

STATE NEWS

Thursday January 19, 2012

Study gives state C- for follow-up on job promises

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CHARLESTON, W.Va. - West Virginia gets a grade of C- for the way it monitors, verifies, enforces and discloses terms of taxpayer subsidies it gives to businesses that promise to create jobs, according to a new study.

"West Virginia was found to have weak enforcement standards in four of the five programs examined, and is 29th among the states," according to the study by Good Jobs First and the West Virginia Center on Budget &

The report is titled, Money-Back Guarantees for Taxpayers: Clawbacks and Other Enforcement Safeguards in Economic Development Subsidy Programs. It is available free at www.goodjobsfirst.org/sites/default/files/docs/pdf/moneyback.pdf.

In West Virginia, five subsidy programs were examined: The Economic Opportunity Tax Credit, the Film Industry Investment Act, the Governor's Guaranteed Work Force Program, the Manufacturing Investment Tax Credit Strategic Research & Development Tax Credit.

The Economic Opportunity Tax Credit provides a state tax credit of up to 30 percent to businesses that create study estimates the credit cost \$2.6 million in the most recent year for which data is available. On a scale of 100 the study gave the program a score of 75. The study says this indicates the state "is capable of better enforcement fails to do it consistently."

The Film Industry Investment Act provides a state tax credit in an amount equal to up to 31 percent of direct production and post-production expenditures in West Virginia that are attributable to the production of a commercial film or audiovisual product. The study estimates the program cost \$10 million in the most recent year for which data is available and gives the program a score of 44.

Under the Governor's Guaranteed Work Force Program, the West Virginia Development Office can pay up to 10 percent or \$2,000 per trainee, whichever is less, of training cost of new employees in companies creating at least 10 jobs in a one-year period. The study estimates the program cost \$3.6 million and gives it a score of 47.

The Manufacturing Investment Tax Credit provides severance tax, business franchise tax and corporate net income tax relief to qualified manufacturers who make capital investments in the state. The study estimates the program cost \$1.7 million and gives it a score of 35.

The Strategic Research & Development Tax Credit is available to businesses engaged in qualified research and development activities in West Virginia. The study estimates the program cost \$1.7 million and gives it a score of 35.

Good Jobs First describes itself as "the nation's leading resource for grassroots groups and public officials seeking to improve the state's economic development efforts."

make economic development subsidies more accountable and effective."

The West Virginia Center on Budget & Policy is a liberal-leaning research organization with backing from several organizations.

Paul Miller, outreach director for the West Virginia Center on Budget and Policy, said, "Due to alleged claims of confidentiality, many firms receive subsidies without being required to disclose to the public the number of jobs they've created or the benefits they've provided.

"This issue transcends partisan lines," he said. "This is a good example of the center acting as a nonpartisan research organization."

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