



# Getting Inventive With Incentives

Economic Development and Labor Track



# Moderator and Speakers



Ellen D. Harpel, Ph.D.

Founder

Smart Incentives



Bob Issacson

Senior Vice President

Center for Regional  
Economic Competitiveness



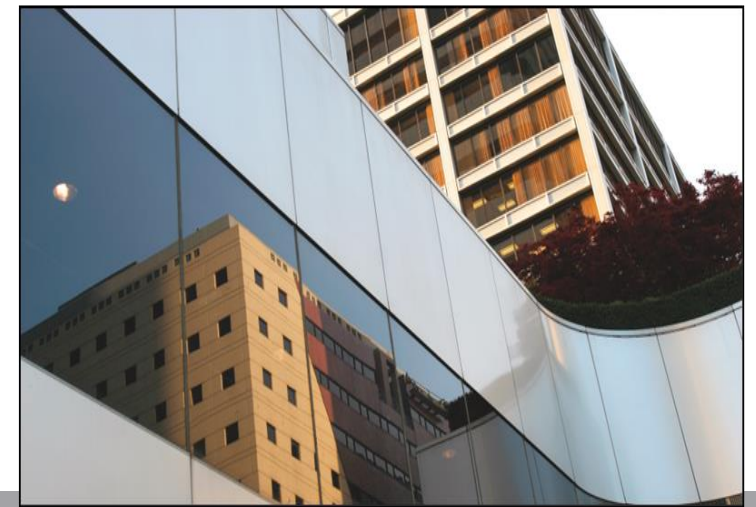
Michael Hicks, Ph.D.

Director

Center for Business and  
Economic Research  
Ball State University

*Incentives:  
National Trends and  
Future Evolution*

*Bob Isaacson  
Senior Vice-President,  
Economic Development Practice*



# Laying the Groundwork

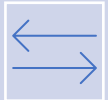
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Incentives will continue to be important



Part of a larger economic development strategy



Slight shifting in incentive approach

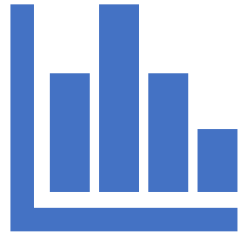


Connections are important



# Program Trends

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Numbers and Types



Activity



# Program Trends

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## Numbers and Types

More programs than ever

Fewer new tax credit programs

SSBCI influences

Regional variation



# Program Trends

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## Activity

Incentives vary by industry

Fewer awards, but higher awards

Local Priorities



# “Getting Inventive with Incentives”

National Conference of State Legislatures,  
Legislative Summit 2023  
Indianapolis,

August 15, 2023

**Michael Hicks, Ph.D.**

*George & Frances Ball Distinguished Professor  
Director, Center for Business and Economic Research*

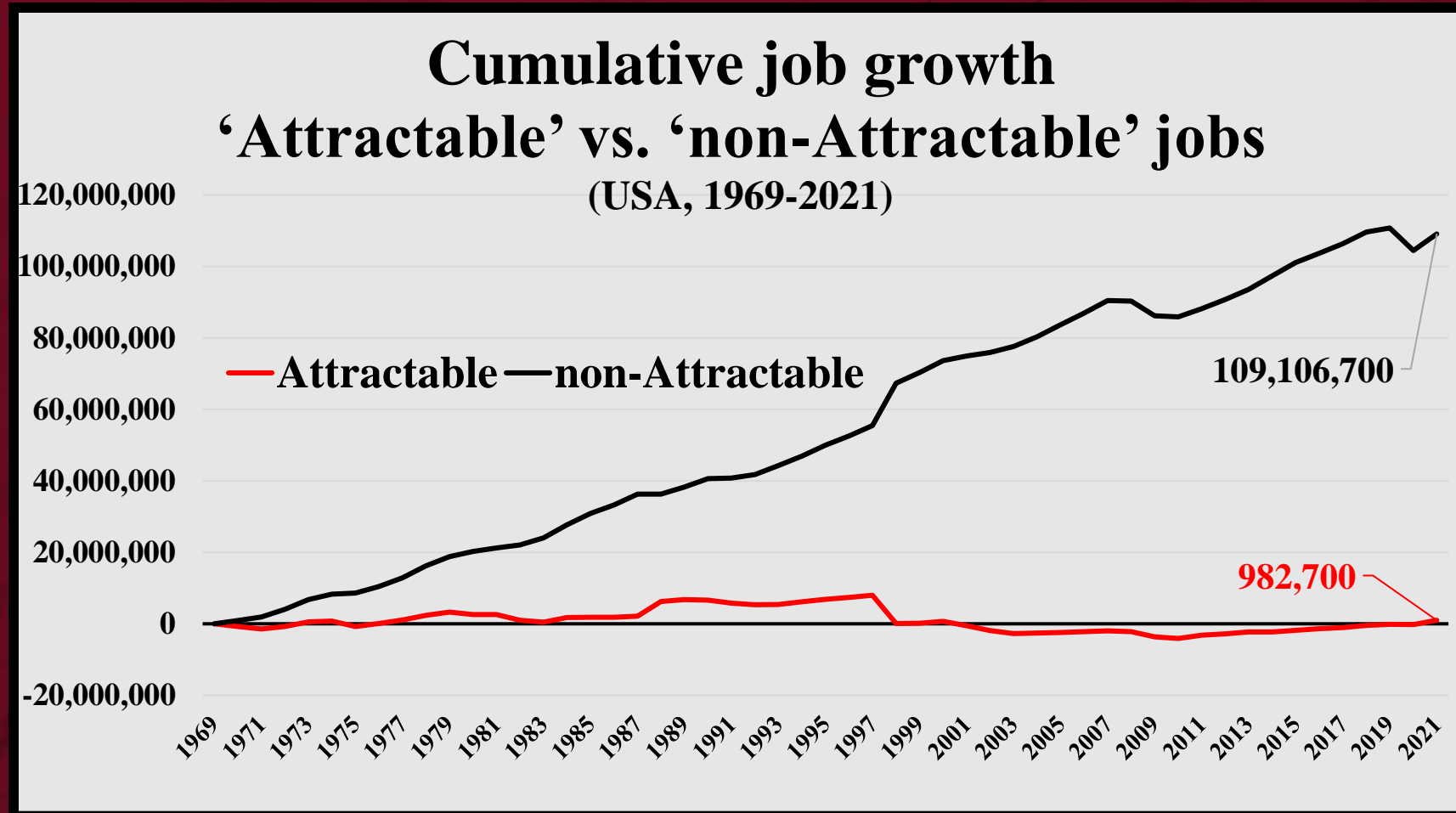


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UNIVERSITY**

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Economic Research

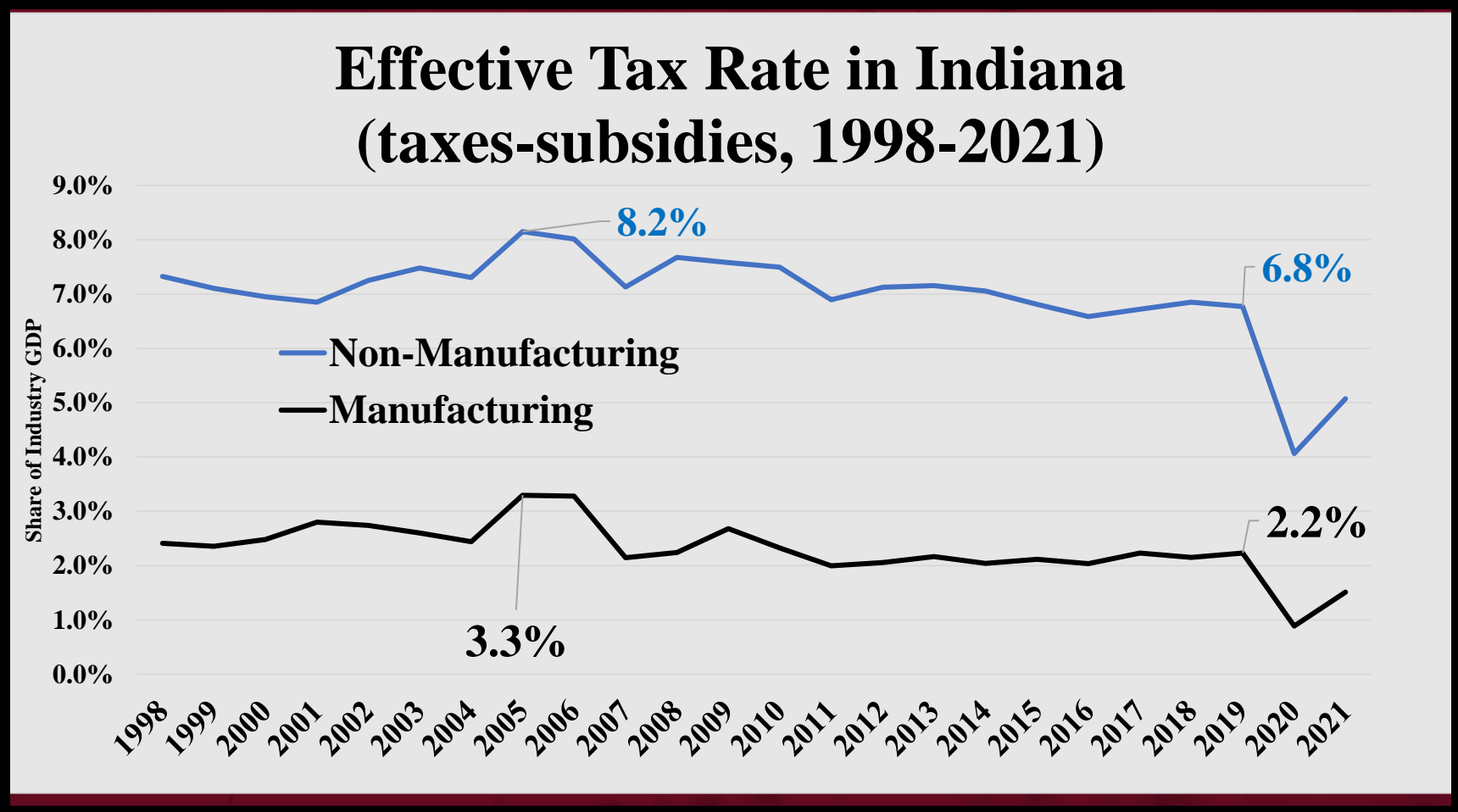


**Incentives largely target a static (or declining) pool of jobs! Economic developers are chasing the wrong labor markets.**



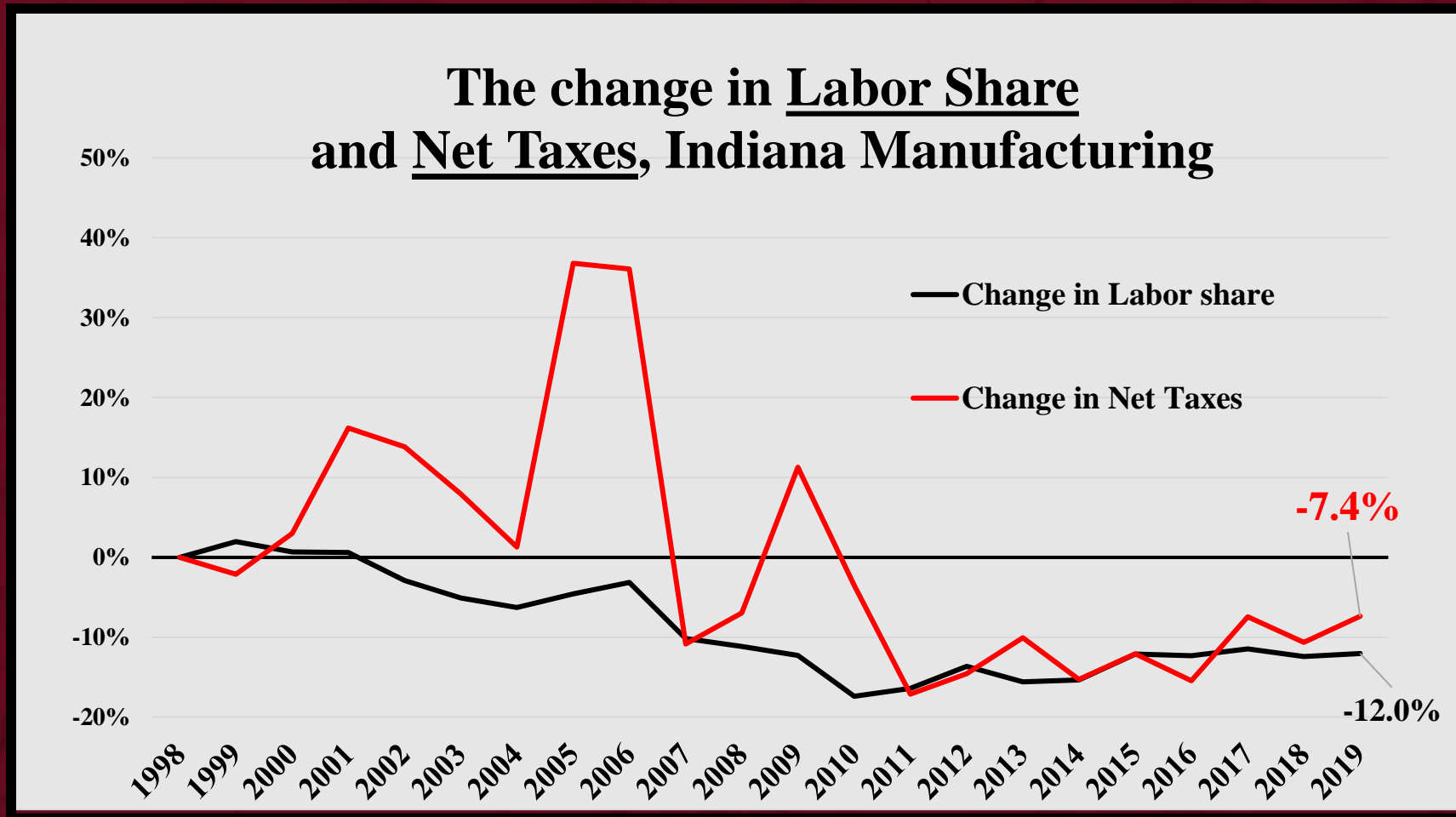
Source: Hicks, Weinstein and Wornell, 2023: Bureau of Labor Statistics data

# Targeted incentives shift tax liability to growing industries and households!

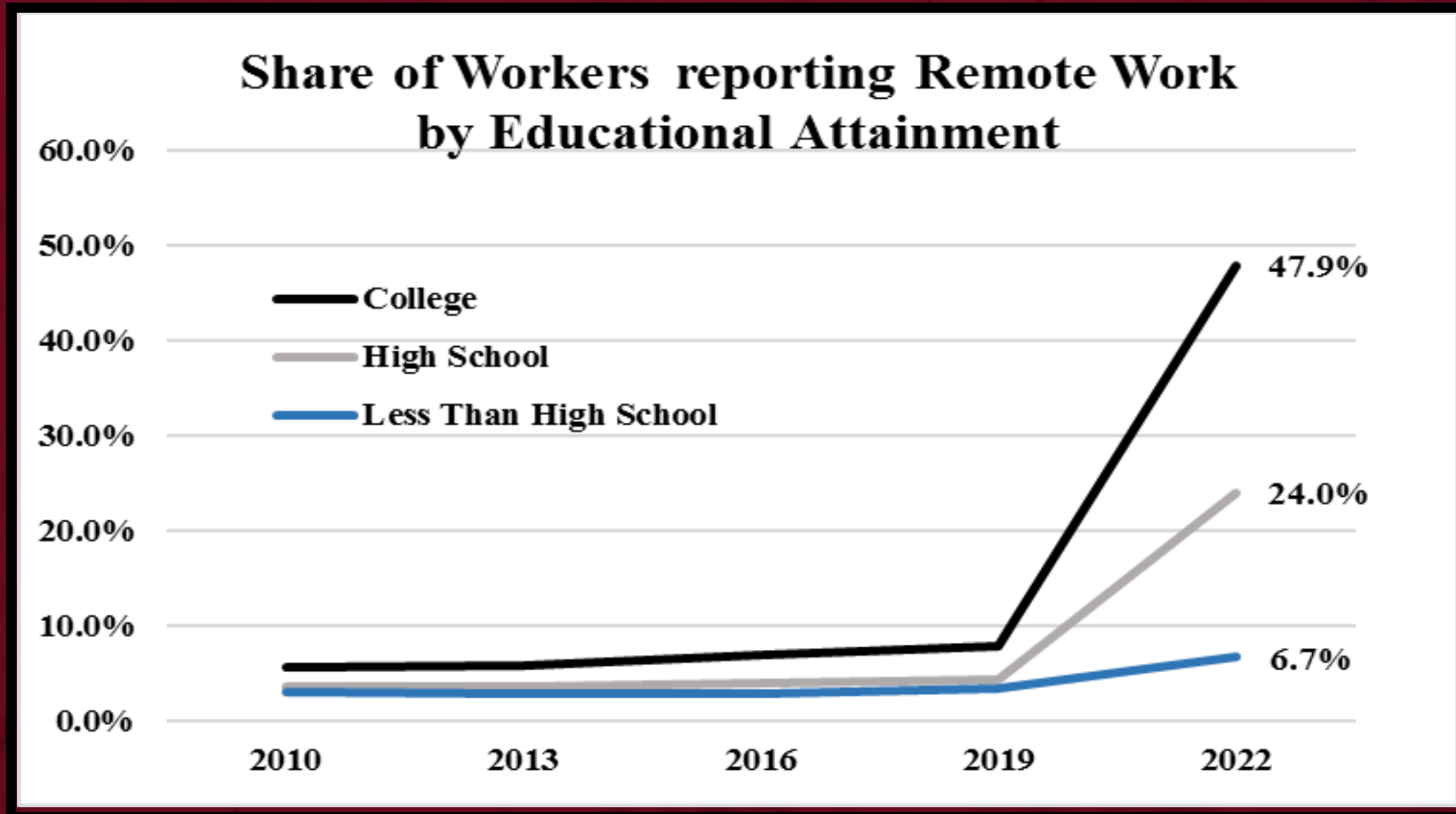


Source: Hicks, Weinstein and Wornell, 2023: Bureau of Labor Statistics data

**Tax cuts and subsidies are not going to job creation, they are going to automation, that reduces the role of labor.**



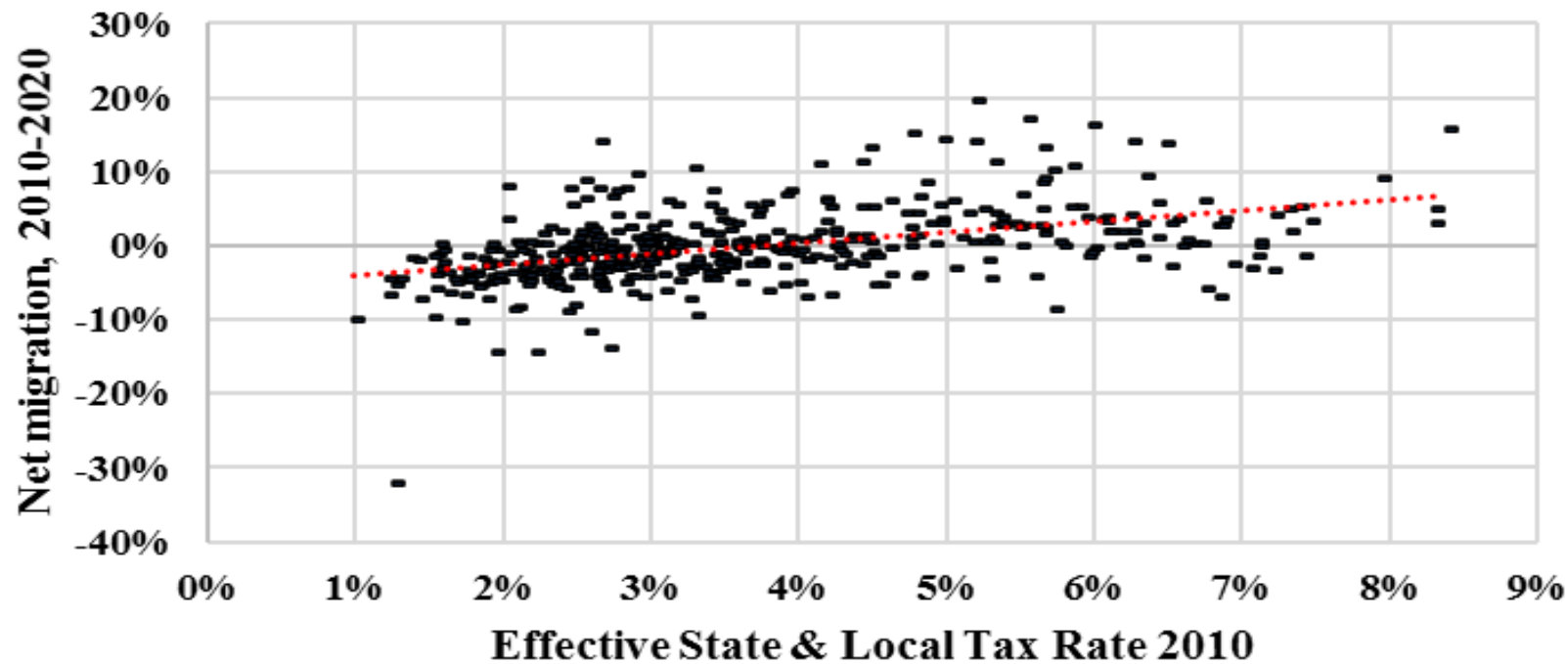
**Half of the most mobile households now work remotely, and half of them are full-time WFH. These are the new 'attractable' jobs, but traditional incentives won't work on them.**



Source; IPUMS (Ruggles, et. al., 2021) and Census Household Pulse Survey (December, 2022)

**State and local tax rates are not directly disincentivizing population growth. Instead families are moving to high Quality of Life counties, with higher taxes.**

**Effective Tax Rates and Net Migration in the Great Lakes States (2010-2020)**



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