

In March, we invited readers to submit questions to Ed McCallum, author of that issue's cover story on incentives. Here are a few of the questions and Ed's responses (edited for length).

hibits such actions—it would require a change in the law (which can be done).

Finally, your company will have to heavily weigh the public perception of your request for incentives.

Dear Mr. McCallum,

Are incentives typically available or negotiable to keep a business in a location? Or to aid a business in expansion in the same location? If so, which of the array of offerings are most likely to be put on the table?

Gary Diley, Erie Insurance Group
Erie, PA

Ed says: This is the exception rather than the rule without a strong case being made that: a) there are in fact viable alternative locations that your company is seriously considering, b) there is the potential for either increased investment or jobs over time, or c) your move would seriously and irreversibly impact the community at large.

The reality is that funding for incentives come from the taxes paid as a result of investment or employment (i.e. real estate ad valorem, income tax, withholding tax, sales tax, etc.). From a policy standpoint, it is difficult to justify incentives for past investment and jobs, which the community has already accounted for.

In short, it takes sound reasoning, 100% honesty of your intentions to move, and a strong working relationship with the state/community to pull this off. If there is not a level of trust about your intentions or rationale for considering a move, then you have no chance at all. In contrast, if a strong level of trust and openness is exercised, I would say you have a reasonable chance at it. Keep in mind, some locations cannot help you due to legislation that pro-

Dear Mr. McCallum,

Our company is in the early stages of site selection for a new plant. In regards to your statement that almost every large project now seeks and receives land at no or virtually no cost—what is the lowest dollar amount that you would consider a large project that this applies to? Our plant is in the initial cost range of \$25 million, which over time (several years) will expand to be double that. If you are referring to plants in the hundreds of millions, then what can we expect (best case) on the land?

Gary Wilks, Manager of Finance and Administration

[Company name withheld]

Ed says: Incentives, regardless of the size of the investment or number of jobs, are usually a function of four things.

1) Is it within the locality's ability to provide this incentive—or more directly, do they even have the funds to do it? 2) Do local or state statutes allow this to be done? Most do. 3) What are the economic conditions in the region regarding employment and economic vitality? It stands to reason that those communities that need jobs will be more likely to consider these incentives. 4) The most important question is, "What are you bringing to the community and what is the cost benefit relationship of providing an incentive such as free land?"

View Ed's March article at www.BusinessFacilities.com (under the Article Archives section) to link to more feedback and longer answers.

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