers is oversight: looking at problems and questioning how well City programs and policies are working. A properly established review process will enhance the effectiveness of Council oversight in this area.

It is important to note that these tax expenditures are governed by New York State law. The Council does not legislate them, but it can and does advocate for improvements. Hence, one of the aims of better oversight is better advocacy by the Council, the Mayor, and by a better informed public.

The Council is not alone in its concern about the efficiency of tax expenditures. More and more states are creating systems to evaluate their tax expenditures. Since 2012, 23 states and the District of Columbia have either created or enhanced review processes for their tax expenditures. The most recent of these is the State of Utah, where H.B. 3001 was enacted in July 2016. The map below from the Pew Charitable Trusts shows states that are regularly evaluating incentives by law.[4]



New York City, whose annual budget is larger than most States', does not have a review processes for tax expenditures. The Charter does require an annual report on the tax expenditures. To meet this requirement the Department of Finance produces ***Annual Report on Tax Expenditures***, a

[4] The Pew Charitable Trusts – States Make Progress Evaluating Tax Incentives Fact Sheet

useful guide to the budgetary cost, usage and laws governing the City's tax breaks. However, it does not tell us how well these breaks are achieving their goal.

What are Tax Expenditures?

The term 'tax expenditure' was first introduced in 1967 by then Assistant Secretary of the Treasury Stanley Surrey. He viewed the Internal Revenue Code as consisting of two main parts. The first part was the "structural provisions necessary to implement the income tax on individual and corporate net income." The second part was the exceptions to the rule; "a system of tax expenditures under which Governmental financial assistance programs are carried out through special tax provisions rather than through direct Government expenditure" (Surrey, 1973). These tax provisions include exemptions, credits, abatements, or preferential rates. Surrey describes tax expenditures as departures from the "normal" tax, using the tax system as a substitute for direct spending in achieving the same social goals. He viewed this use as a substitute as presenting a special problem, namely that change in tax policy routinely received less rigorous scrutiny by lawmakers and were reviewed less frequently than direct appropriations in an annual budget. To underscore that they were indeed another form of government spending, he rechristened these tax incentives, which was what they were called, as tax expenditures. The significance of this was that tax expenditures were another budgetary tool and needed to be evaluated as any other tool in the budgetary process.

Surrey proposed a more systematic tax expenditure analysis, such as a regular publication of a "tax expenditure budget." Regular review would assess the effectiveness of narrowly-tailored tax expenditures and reveal whether they would be more efficient and transparent as direct spending. Such review would also analyze whether they may need to be modified or eliminated entirely. Surrey additionally looked at tax expenditure analysis as a tool for framing tax policy. Tax expenditures should receive the same treatment as other tax policies in terms of meeting the consensus principles of tax equity, economic efficiency, and simplicity.

Surrey's definition of tax expenditure has generated a considerable discussion in the literature on tax policy, mostly focused on the 'normal' tax system (Joint Committee on Taxation, 2008). A hypothetical 'normal' tax system, from which tax expenditures deviate, is often not clear-cut and inspires differing interpretations. Often it is not clear whether the incentive departs from a general tax rule or is an intrinsic part of the tax system. One example is New York City's exemption for carried interest from the Unincorporated Business Tax. Strictly speaking, there is no exemption for carried interest - rather investment income derived from a partnership trading on its own account is not subject to the tax. Because the Internal Revenue Service treats carried interest as investment income it is therefore treated by the City as a product of trading. Is this a tax expenditure or part of the 'normal' tax system?

One response to this, from the Joint Committee on Taxation (2008), advises dropping the vague 'normal' tax system as a benchmark and substituting 'general rules' as written in the Internal Revenue Code. Those tax expenditures that can be clearly referenced from a general rule are given the label 'tax subsidies.' There are some provisions that increase the tax burden above the general rule to serve as a disincentive. These are referred to as negative tax subsidies. Other incentives that cannot be traced as departures from any general rules, but are structural parts of the Internal

Revenue Code, are labelled 'tax-induced structural distortions" because the behavior they alter results in efficiency costs.

The report to the Joint Committee on Taxation clarifies to a greater extent that tax subsidies can be divided into three subcategories: tax transfers, social spending, and business synthetic spending. Tax transfers are not based on tax liability, but frequently are based on income. They include the refundable part of the Earned Income Tax Credit and the 2008 tax rebate. Social spending incentives are geared to induce beneficial individual behavior and include itemized deductions for charitable giving, healthcare, and Individual Retirement Accounts.

Business synthetic spending deals with economic development and is therefore the focus of this task force. It includes incentives related to the production of business or investment income. Examples include various energy subsidies, credits for research and development, and angel credits. In New York City, this includes the Industrial and Commercial Abatement Program (ICAP) and the Biotechnology Credit. While these incentives do not subsidize the supply of labor, by encouraging the growth of industries, they indirectly stimulate the demand for labor.

A pragmatic alternative definition is used by DOF in its *Annual Report on Tax Expenditures*:

> *Tax expenditures are defined as revenue losses attributable to a provision of the tax law that allows a special exclusion, exemption, or deduction or that provides a special credit, preferential rate of tax, or deferral of tax liability. [The DOF report] classifies a provision of the tax law as a tax expenditure if the following conditions are met:*
>
> - *City-Specific - The tax expenditure derives from a tax administered by the City.*
> - *Targeted Preference - The tax provision is "special" in that it is targeted to a narrow class of transactions or taxpayers.*
> - *Clear Exception - The tax provision constitutes a clear exception to a general provision of the tax laws.*

DOF's report includes policies that may or may not meet this definition, such as single sale factor apportionment, the non-taxation of insurance companies, and the caps on alternate basis of the business tax. However, DOF's report pragmatically provides useful information on these parts of the tax code without trying to show exactly how they meet their definition.

Current Practices - Oversight of City Tax Expenditures

City Council Oversight

It is often argued that in Congress, legislative procedures favor tax expenditures (Dean, 2012) because the rules of the body make it easier to enact tax expenditures than more direct spending. In New York City this is not the case. Council Members may be attracted to tax expenditures as a policy tool, however as a municipal body created by the State, the City has only those powers that are explicitly delegated to it by the State.

This limitation is particularly constraining in the area of taxation because the New York State Constitution (art XVI, §1 and art IX, § 2(c)(8)) reserves the power to tax for the State Legislature and the State has not been generous in delegating taxing authority to the City. As such, the creation of new tax expenditures and most changes to existing breaks require State legislation. In most cases, it is easier for the City Council to include something on the expense side of the budget in the form of direct spending than to create new tax expenditures.

With respect to taxes, the Council's role is especially limited. Under the State Constitution (art IX, §2 and §3) special laws that apply solely to New York City, and not to the State as a whole, may be enacted only at the request of the City in the form of a home rule message passed by the Council. However, in the area of taxation, New York's courts have ruled that taxation is a matter of State concern not requiring action by the Council (New York State Senate, n.d.). Unless granted special powers by the State, the Council has no role in legislating tax expenditures.

With its limited powers, the Council's role in tax expenditures has been in two areas: oversight and advocacy. The United States Senate Committee on Governmental Affairs summed up a legislature's oversight role by identifying five goals:

1. *To see that the policy is implemented in accordance with intent;*
2. *To determine whether policy is effective (…);*
3. *To prevent waste and dishonesty and to assure efficiency;*
4. *To prevent discretionary abuse;*
5. *To represent the public interest by monitoring and constraining agency-clientele group relations* (quoted in Friedberg and Hazan 2012).

There have been a relatively small number of oversight hearings on economic development tax expenditures and in general they have been used to raise issues for Council advocacy. In recent years, this has included hearings on the taxation of small business, and the Madison Square Garden property tax exemption.[5]

The one economic development tax expenditure on which the Council has held extensive hearings is the discretionary tax benefits granted by the City's Industrial Development Authority (IDA). Repeated hearings have led to a series of local laws, most recently Local Law 62 of 2010, which has dramatically increased the information available on these benefits. The resulting Annual Report on Investment Projects provides detailed reports on each project receiving IDA benefits. Though used and cited by the Council, advocacy groups, and the press, it has generated surprisingly little systematic analysis.

One mechanism for Council advocacy has been the Council's State Agenda. This document is typically produced in late February, early March each year, with the hope of influencing budgeting negotiations and actions taken during the Legislature's session. With respect to economic

[5] Hearings on small business tax credits include a hearing on the credit on the personal income tax for unincorporated business tax June 15, 2007, and an oversite hearing on the taxation of small business in the Committee on Small Business April 28, 2009. There have been several hearings on Madison Square Garden's tax exemption over the past decade the most recent was May 14, 2014, via the Committee on Finance.

development, many of the Council's proposals have had a small business focus, including credits to reduce the unincorporated business and general corporation taxes on very small firms and to exempt freelancers from the unincorporated business tax. In addition, the Council sometimes opposes tax expenditure in its entirety, such as the property tax exemption for Madison Square Garden and the exemption of carried interest from the unincorporated business tax.

A second important mechanism for Council advocacy on tax expenditures are Council Resolutions. These express the opinion of the Council, however, unlike home rules they are not required for the passage of the legislation. Resolutions often call upon the Legislature to pass and the Governor to sign a specific piece of legislation. Others are more general, setting out a goal or a set of principles the Council would like to see embodied in legislation.

Oversight by Other Parts of City Government

Concerning tax expenditures, the Mayor has two roles in the legislative process: advocacy and the *Annual Report on Tax Expenditures* produced by the City's Department of Finance (DOF). Several Mayoral agencies have deep expertise on tax policy and the DOF, the Office of Management and Budget (OMB), the Law Department, and the Department of Housing Preservation and Development (HPD) have played significant roles in designing and advocating for tax expenditures. A recent example of such economic development tax expenditure is the S-Corporation Tax Credit which was developed by the Bloomberg Administration in conjunction with the Council.

The Administration is required by the Charter (section 240) to produce an *Annual Report on Tax Expenditures*. This useful report, produced by DOF, provides descriptions of the major tax expenditures and estimates of their annual fiscal impacts where possible. But, it is not supposed to evaluate or make recommendations.

Mayoral agencies have an additional role in that they administer the tax expenditures. As a part of that administration, they may and do enact rules governing those expenditures within the framework allowed for by State law. Their actions can have significant effect on the performance of tax expenditures and are subject to Council oversight.

The Mayor also controls the Industrial Development Agency which grants discretionary tax exemptions; offers tax exempt financing; and along with the Economic Development Corporation provides the other types of support commonly found in economic development agencies.

The Independent Budget Office (IBO) has the mission of providing nonpartisan information about the City's budget and tax revenues. It is involved with the analysis of tax expenditures in at least three ways. First, it produces an annual report listing budgetary options for the City in which changes to tax expenditures often appear; among those in the most recent report (Dec. 2015) was an elimination of the special treatment of carried interest in the unincorporated business tax. The analysis of each budgetary option includes brief explanations of the proposals, fiscal impacts, and pros and cons of the proposal. Second, IBO does occasional larger reports on tax expenditures. A recent example is its 2013 *Fiscal Brief* on the expiration of the Coop/Condo abatement. Finally, the IBO will testify at Council oversight hearings. A recent example is IBO's 2014 testimony on the property tax exemption for Madison Square Garden.

Recent Evaluations and Reforms of City Tax Expenditures

In New York City, two recent cases of tax expenditure evaluation and reform deserve special mention:

1) Reforms made to the industrial and commercial incentive program (ICIP) (which became the industrial and commercial abatement program (ICAP) in 2008), and
2) reforms made to the 421-a multifamily housing construction tax exemption in 2007 and attempted 2015.

The discussions surrounding the reforms of 421-a and ICIP benefited from formal evaluation processes. In 2006, a Mayoral taskforce with representation from housing, taxation, and planning agencies, other branches of government, and the industry and advocate communities undertook an evaluation of the 421-a program. The taskforce's report (Donovan, 2006) made recommendations for reforming the program and both the Council and subsequently the State Legislature took action which followed some of those proposals.[6]

ICIP was evaluated by the New York City Economic Development Corporation (EDC) (Brindisi and Ehrenberg, 2008) and the Manhattan Borough President (Stringer, 2008). The Bloomberg administration made recommendations to the State based upon the EDC study. Once again, the State Legislature did not follow all of the recommendations, but reforms were made including making utilities ineligible for the credit, limiting credit for retail, and limiting the length of the credit in core areas of the City (Citizens Budget Commission, 2013).

In both of these cases the evaluations were professionally done, though methodologies and results were not fully shared. They were one off reports and not part of an ongoing process of review. This lack of ongoing process limits the usefulness of evaluations.

In November 2015, Task Force staff attended the Evaluator's Roundtable held by the Pew Charitable Trusts.[7] From Roundtable presentations and especially from discussions with analysts from States that already undertake regular evaluations, one thing became very clear: the importance of experience. Over time and with repeated evaluations of the same program, evaluators come to understand the program, its goals, and the available data. Legislators who guide the evaluations come to grips with the goals, how well they are specified, and what specifically it is they want to know about the program. With experience, they come to understand the evaluations and what an evaluation can and cannot tell them about a program. In a process that is working well, this leads to better specified goals, perhaps improved data, and more efficient tax expenditures. Even in States with substantial experience in tax expenditure evaluations, the learning process continues.

[6] 421-a's enabling legislation allowed the City to restrict certain components of the program's benefits, but delayed the impact of City action by one year. The Council's actions were superseded by State legislation before they could take effect.

[7] The attendance of members of Finance Division's staff, Raymond Majewski and Maria Enache was supported by the Pew Charitable Trusts.

Improving Oversight of Tax Expenditures

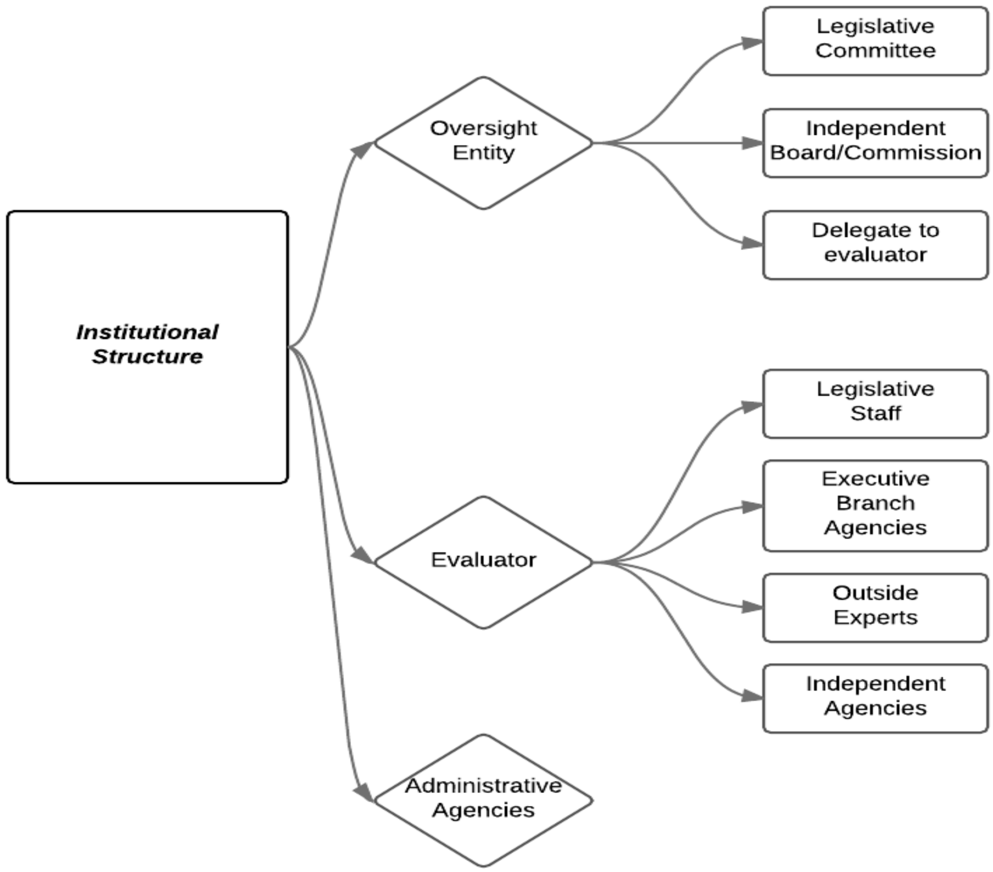
Institutional Structure for Evaluation – Best Practices from the States

This section reviews states' institutional structures and how they have assigned responsibility within the evaluation framework. Evaluating state tax incentives requires cooperation among multiple governmental offices and agencies due to the range of responsibilities involved, such as providing data, having the skills necessary for evaluation, and passing reform legislation. Therefore, all states that have enacted legislation mandating evaluation of tax expenditures to some extent organize the process and distribute responsibilities in the law itself. This should ideally be in moderation, as it is important to provide guidance and structure, but one must be careful not to force evaluators to deliver something for which they lack data or scientific capabilities.

Council staff has identified three main agents involved in the evaluation framework, and the different institutions that can take the role of each agent throughout different states:

1) the oversight entity;
2) the evaluator; and
3) the tax expenditure administrative agencies.

The chart below breaks down government entities that states have assigned to each agent of the evaluation structure:



There is a set of broad responsibilities that is distributed among the oversight entity and the evaluator and each state chose a slightly different distribution based on its own needs and technical and political realities. The responsibilities were typically assigned as represented below, unless the oversight entity and evaluator were one body in charge of the whole evaluation process:

Agent	Responsibility
Oversight entity	Establish goals for tax expenditures up for review
	Set schedule
	Bring results into the policy making process
Evaluator	Evaluate
Administrative agencies	Share data and provide evaluation support

Agents

1. ***The Oversight Entity*** is typically in charge of setting the evaluation schedule, determining which tax expenditures are to be evaluated, outlining the priorities of the evaluations, and setting the frequency of the evaluations. Some states, like Oklahoma, group tax expenditures by topic and evaluate each incentive in that group together in the same year. Other states have chosen to evaluate by order of sunsets; whichever incentive is set to expire next gets priority in the evaluation schedule. The oversight entity is also charged with crafting data collection legislation needed to effectively evaluate incentives in the future, if current data is unsatisfactory. Typically, the oversight entity also cycles the recommendations of any evaluation back into the policy-making process, like Oklahoma's hearings at the end of each budget cycle. Oklahoma's Tax Expenditure Evaluation Commission consists of a spectrum of professional members, including non-voting appointed officers who hold at least one public meeting to review, allow for public comment, and vote to approve or disapprove each incentive evaluation conducted that year (Oklahoma House Bill No. 2182).

Possible oversight entities:

a. Legislative Committees. In North Dakota, the legislative assembly assigns a legislative management interim committee to complete a systematic and detailed analysis of state-imposed tax incentives on a six-year rotating period. The interim committee must report any recommendations back to the assembly. The justification for these reforms is to ensure economic development tax incentives meet their intended goals in a cost-effective and equitable way (North Dakota Senate Bill No. 2057).

b. Independent Board/Commission. In Indiana, recent legislation directs the commission on state tax and financing policy, or its successor committee, to conduct evaluations of all tax expenditures based on a schedule to be developed by the commission itself. Under the commission's direction, the legislative services agency is instructed to produce the actual evaluations chosen by the commission. The commission must then hold public hearings to receive the resulting information from the evaluations. The commission must then submit a report to the legislative council, containing its results (North Dakota Senate Bill No. 2057).

c. Delegate to evaluator. Some states, such as Louisiana or Connecticut, have no distinction between the evaluator and the oversight entity. In Louisiana, the executive branch agencies administering the tax expenditures evaluate for impact and any oversight is delegated to them, as well. Similarly, in Connecticut, the economic development executive agency evaluates and has control of oversight as well.

Since a part of the Taskforce's mission was improving Council oversight there was an automatic leaning towards a Council committee playing the oversight role. Reinforcing this was the need to bring evaluations back into the political process. Here the position and the experience of Council Members gives them an advantage over an independent board or the entity undertaking the evaluation.

2. ***The Evaluator's*** task is to perform the evaluations. The evaluation staff can be embedded in different governmental offices like a legislative office, auditor's office, or executive department of revenue, or in outside experts, like a state university. Good evaluation requires quantitative and qualitative skill sets. While it requires many of the same skills needed to evaluate any government program, an accurate tax expenditure evaluation needs to generate an accurate picture of benefits and costs. Doing so involves more than just quantitative assessments on the number of jobs created by participating companies or the sizes of the investments they made. Evaluation staff should have qualitative expertise to try to answer key questions, such as to what extent tax incentives alter business behavior and how they affect the economy.

Successful evaluations require staff whose work will be trusted and to which policy makers will pay attention. Even though an administrative executive agency might be skilled at administering a property tax abatement, for example, it may lack the resources and expertise needed to judge the economic outcome of the abatement. It is generally less common for states to have their executive agencies be solely responsible for such evaluation roles. Concerns can arise about the political independence of the research staff. Can an evaluation of the governor's favorite tax credit be really trusted if the executive agency is reviewing it? There is also the concern that an evaluation may be ignored if it is the sole responsibility of an executive agency. These questions of credibility and relevance are pertinent for all the options states and New York City have in choosing the evaluator. Who would be best at producing a good evaluation, that will not be considered as just another report, and that will engage both the public and legislators (Minnesota Tax Expenditure Review Proposal)?

Possible evaluators:

a. Legislative Staff. In Indiana, a Legislative Commission has general jurisdiction over the evaluation process and the legislative fiscal staff is responsible for producing the evaluations (Indiana Bill No. HB 1020). Indiana's law very explicitly details the specifics of what is required to conduct these evaluations, including stating that "all necessary data requested by [the] agency must be furnished." This law is a thorough guideline for what to identify in each evaluation, however it may be deemed too specific for a law in New York City.

b. Executive Branch Agencies. In Rhode Island, Department of Revenue economists study tax expenditures on a rotating three-year cycle with new incentives reviews within five years of creation. The governor's budget proposal must identify each economic development tax incentive for which an evaluation was completed and must also include a recommendation as to whether the tax incentive should be continued, modified, or terminated (Rhode Island General Assembly ACT S.0734 Substitute A).

c. Outside Experts and Independent Agencies. Experts may include, but are not limited to, university research centers, as Mississippi has elected to use for conducting their evaluations (Mississippi H.B. 1365). Likewise, nonprofit organizations and independent monitoring offices, like New York City's IBO, are all viable resources to conduct tax incentive evaluations. Nonpartisan perspectives are highly warranted by oversight entities and evaluators, alike. As another example, in Washington D.C., the chief financial officer reviews tax incentives and other types of tax credits, exemptions, and deductions on a five-year cycle, measuring economic impact of the tax preference (Washington, DC Bill No. B20-750).

The staffs of the City Council Finance Division and of Mayoral agencies such as DOF and OMB are capable of performing evaluations, however the task force felt this part of the process should be done by evaluators who are independent of elected officials. The City's Independent Budget Office has the necessary independence and expertise to play this role.

3. *Tax Expenditure Administrating Agencies* are the providers of data. If the evaluator is to be embedded in the legislature or in independent agency, a requirement that program administrators provide requested data to the evaluator is vital (North Dakota Senate Bill No 2057 p.3).

Responsibilities

1. *Establish Tax Expenditure Goals*. The first step in evaluating whether a tax expenditure is doing what it was intended to do, is to make sure the expenditure has a stated goal against which to measure. One key first step of agencies' performance measurement efforts are establishing strategic goals that explain the purposes of the agencies' programs and the results they are intended to achieve. Likewise, identifying the tax expenditure's purpose is a necessary first step in determining how a tax expenditure's performance should be assessed. For some tax expenditures, the intended purpose may be clear from legislative history, but for others it may not, and a regular process to define the intended purpose should be put into place. Subsequently, all new tax expenditures should include its intended purpose from the onset. The State of Washington has begun this requirement every time lawmakers renew a tax expenditure that's stated purposes are identified and included in each law (GAO: Tax Expenditures: Background and Evaluation Criteria and Questions).

Tax expenditures are meant to promote policy goals. When thinking about tax expenditures, it is important to not only evaluate based on the stated policy goal, but to also think about the broader portfolio of values that are of interest to the government performing the evaluation.

2. *Set a Schedule*. States typically have created strategic schedules for reviewing tax expenditures. Washington State reviews each incentive every ten years on a rotating schedule. Their Citizen Commission for Performance Measurement of Tax Preferences (CCPMTP) has the task of developing the schedule, which is revised annually. Originally, CCPMTP set the order of evaluation based on date of enactment of a tax expenditure, but following a Washington study of the process, it was recommended to use additional criteria when setting a schedule. For example, reviews of tax expenditures with the highest costs can be prioritized or done more frequently. Oregon ensures all tax expenditures of a given type (economic development or housing, for example) would be set to expire at the same time; staff therefore can work on all incentives in the same category in one given year (The Pew Charitable Trusts).

Sunset dates can facilitate setting the schedule; they are expiration dates on tax expenditures. However, for the Taskforce's purposes, it should be noted that the vast majority of tax preferences at the State level or for New York City do not have a scheduled sunset date. Developing a process to ensure sunsets for all tax expenditures would help policymakers make balanced and reasonable choices about spending priorities. Sunsets would force policymakers to review whether or not to renew a current tax expenditure, creating a holistic view of the budget (Washington State Budget and Policy Center, Schmudget blog). The schedule of evaluation could be categorized to review those tax expenditures primed to sunset the following year.

3. ***Bring Results into the Policy-making Process.*** The purpose of having an evaluation system is to provide legislators with clear and current examinations on tax expenditures, allowing for a more informed approach. For this reason, the results of the evaluations must have a pathway toward the attention of legislators. There are three main approaches states have taken to bring research findings back into the policy making-process, as identified by Pew: (Nebraska Proposal)

a. *Legislative hearings.* Many states, such as Washington, Arizona, and Indiana, have assigned legislative committees as the oversight entity in charge of administering tax incentive evaluations. These committees hold hearings, discuss the evaluation results, and communicate with incentive participants and tax specialists in order to determine if policy change is needed.

b. *Requiring legislative recommendations.* Indiana, Arizona, and other states require the legislative committees to make recommendations before an incentive is set to expire. This allows the committee lawmakers to consider the results and provide guidance to the full legislature.

c. *Incorporating the results of evaluations into the budget process*. In Rhode Island, the Economic Development Tax Incentives Evaluation Act of 2013 mandates that the Department of Revenue produce incentive evaluations on a rotating basis. Furthermore, the law requires the governor's budget proposal to include a recommendation on whether to end, continue, or reform the existing tax incentives evaluated (Rhode Island General Assembly ACT S.0734 Substitute A). These recommendations are part of the budget hearings and are treated like any other government spending in the budget process.

4. ***Evaluate.*** Great tax incentive evaluations take into account all available resources - including academic literature, historical data, common sense, and economic models - to arrive at reasonable, well-informed conclusions about the results of the programs. Economic models have proven to be a valuable tool for tax incentive evaluation, but are certainly not the only method. As a result, the office in charge of conducting the analysis should have access to a model, but also be granted leeway in methodology choices. The next section of this report will expand on methodologies and provide some of the better evaluations done at the state level.

5. ***Sharing Data.*** An indispensable element of any tax expenditure evaluation system, given that the evaluator is typically not the administrator, is a potentially biased group to conduct the evaluations.

In Louisiana, the level of review for any particular tax expenditure is directly related to the availability of data with respect thereto. Accurate information and an understanding of the limitations of data access are generally addressed in legislation. Ensuring access to data is written in most state laws that create evaluation processes. In North Carolina, the General Assembly passed a law authorizing the authors of the tax incentive report, a team from the University of North Carolina's research center, to access confidential tax data from the state's Department of Revenue and employment data from the Department of Labor. The data were essential to one of the report's central findings: Those companies receiving tax credits under the state's largest incentive program were not adding jobs more quickly than other companies that had not received the incentives (Nebraska Proposal). The evaluation found that other incentives were getting better results and recommended investing in those instead.

There are multiple options to approach evaluation. The assigned evaluator could make an evaluation proposal for each tax incentive detailing the intended metrics to be investigated and data required. Through the process of designing an evaluation plan, the evaluator would be able to discern whether current data collection and standards are insufficient for effective evaluation and could recommend practical changes in tax expenditure data reporting and/or collection by the administrative agency.

An Economic Framework for Evaluation

New York City's tax expenditures can be thought of as having an overarching goal, improving the economic and social welfare of the residents of the City.[8] Why encourage new commercial real estate development, increased employment, job training, or improved labor conditions except to make City residents better off? Thinking about this overarching goal is the start of oversight and evaluation. Economics can provide some guidance to thinking about improving welfare.

Economists evaluate tax expenditures, and most other tax policies, on three broad criteria:[9]

- Efficiency;
- Ease of administration;
- Equity and other social goals.

Efficiency

Decentralized decisions of individuals and businesses in competitive markets have a number of advantages in the use of information and allocating resources over the more centralized decisions of a government. Under some strong assumptions, it can be shown that the outcome of these decentralized decisions will be efficient in the sense that resources are fully utilized and no one can

[8] This sees local economic development as a subfield of public economics. See https://en.wikipedia.org/wiki/Public_economics. A goal like this is normative, not a description of actual governmental decision making.

[9] Examples of this include Musgrave and Musgrave 1989, Joint Committee on Taxation 2008, and European Commission 2014.

be made better off without someone being made worse off. Taxes can change these decisions by changing the returns on various activities. A tax is said to be efficient if it does not change these private decisions (Joint Committee on Taxation, 2008). However, "[n]o practical tax system can be wholly efficient" (Joint Committee on Taxation, 2008, p.53-54). Real world tax systems change decisions and, with some exceptions, the cost to society of taxes exceeds the revenue raised by the government. Tax expenditures start from this point and further influence decisions. The question is how they change decisions and the extent to which these decisions do more good than harm.[10]

Economic development tax expenditures implicitly, and occasionally explicitly, assume there is something preventing the efficient level of investment, employment, and/or job training in a community. Typically, the source of this inefficiency is a market failure. At their simplest, market failures come in two varieties: externalities and imperfect information (Bartik, 1990).

Externalities are benefits or costs from a transaction that spill over to third parties, which the private decision makers do not consider in making the decision. They are considered market failures, even if they are beneficial, because they are not factored in by the market. A simple example is on-the-job training. A firm benefits from training workers, but once learned the skills belong to the workers and can be taken to new employers. This leads firms to underinvest in training; a tax credit could help offset this underinvestment. Agglomeration economies, where the more firms of a particular kind are in a given location the more productive firms become, are a type of externality. Wall Street or Silicon Valley are examples of a market failure of this kind and entrepreneurial governments are trying to create similar effects for other industries. New York City's Biotechnology Tax Credit, along with other City policies, is an attempt to increase the density of biotechnology firms in the City hoping for this agglomeration effect. The credit also includes a job training component to address underinvestment in training.

Information is the second source of market failure. It can be hard to sell because buyers have trouble judging beforehand the quality of the information and sellers are reasonably reluctant to reveal information to someone before the deal is done. A related problem, especially common in credit and financial products, is asymmetric information, where one side has significantly better information than the other side. Credits for early stage investors, such as angel credits, might be justified in this way.

Economic development tax expenditures may also address government failures that cannot be addressed in other ways. For example, a report from Charles River Associates (Thompson and Courchane, 2011) argues that the effective property tax rate on commercial property (class 4) in New York City is so high that there will be an undersupply of new commercial properties without a tax break like ICAP. This implicitly assumes that lowering the commercial tax rate is not politically possible.

---

[10] Economists will recognize that once conditions for efficiency do not hold, because of features of real world economies like taxation or more general features of the economy such as imperfect competition or imperfect information, welfare economics' 'theory of second best' makes a full analysis of this demanding. But, the practical impact is not so great. The Joint Committee on Taxation (2008, 54 fn 118) believes this is of limited practical importance, because of the narrow nature of tax expenditures.

It should be remembered that, for the same amount of spending, tax expenditures require higher taxes on other households and firms. The impact of this must be taken into account. It is possible to have a tax expenditure that strengthens a targeted industry, but weakens the overall employment and gross city product growth.

Every tax expenditure deserves to be evaluated carefully. However, as the Rubin-Boyd report (2013) on NYS business tax incentives noted, "There is no conclusive evidence from research studies conducted since the mid-1950s to show that business tax incentives have an impact on net economic gains to the states above and beyond the level that would have been attained absent the incentives" (p. 1).

Ease of Administration

Ease of administration, to which we can add ease of compliance by taxpayers, is another criterion. Tax expenditures complicate the tax code. To use them taxpayers often require specialized assistance from tax attorneys and accountants. They often have special recordkeeping requirements. This adds to their costs and may limit their usefulness, especially for very small business that often cannot afford sophisticated tax assistance. Similarly, tax expenditures often add to the enforcement and auditing responsibilities of tax authorities.

Equity and Social Goals

Finally, there is equity or, more broadly, social goals associated with tax policy. Edward Kleinbard (2014, p.25) puts it rather well stating that "any coherent fiscal policy ultimately is an exercise in applied moral philosophy."

Academic tax policy specialists often make use of specific theories of justice. For example Kleinbard (2014) uses Adam Smith's Theory of Moral Sentiments. While Smith's work is still influential, it is more common to appeal to modern works, especially John Rawls' Theory of Justice (1971).[11] Rawls is a complex thinker and it will not be possible to do justice to his thinking here. However, his minimax criterion is used in policy evaluation. This criterion summed up in his second principle of justice says social and economic inequalities are acceptable to the extent that "they are to be of the greatest benefit to the least-advantaged members of society" (Rawls 1971, p.53). Kaushik Basu, Chief Economist at the World Bank, (2011), applies Rawls by looking at tax policy in terms of its implications for the bottom quintile of the income distribution. These implications are not simply who directly benefits from the tax break, but also the economic effects on wages and employment.

Social goals have a different status for the evaluator than efficiency and administrative ease. Efficiency and administrative ease are areas in which an economist or other specialist who works in tax policy is an expert. Their training allows them to draw upon the professional literature and

[11] For the influence of Rawls on public finance see Buchanan and Musgrave (1999). For an application to fiscal policy see Basu (2011) and for an application to urban policy in general see Fainstein (2010).

available data to make a professional judgement. In contrast, social goals are the realm of legislators.[12]

The goals in real world legislation are never as systematic as the theories of justice set forth in the Theory of Moral Sentiments or the Theory of Justice. They are products of legislators representing communities with different values, interests, and abilities in the political process.

In legislation, goals tend to be more concrete. Objectives like job training, spurring job creation, creating commercial and industrial space and improving small business access to capital are the norm.

In too many pieces of legislation, these goals are not clearly stated. Often too in legislation that has existed for a long time the goal of the legislation might shift over time, once again without the change being clearly stated. A classic example is New York City's 421-a tax exemption for multifamily housing. Begun in 1971, when the City was at its lowest financial point, it was intended to increase the production of market rate multifamily housing. Over time, the credit was amended in 1985, 2007, and 2015, each time with an increased emphasis on the construction of buildings combining market rate and affordable housing (Cohen, 2008). Given this, any evaluation may require explicitly stating and clarifying goals. This is a task that would ideally involve interaction between evaluators and legislators.

A useful guide to such interaction comes from one of the nation's most experienced group of evaluators, the State of Washington's Joint Legislative Review and Audit Committee (JLRAC). JLRAC's "Guidance for Drafting Performance Statements in Tax Preference Legislation" (2014) offers advice to Legislators and bill drafters on how to state and clarify goals and to connect them to metrics that evaluators might be able to observe.

The oversight entity must define clear goals and values for purposes of evaluation. Once these have been stated and clarified, the evaluator can then move forward with the basic questions: How does the tax expenditure impact on goals and is it on target? After this, the issues of efficiency and administrative ease may be considered.

Some Questions to Ask

One of the key functions of the oversight entity is to ask questions. What do Council Members and their constituents want to know about a tax expenditure? However, it seems appropriate to include certain standard questions in all evaluations.

- Does the legislative history suggest goals in addition to those prescribed by the committee? What evidence is there of these goals?

This question is to give the evaluator a chance to add goals for evaluation that might have been missed by the oversight entity.

[12] The Finance Division question reflects the values of City Council dominated by progressive values.

- To what extent are the tax expenditure's goals still relevant? How do they align with current economic development policy goals?

Tax expenditures can stay on the books for a long time. The City's economy and the economic development strategy of the City change over time. To answer this question the committee needs to provide the evaluator with usable guidance to the overall goals and strategy of the City. For example, in an evaluation done by Finance Division staff for the task force, staff discussed equitable growth as an overall development strategy of the City Council (Staff Working Paper III).

- What evidence exists to show that the tax program has contributed to achieving its goals? Where applicable, provide the methodology and assumptions used.

There is no one size fits all way of evaluating tax expenditures. There are different ways of doing it. It is important to understand the methods used in a way that leaves the evaluation open to outside criticism.

- Recommendations for future evaluations of the program including are there feasible changes in data collection that would allow for better analysis?

As suggested above, evaluation is a learning experience. It gets better through experience. This is helped if evaluators reflect on their experience to offer guidance for the future. In some cases, this may require legislation to improve the collection of data.

Examples of Questions in other Governments' Evaluations

Two sets of standard questions are presented below, one from Washington State and one from Ireland's Department of Finance.

Washington is considered to have one of the best tax expenditure evaluation processes in the United States. The Washington legislature has had a performance review process in place since 2006. The evaluation process is overseen by a legislative committee, the Joint Legislative Audit and Review Committee (JLARC), a citizen led panel that shepherds the process. The evaluations are done by legislative staff. The Committee is responsible for reviewing about 600 tax expenditures every ten years (Washington JLARC, 2014):[13]

Objectives of tax expenditure studies

Public Policy Objectives

1. What are the public policy objectives that provide a justification for the tax preference? Is there any documentation on the purpose or intent of the tax preference?

2. What evidence exists to show that the tax preference has contributed to the achievement of any of these public policy objectives?

[13] The Council's Finance Division is currently using a modified version of Washington's framework to provide evaluations to the Council's Budget Negotiating Team.

3. To what extent will continuation of the tax preference contribute to these public policy objectives?

4. If the public policy objectives are not being fulfilled, what is the feasibility of modifying the tax preference for adjustment of the tax benefits?

Beneficiaries

5. Who are the entities whose state tax liabilities are directly affected by the tax preference?

6. To what extent is the tax preference providing unintended benefits to entities other than those the Legislature intended?

Revenue and Economic Impacts

7. What are the past and future tax revenue and economic impacts (consumption and expenditures) of the tax preference to the taxpayer and to the government if it is continued?

8. If the tax preference were to be terminated, what would be the negative effects on the taxpayers who currently benefit from the tax preference and the extent to which the resulting higher taxes would have an effect on employment and the economy?

9. If the tax preference were to be terminated, what would be the effect on the distribution of liability for payment of state taxes?

10. For those preferences enacted for economic development purposes, what are the economic impacts of the tax preference compared to the economic impact of government activities funded by the tax? (This analysis involves conducting an economic impact study using an input-output model.)

Other States

11. Do other states have a similar tax preference and what potential public policy benefits might be gained by incorporating a corresponding provision in Washington?

In Ireland, based on the Government's Medium-Term Economic Strategy 2014-2020 ("the MTES"), and a recent series of tax expenditure evaluations, in 2014, the Department of Finance described how the Department is to approach the evaluation of tax expenditures (Department of Finance Report, Ireland).

Ireland's framework differentiates between current tax expenditure evaluation and new tax expenditures, but only slightly. The key questions that Ireland has determined ought to be addressed upon evaluation are expanded and listed in the table below (Department of Finance Report, Ireland p.34):

Ex Ante Evaluations	**Ex Post Evaluations**
1. What is the objective/goal of the tax expenditure?	1. Is the tax expenditure goal still relevant? Is there still a need for it? Does it align with current policy values?
2. What market failure is being addressed?	2. Is it meeting the goals?
3. How do you justify the need for a tax expenditure? Are there alternatives to a tax expenditure in dealing with the market failure?	3. How much does the tax expenditure cost?

4. What is the likely economic impact that the tax expenditure will have?	4. What is the economic impact?
5. What is the expected cost?	5. Is it efficient?

Questions on Equity and Social Goals

As argued in the economic framework for evaluation section above, consideration of a program's contribution to overall equity and other social goals is important to any evaluation. However, task force's default questions like the default questions of Washington State and Ireland do not address the issue specifically. This is being left to the Council Committee that oversees the process.

However, it is possible to give examples of the kind of questions that might be asked. Over the past two years Finance Division has made use of Washington State's questions in analysis of tax policy options presented to the Council's Budget Negotiating Team. An additional question was added, inspired by the work of Rawls and Basu[14]: What impact does the program have on households in the lowest quartile of the City's income distribution? Finance Division's model evaluation of the ICAP asked this question in a slightly different way asking about how ICAP could improve welfare for residents of its 'special zones' which are areas of high unemployment, or economic distress (Edev, Enache & Majewski).

Several members of the task force have suggested a different question for a related social goal. Where the City is providing project-related tax expenditures, are there strong job standards and reporting requirements for number of workers, worker pay and benefits? The Finance Division ICAP evaluation asked a similar question and noted that ICAP has no job standard requirements.

Another goal is the promotion of minority and woman owned enterprises (MWBE). Another possible question is: Does this tax expenditure require an MWBE program. The ICAP evaluation notes that the program has such a requirement.

Based on this experience, questions about equity and social goals need to be asked if tailored to the program being discussed.

What to Expect from an Evaluation

A Model Evaluation

There is no one way to do an evaluation; there are many tools available and evaluators should make use of them. Evaluations can draw upon professional literature in economics and public policy. They can do surveys and have discussions with users and administrators for the programs. There are various quantitative tools, such as sensitivity and regression analysis. In some cases in may be possible to do controlled experiments. Different techniques will work for different tax expenditures.

[14] For Rawls and Basu see pp. 24 – 26.

In order to better understand the evaluation process, Finance Division staff conducted a model evaluation on the Industrial and Commercial Abatement Program (ICAP) (Edev, Enache & Majewski). This study will be presented to the Finance Committee in a hearing in the Fall of 2016. While this paper's focus was to provide the staff a hands-on understanding of the evaluative process, the resultant report provides a good example of what the product of an evaluation could look like.

There are four sections to the paper.

Section one provided a description of the program including its legislative history and descriptive statistics on the program's use and annual costs. ICAP cost $28.4 million in Fiscal 2016 and 442 projects received the benefit.

Section two asks, "What is the program supposed to do, do the goals make sense, and are they consistent with current policy goals?" It can be thought of as a qualitative evaluation, drawing on the economics and policy literature. The explicit goal of ICAP is "to encourage industrial and commercial development" in the City. Economic theory suggested the program could offset certain problems with the City's property tax. From the discussions with users it was found that developers found the program's benefits hard to predict, a problem made worse by the lack of adopted rules for the program.

In section three, an inducement study was conducted. It started with the goal of the program and, via a logic chain, connected it to something possible to study statistically:

Abate the property tax on commercial and industrial construction

Thereby

Increase the return on investment of this kind

Thereby

Some projects that would not otherwise meet investment criteria are undertaken

In order to

Encourage commercial and industrial development

The inducement study looked at the impact the abatement had on the internal rate of return (roughly the rate of profit) on projects that received the benefit and used this to calculate how many projects would not have happened if the credit did not exist. It found few projects depended on the abatement to be profitable enough to go forward.

The final section considers results. It starts by providing context. Policy makers should consider that ICAP is a new abatement and that it was implemented at an unusual time: the aftermath of the financial crisis and the great recession. It lacked clear rules, which made it difficult for developers to predict its value and incorporate it in their financial plans. Perhaps, with more experience and with different economic conditions the inducement effects would be stronger. Longer experience would provide more data and potentially improve the quality of the inducement study.

The evaluation stopped with the inducement study. With inducement effects this weak there was little need to go further. If the inducement effect were stronger another step would make sense, turning back to how ICAP's goals connect to the broader economic development goals of the City Council. This would involve the difficult questions of how well ICAP addresses government failures mentioned above and is the cost of the program commensurate with the good it does.

An appendix provided details of methods used in the evaluation. It also did robustness tests to see how different assumptions affected the results.

There are many other examples of evaluations. Recent examples include:

- An Evaluation of North Carolina's Economic Development Incentive Programs
- Minnesota JOBZ Program Evaluation Report
- Indiana Tax Incentive Review
- Louisiana Enterprise Zone Evaluation

What Not to Expect from an Evaluation

Users of evaluations should approach evaluations as one tool (albeit a very powerful one) in contextualizing and understanding a tax expenditure. It can be illuminating, but it is impossible for it provide all the answers.

Evaluations rarely produce an "experimentum crucis" or crucial experiment, which is that one test that shows conclusively whether things do or do not work. Such experiments are not all that common in the physical sciences and rarer still in the social sciences and public policy (Kuhn, 1962). Put another way, evaluations are not meant to be pass or fail. Rather, they point out strengths, weaknesses, and issues (Pew 2012).

Also, note that the model ICAP evaluation does not include specific policy recommendations. This is not the role of the evaluator. Translating the evaluation into specific proposals is the job of the Council Committee that oversees the process. There will be times when the evaluator has specific suggestions. The current practices of the IBO offer a potential model for this. IBO's annual Budget Options for New York City, makes specific proposals and then as fairly as possible argues the pros and cons of each. The IBO stands behind the analysis on specific issues but it does not take a position on proposed policies.

Finally, users of evaluations should not expect quantitative analysis for all tax expenditures. Suitable data will not always be available and for some small programs, such as the City's biotech credit, the small numbers of users makes quantitative evaluation unreliable. Having a number for the sake of a number is the fallacy of misplaced precision. Other tools, especially the use of economics and policy literature and discussions with users and administrators of programs is available for evaluations.

This is not to say that the utility and importance of evaluating tax expenditures is minimal, but to provide a realistic understanding of what the process will look like. Just because the process has its limitations does not diminish its value and power as an informative tool.

Conclusions & Recommendations

Recognizing the paucity of information about the effectiveness of the City's tax expenditures on economic development, the Council established a task force to develop a system to evaluate them. Informed by best practices from other states, and assistance from the Pew Charitable Trusts, the task force recommends building off the current tax expenditure reporting framework to setup a regular and standardized, yet flexible evaluation process. To ensure maximum impact, the process should engender an unbiased and straightforward evaluation, but also be incorporated and responsive to the current political and legislative process. Expectations should be tempered: evaluations can provide a real improvement in the understanding of the effectiveness of the City's tax expenditures, but it cannot provide all the answers. Indeed, initial evaluations will most likely be partly a learning process for all the agents involved: the evaluator, the oversight entity, tax administrators, and even the public. However, none of this should diminish the value and need of undertaking this project. As noted by the Organization for Economic Corporation and Development, "though evaluation of tax expenditures may be difficult, a more serious problem may be failure to try." (The Organization for Economic Cooperation and Development-Department of Finance Report, Ireland p.2).

Accordingly, the task force makes the following recommendations:

1. **Create a regular process to review tax expenditures.**
   The task force believes that this should include economic development tax expenditures and should be extended to all City tax expenditures, including those that apply to housing. Are these investments worthwhile or the best way to achieve program goals?

2. **Improve oversight of economic development tax programs.**
   The City Council and the Mayor have limited control over many of these programs. Most power rests with the Legislature and the Governor. Therefore, a goal of the improved oversight is improved advocacy in Albany by the City and by a better informed public, ultimately leading to improved tax expenditure outcomes.

3. **The approach to tax expenditures should be broad and pragmatic.**

The City's Department of Finance has adopted a broad definition of tax expenditures and has applied that definition in a pragmatic way. It provides a good start to the programs to be reviewed. However, reviews need not be limited to programs identified in the Department's *Annual Report on Tax Expenditures.*

4. **Select a group of tax expenditures for review annually.**
   Provisions should be made to review all tax expenditures at least once every eight years.

5. **A committee of the City Council, such as the Finance Committee, should act as the oversight entity on this annual process.**
   The oversight entity, in consultation with the evaluator and the administering agencies, sets an agenda for the year's evaluations, provides guidance on the goals of tax expenditures, and goals of City's economic development policy to be used in the evaluations and provides questions for the evaluators to answer. The oversight entity receives the evaluations and provides recommendations for action to the full Council. The public should be provided an opportunity to review and comment on the agenda and to review and comment on the completed evaluation.

6. **Evaluation questions should include both standardized benchmark questions as well as those specifically applicable to the tax expenditure to be evaluated.** It is important that the oversight committee pose questions to the evaluator reflective of the tax expenditure, the current City economic development policy, and the policy concerns of the City Council. However, to ensure a baseline understanding across all tax expenditures, certain questions should be a part of all evaluations:
   - Does the legislative history suggest goals in addition to those prescribed by the committee? What evidence is there of these goals?
   - To what extent are the tax expenditure's goals still relevant? How do they align with current economic development policy goals?
   - What evidence exists to show that the tax program has contributed to achieving its goals? Where applicable, provide the methodology and assumptions used.
   - Are there recommendations for future evaluations of the program including feasible changes in data collection that would allow for better analysis?

7. **The evaluator should have the technical expertise and resources to undertake the evaluation.**
   Ideally, it should be an independent entity such as the City's Independent Budget Office. Evaluation is a part of tax administration and the evaluator should be provided with access to necessary tax information. The entity should be subject to rules on privacy and security of information similar to those of administrative agencies. If necessary, legislation should be sought to secure adequate access to information.

8. **The input of the administrating agencies should be sought by the oversight entity and the evaluator at all stages, since these agencies possess the expertise, experience and information necessary for good evaluations.**

Their cooperation should be required. For economic development tax expenditures in New York City, these agencies are the Department of Finance and the Economic Development Corporation. If evaluation is extended to other types of tax expenditures the cooperation of the Department of Housing Preservation and Development and other agencies will also be necessary.

9. **All future legislation creating or extending tax expenditures should contain explicit statements of the program's goals and metrics by which it should be measured.** Additionally, such legislation should provide for the collection of data to assist in evaluating these expenditures.

10. **New York State should create its own process for regularly evaluating tax expenditures.**

APPENDIX & BIBLIOGRAPHY

Appendix I: Meetings of the Taskforce

Meeting 1 – January 29th, 2015

Opening remarks were delivered by task force Chair, Council Member Julissa Ferreras-Copeland, followed by a brief introduction by each of the task force's members, along with statements about their goals regarding the task force. Council Finance staff then presented on the landscape of tax expenditures in the City by addressing questions like the following:

- How many economic development-focused tax breaks does the City offer?
- Which are the largest, and how do they fit within the City's broader economic development policies?
- How does the City currently report on and evaluate tax expenditures?
- How do other governments evaluate their tax expenditures for effectiveness and efficiency?

After questions and discussion, the Chair went over the proposed research agenda for the coming year.

Meeting 2 - February 18, 2015

For the second meeting, the Economic Development Corporation (EDC) gave the task force a presentation on the EDC and IDA portfolio of economic development programs. Attending from EDC were Jeffrey Lee, Benjamin Branham, Eric Gertler, Peter Hill and Tabitha Gillim. EDC and IDA have central roles regarding economic development strategies in the City, and a critical understanding of the tools used to foster those strategies.

Jeffrey Lee discussed EDC's commercial tax breaks as part on EDC's decision making process to support business growth, current reporting, EDC's philosophy, data needs, and a brief overview of their biggest programs.

The presentation was followed by open discussion and concluding remarks from the Chair.

Meeting 3 – May 6th, 2015

The task force heard from the Department of Finance, represented by Karen Schlain, Assistant Commissioner for Tax Policy. Karen's team compiles the department's annual Tax Expenditure Report. The report "identifies and describes tax expenditure programs administered by the City and provides expenditure estimates based on available data." If the City is to evaluate tax expenditures, this report is a key resource, and starting point.

Karen discussed the background and methodology of the report. Council staff briefly presented on reporting being done throughout the City as well as an update on the Council's work with the Pew

Charitable Trusts, a research organization working with the states to help them improve or put in place permanent tax expenditure evaluation systems. The meeting concluded with open discussion and concluding remarks by the Chair.

Meeting 4 – August 12th, 2015

The task force was joined by Josh Goodman and Jeff Chapman, from the Pew Charitable Trusts (Pew). Council staff has been communicating with state staff throughout the country, as well as with Pew to learn how experts are thinking about evaluation processes and to help staff figure out best options for structuring the process.

The task force heard from Council staff for a short presentation on Council Staff Working Paper #1, *Evaluating Economic Development Tax Expenditures: Why? What? How?*, which was distributed to members before the meeting. The report focused on best evaluation practices throughout the states. There are two components to a systemic evaluation process for tax expenditures: the institutional structure, and the technicalities of evaluation. During this meeting, Council staff discussed options for an institutional structure that ensures BOTH credible evaluation AND a way that improves the City's oversight of these programs and calls for more effective advocacy in the public interest.

The Chair briefly went over the agenda, stating that the task force will be discussing the technical component with an example evaluation of the Industrial and Commercial Abatement Program (ICAP) in October (the fifth meeting ended up being rescheduled for December). The Chair also explained that in future meetings, staff will present a draft recommendation for a City evaluation process, with a final report in early 2016, and a public meeting towards the end of the process.

Meeting 5 – December 8th, 2015

Council staff presented the methodology and early findings in the evaluation of ICAP, contained in Staff Working Paper #2: *Lessons from Evaluating the Industrial and Commercial Abatement Program*. The paper was distributed before the meeting. Both Chair and staff clearly stated this evaluation is meant to serve as an example of how evaluation can be done. It is preliminary and incomplete (Council staff is currently working on final version). It is a model for the task force, and at this stage not mean to be used to draw conclusions for the effectiveness of ICAP.

The ICAP presentation was meant to highlight challenges that, if a process were put in place, evaluators would inevitably face. By better understanding potential problems, Council staff hopes to recommend an evaluation process that allows for addressing these issues. The model is meant to serve as a starting point for future evaluators. The Chair thanked Karen Schlain and John Sarich from DOF, who helped Council staff with ICAP data.

Meeting 6 – July 11th, 2016

The task force discussed a draft of the legislation which the task force will recommend to the Council to establish a permanent system of evaluation.

Additionally, Council Staff reviewed updated ICAP evaluation results with the task force. These were circulated as in Staff Working Paper #3: *Lessons from Evaluating the Industrial and Commercial Abatement Program*. Lastly, Council Member Julissa Ferreras-Copeland outlined the timeline for wrapping up the legislation and task force mission by the end of September, 2016.

Meeting 7 – September 8, 2016.

The task force met to finalize its recommendations to establish a permanent evaluation system for economic development tax expenditures. Additionally, the task force reviewed which economic development tax expenditures could potentially be evaluated in the first year of the new system.

Appendix II: List of Current City Economic Development Tax Expenditures, Fiscal 2016 Total Cost of $2.77 Billion

This is the list used by the Taskforce. It is based on Department of Finance 2015 and may not include all economic development tax expenditures deserving of review.

($ in Millions)

Program	Expenditure
ICIP	$681.0
ICAP	$28.4
Major League Sports Facilities	$41.5
Commercial Expansion Program	$18.5
Chrysler Building	$26.0
Green Roof Abatement	Less than $1.0
Solar Electric Generating System	$4.6
Industrial Development Agency	$259.0
Economic Development Corp.	$262.2
World Trade Center	$104.4
Teleport, Port Authority	$10.8
Insurance Incorporation Non-Taxation	$444.0
Business and Investment Capital Tax Limitation	$312.0
Single Sales Factor	$174.0
Commercial Revitalization Program (Lower Man./Garment Center)	$33.0
Special Allocation Rule: Regulated Investment Co. Fees	$35.0
Other Special Allocation Rules	*
Credit Line Mortgages	*
Energy Cost Savings Program Credit	$26.0
Relocation and Employment Assistance Program	$22.0
International Banking Facility Deduction	$39.0
REITs	$19.0
School Bus Operation Deduction	$1.0
Dramatic or Musical Arts Performance Exemption	*
Employment Opportunity Relocation Cost & Industrial Business Zone Credits	Less than $1.0
Real Property Tax Escalation Credit	Less than $1.0
Air Pollution Control Facilities Deduction	*
Owner, Lessee or Fiduciary that Holds, Leases, or Manages Real Property	*
Purchase & Sale of Property of Financial Instruments for Taxpayer's Own Account	*
Small Corporation Exemption from Alternative Taxes	*
Biotechnology Credit	$2.0
Aviation Fuel for Airlines	$227.0

** Tax expenditures are not quantifiable for these programs due to data limitations*

Bibliography

1. Bartik, Timothy J. "The Market Failure Approach to Economic Development Policy." *Economic Development Quarterly* 4 (1990): n. pag. Web.

2. Basu, Kaushik. "Beyond the Invisible Hand: Groundwork for a New Economics." *Princeton: Princeton University Press* (2011): n. pag. Print.

3. Bradford, David F. *Reforming Budgetary Language*. Cambridge, MA.: National Bureau of Economic Research, 2001. Print. Working Paper 8500.

4. Brindisi, Francesco, and David Ehrenberg. *The New York City Real Property Tax Industrial and Commercial Incentive Program (ICIP): Description and Analysis*. Portland, Maine: Revenue Estimation and Tax Research Conference, 2008. Print.

5. Brockmyer, Brandon, Jeff Chapman, Josh Josh Goodman, Denise Wilson, Will Wilson, and Robert Zahradnik. "Evidence Counts Evaluating State Tax Incentives for Jobs and Growth." Ed. Lori Grange and Scott Greenberger. (n.d.): n. pag. *Pew Center on the States*. The Pew Charitable Trusts, Apr. 2012. Web

6. Buchanan, James M., and Richard A. Musgrave. *Public Finance and Public Choice: Two Contrasting Visions of the State*. Cambridge, MA: MIT, 1999. Print.

7. Burman, Leonard, and Marvin Phaup. *Tax Expenditures, the Size and Efficiency of Government, and Implications for Budget Reform*. Cambridge, MA: National Bureau of Economic Research, 2011. Print. Working Paper 17268.

8. Center for Budget and Policy Priorities. *Policy Basics: Federal Tax Expenditures.* February 2016 Web. http://www.cbpp.org/research/policy-basics-federal-tax-expenditures.

9. Chen, Duanjie. *The Framework for Assessing Tax Incentives: A Cost-Benefit Analysis Approach*. N.p.: United Nations Workshop on Tax Incentives and Base Protection, 2015. Print.

10. Citizens Budget Commission. "Managing Economic Development Programs in New York City: Lesson for the Next Mayor from the Past Decade." *Http://www.cbcny.org/sites/default/files/Interactive/2013_Conference/REPORT_EconDev_12062013.pdf* (2013): n. pag. Print.

11. Cohen, Seth B. "Teaching an Old Policy New Tricks: The 421-a Tax Program and the Flaws of Trickle-Down Housing." *Journal of Law and Policy* 16 (2008): n. pag. Print.

12. Dean, Steven A. "The Tax Expenditure Budget Is a Zombie Accountant." *University of California, Davis Law Review* 46 (2012): n. pag. Print.

13. Dank, Brown, Bennett, Montgomery, Sherrer, Perryman, Ownbey, Hoskin, McCullough, Walker, Hickman, And Faught of the House, Bingman, Brinkley, Griffin, and And Jolley of the

Senate. "Oklahoma House Bill No. 2182." *Incentive Evaluation Act* (Enacted April 27, 2015): n. pag. Print. Oklahoma Statutes section 7002 of title 62

14. Department Of Finance |Report On Tax Expenditures. *REPORT ON TAX EXPENDITURES* (n.d.): n. pag. *Www.finance.gov.ie*. Oct. 2014. Web. 2015. <http://www.budget.gov.ie/Budgets/2015/Documents/Tax_Expenditures_Oct14.pdf>. Department of Finance Government Buildings, Upper Merrion Street, Dublin 2, Ireland

15. Donovan, Shaun. *Recommendations of the 421a Taskforce*. New York City: Department of Housing Preservation and Development, 2006. Print.

16. Dzieza, Josh. "8 Ridiculous Tax Loopholes: How Companies Are Avoiding the Tax Man." *The Daily Beast,* February 25, 2012. Web September 13, 2016.

17. Edev, Emre, Maria Enache & Raymond Majewski. *Lessons from Evaluating the Industrial and Commercial Abatement Program.* New York City Council Task Force on Economic Development Tax Expenditures. Staff Working Paper III. 2016.

18. European Commission. "Tax Expenditures in Direct Taxation in EU Member States." *Occasional Papers 207* (2014): n. pag. Print.

19. Fainstein, Susan. "The Just City." *Ithaca. Cornell University Press.* (2010): n. pag. Print.

20. Fleming, Clifton J., Jr., and Robert J J. Peroni. *Reinvigorating Tax Expenditure Analysis and Its International Dimension*. Vol. 27. N.p.: Virginia Tax Review, 2008. Print.

21. Friedberg, Chen and Reuven Y. Hazan. 2012 *Legislative Oversight, Comparative Assessment of Parliaments Note*, State University of New York Center for International Development.

22. Joint Committee on Taxation. "A Reconsideration of Tax Expenditure Analysis." (2008): n. pag. Print.

23. Grimmelmann, James. "The Laboratorium: August 2002 Archives." *The Laboratorium: August 2002 Archives*. N.p., n.d. Web. 2015.

24. "How the 1% Justify Inequality in the US." *OCCUPY WALL STREET*. N.p., n.d. Web. 2015.

25. Independent Budget Office. *Budget Options.* New York. December 2015. Web http://www.ibo.nyc.ny.us/iboreports/budget_options_2015.pdf. 2015.

26. Independent Budget Office . *Fiscal Brief: The Coop & Condo Tax Break Has Expired Giving Albany Chance for a Long-Promised Fix*. 2013 Web/http://www.ibo.nyc.ny.us/iboreports/coopcondo2013.pdf

27. "Indiana House Enrolled ACT No. 1020." *HOUSE ENROLLED ACT No. 1020* (n.d.): n. pag. *Indiana General Assembly*. 2014. Web. <http://iga.in.gov/static-documents/e/9/3/d/e93d98d1/HB1020.04.ENRH.pdf>. AN ACT to amend the Indiana Code concerning economic development

28. Joint Committee on Taxation. *A Reconsideration of Tax Expenditure Analysis* (2008): n. pag. Print. JCX-37-08

29. Kaplan, Thomas, and Jesse McKinley. "Cuomo Proposes $2 Billion in Tax Cuts." *The New York Times*. N.p., 6 Jan. 2014. Web. <http%3A%2F%2Fwww.nytimes.com%2F2014%2F01%2F07%2Fnyregion%2Fcuomo-up-for-re-election-this-year-says-he-wants-2-billion-in-tax-cuts.html%3F_r%3D1>.

30. Kleinbard, Edward D. "We Are Better Than This: How Government Should Spend Our Money." *New York: Oxford University Press* (2014): n. pag. Print.

31. Kuhn, Thomas. *Structures of Scientific Revolutions.* Chicago: University of Chicago Press. 1962.

32. Legislative Management Taxation Committee. *North Dakota Senate Bill No.2057*. N.p.: n.p., 2015. Print. Section 1. a new section to chapter 54-35

33. Minnesota Department of Revenue. With Assistance from Marsha Blumenthal, Laura Kalambokidis, P. Jay Kiedrowski, John Spry, Judy Temple, and Jenny Wahl. *Tax Expenditure Review Report: Bringing Tax Expenditures Into the Budget Process*. N.p.: n.p., n.d. *Minnesota Revenue*. Feb. 2011. Web. 2015. <http://www.revenue.state.mn.us/research_stats/Documents/TE_Review_Report_02_15_11.pdf>.

34. Musgrave, Richard A., and Peggy B. Musgrave. *Public Finance in Theory and Practice*. New York: McGraw-Hill, 1989. Print.

35. New York State Senate. "Manual for Home Rule Requests." (N.d.): n. pag. Print.

36. Nicholas, Andy. "Don't Forget the Tax Expenditures: The Need for Sunset Dates." — *Budget and Policy Center*. N.p., 09 Dec. 2010. Web. 2015. <http://budgetandpolicy.org/schmudget/don2019t-forget-the-tax-expenditures-the-need-for-sunset-dates>.

37. Office U.S. Government Accountability. Tax Expenditures: Background and Evaluation Criteria and Questions (n.d.): n. pag. *U.S. Government Accountability Office*. 29 Nov. 2012. Web. 2015. <http://gao.gov/assets/660/650371.pdf>.

38. Pataki, George, and H. Carl McCall. "New York State Tax Relief Commission Final Report." (December, 2013): n. pag. Print.

39. Pew Charitable Trust. *States Make Progress Evaluating Tax Incentives*. N.p. January 21, 2015. Web 2015 http://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2015/01/tax-incentive-evaluation-law-state-fact-sheets.

40. Pew Research. "Tax Incentive Evaluation Law: Mississippi." *Tax Incentive Evaluation Law: Mississippi*. The Pew Charitable Trusts, 21 Jan. 2015. Web. 2015.

<http://www.pewtrusts.org/en/research-and-analysis/state-fact-sheets/2015/01/tax-incentive-evaluation-law-mississippi>.

41. Pew Research. "Tax Incentive Evaluation Law: Washington, D.C." *Tax Incentive Evaluation Law: Washington, D.C.* The Pew Charitable Trusts, 21 Jan. 2015. Web. 2015. <http://www.pewtrusts.org/en/research-and-analysis/state-fact-sheets/2015/01/tax-incentive-evaluation-law-washington-dc>.

42. Pew Research. "Tax Incentive Programs Evaluate Today, Improve Tomorrow." *Http://www.pewtrusts.org*. The Pew Charitable Trusts, 2014. Web.

43. "Policy Basics: Federal Tax Expenditures." *Policy Basics: Federal Tax Expenditures*. N.p., n.d. Web. 2015. <http://www.cbpp.org/research/policy-basics-federal-tax-expenditures>.

44. Rossi, Peter H., Mark W. Lipsey, and Howard E. Freeman. Evaluation: A Systematic Approach. 7th ed. Thousand Oaks, CA: Sage, 2004. Print.

45. Rubin, Marilyn M., and Donald J. Boyd, "New York State Business Tax Credits: Analysis and Evaluation, A Report Prepared for the New York State Tax Reform and Fairness Commission, H. Carl McCall and Peter J. Solomon, Co-Chairpersons, November 2013

46. Senate Finance. *Relating to Taxation--Rhode Island Economic Development Tax Incentives Evaluation ACT of 2013*. By DaPonte, Goodwin, Ruggeio, Paiva Weed, and Lynch. N.p.: n.p., n.d. *State of Rhode Island General Assembly*. Jan. 13. Web. 30 July 2015. <http://webserver.rilin.state.ri.us/BillText13/SenateText13/S0734A.htm>.

47. Soloman, Peter J., and H. Carl McCall. "New York State Tax Reform and Fairness Commission Final Report." (November, 2013): n. pag. Print.

48. State of Washington Joint Legislative Audit & Review Committee (Jlarc). *2014 Tax Preference Performance Reviews* Report 14 - 2 (n.d.): n. pag. *Washington State Legislature*. 10 Dec. 2014. Web. 2015. <http://leg.wa.gov/jlarc/AuditAndStudyReports/documents/14-2.pdf>.

49. Stringer, Scott M. "Senseless Subsidies :A Report on Tax Benefits Under the Industrial and Commercial Incentive Program." *Office of the Manhattan Borough President* (2008): n. pag. Print. New York

50. Surrey, Stanley S. "Pathways to Tax Reform." (1973): n. pag. Print. Cambridge, Mass., Harvard University Press

51. Thompson, Matthew, and Marsha Courchane. "The Economic Impacts on New York City of the Proposed Living Wage Mandate." *Charles River Associates* (2011): n. pag. Print.

52. Zahradnik, Robert, Josh Goodman, and Julie Srey. "How to Measure the Results of Tax Incentives: Promising Practices and a Proposal for Nebraska." (N.d.): n. pag. Print. The Pew Charitable Trusts