

Testimony on House Bills 5413 – 5415

My name is James Hohman and I am the director of fiscal policy at the Mackinac Center. I am here to testify against House Bills 5413 – 5415. An economic development program ought to be judged based on how much it develops the economy, as I said in my testimony to you last week about film subsidies.

Instead of my going over the evidence on the ineffectiveness of these programs with you, I am going to suggest a change.

The bills' supporters clearly believe that this will improve the state's economic growth. I recommend that legislators add performance targets for the state economy and a requirement that the state no longer hand out awards if the program fails to meet them.

The performance targets should be based on the state's economic performance data. I recommend the number of jobs as recorded by the Bureau of Labor Statistics in its Quarterly Census of Employment and Wages. Bill sponsors should make explicit and transparent commitments about much employment will be generated by their programs. The benefits of the subsidy should be substantial enough to be clearly measurable in the state's economic performance and attributable to the companies receiving state assistance. This would make the program accountable for results.

It ought not be a radical idea to require that economic development programs develop the economy. Lawmakers should add clear, measurable targets based on state economic performance to this package.

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