MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

2306

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2306

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2306

Senate Industry, Business and Labor Committee

❑ Conference Committee

Hearing Date February 6, 2001.

Tape Number	Side A	Side B	Meter #
1		x	7.7 to 50.5
2		x	48.2 to 49.5
Committee Clerk Signature Doris E Perez			

Minutes:

The meeting was called to order. Committee members absent: Senator Mathern and Senator Krebsbach. Hearing was opened on SB 2306 to provide minimum wage requirements for economic development projects.

SENATOR CAROLYN NELSON, District 21, cosponsor of this bill. Written testimony attached.

SENATOR LINDA CHRISTENSON: Cosponsor, urges do pass.

JOHN RISCH: UTU, A living wages proposal provides accountability to taxpayers since low wage earners qualify for federal assistance. Unemployment rate is low, the problem is under employment. Focus of better paying jobs should be the overall goal of economic development. Bill refers to full time employees, urge do pass.

SENATOR MUTCH: What is a full time employee?

J RISCH: It is not defined in the bill, usually one who works 40 hrs. Some say 32 hrs.

SENATOR KLEIN: Wouldn't we be denying people in rural areas job opportunities?

J RISCH: Demand for employees has outweighed amount of money available. (Handed out copies of article from The Bismarck Tribune) (enclosed)

SENATOR AARON KRAUTER, District 35. We need to change image of low wage state. We need return on our investment and are asking for a living wage in doing so. There is a need to provide good paying jobs to stop our workforce from leaving the state. This would be a good return for money put in economic development.

DAVE KEMNITZ, NDAFL-CIO, Supports this bill. Example: cheaper wheat resulted in more wheat which resulted in cheaper wheat; now we are talking about importing foreign workers.

SENATOR ESPEGARD: You are talking about paying $8.50/hr, how far off are we today?

D KEMNITZ: Depends on the job, fast foods are $7.00 or better. In remote areas there is less chance for competitive wages but if we are going to use tax dollars let strive for something higher.

All committee members present now.

GAIL ERICKSON, ND Progressive Coalition, in favor of this bill. Written testimony and handouts attached.

SENATOR TOLLEFSON: Part of the incentive offered to companies to come is the quality of the workers and the wages, wouldn't this affect economic development?

G ERICKSON: This bill would apply only to those receiving tax payers economic development money.

BILL BUTCHER, State Director, NFIB, in opposition. Written testimony attached.

BILL SHALLHOOB, GNDA, Oppose this bill. We maintain present system has worked. Bill not needed for large cities, because of competition for employees they have to pay over $10.00/hr. In rural areas, where essential services are needed for economic development, a $8.00 minimum wage would not attract employers, for them this bill would be detrimental.

JENY HJELMSTAD, ND League of Cities, in opposition. This bill would remove flexibility from communities to determine wages that are beneficial to them.

Hearing closed.

Committee reconvened. All members present. Standards for living wage submitted by J. Hjelmstad distributed. Discussion held.

SENATOR KLEIN: Move do not pass. SENATOR KREBSBACH: Second.

Roll call vote: 5 yes; 2 no. Motion carried. Carrier: SENATOR KREBSBACH.

Note: Written testimony submitted by Dakota Resource Council on 2/09/01 to be included in the record.

FISCAL NOTE

Requested by Legislative Council
01/23/2001

Bill/Resolution No.: SB 2306

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2306 sets the minimum salaries for full-time employees of projects receiving financial assistance from economic development programs at or above the federal poverty level for a family of four. The fiscal impact of SB 2306 cannot be determined.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	**Agency:**	Tax Department
Phone Number:	328-3402	**Date Prepared:**	02/05/2001

Date: 2/06/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2306

Senate Industry, Business and Labor Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number

Action Taken DNP

Motion Made By Sen Klein Seconded By Sen Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every		✓
Senator Klein - Vice Chairman	✓		Senator Mathern		✓
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Sen Krebsbach

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2306: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO NOT PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2306 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

SB 2306

NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Carolyn Nelson
District 21
1125 College Street
Fargo, ND 58102-3433

COMMITTEES:
Judiciary
Government and Veterans Affairs

Senate Bill 2306 seems responsible to me. Granted, I do not come from this era. I grew up when you bought what you could afford and you didn't seek outside help. Our parents and grandparents lived that way too. We brag about our work ethic in North Dakota. It didn't happen overnight; it came from a tradition that's now waning.

Today, we seem to use a bribe system - large signing bonuses for athletes, large tax abatements, tax credits or land to large businesses, "incentives" to do a variety of things. But what do we get in return? High ticket prices which most of us can't afford and the opportunity to have 2 or more jobs per family so we can survive in today's society. Our limited public dollars should NOT be subsidizing poverty wage work.

North Dakota's unemployment rate in 1999 was 3.4%. This is deceiving due to the number of people working part-time and multiple jobs. The Tax Commissioner "advertises" on his website that "new and expanding companies offering higher-than-average wage jobs have been pleased..." The tax department says that the 1999 per capita income was $23,313, that's $11.21 per hour.

At first blush, $11.21 doesn't seem like a bad wage. Let's see if that will be enough to keep us from footing a double (or more) bill. Consider what qualifies a family for subsidies. To get food stamps, the government says gross income should be 130% of poverty for a family of 4 – that's $22,165 or $10.66 per hour. That means that the poverty level must be $17,050, which would be $8.20 per hour. And of course there is other assistance available – CHIPS, subsidized housing and heat, the WIC program, etc. I get a bit upset when an employer talks about how little he has to pay good workers.

This is a simple bill, it just says "if you use public dollars, you demonstrate a commitment to providing decent family supporting jobs in the community that's put it's trust in you".

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THE BISMARCK TRIBUNE

OUR VIEW

Don't mess with living wage plan

If it ain't broke, don't fix it.

Growing North Dakota, the state's economic development program, can undoubtedly use some fine-tuning this legislative session.

But we would urge the legislators to keep their hands off the so-called "living wage" provision of the Future Fund, the key jobs creation component in Growing North Dakota.

The living wage provision, a hot potato during the development and passage of Growing North Dakota in the last session, requires that companies receiving help from the Future Fund pay every full-time employee a minimum of $6.71 per hour, or what the federal government says it costs to maintain a family of four at the poverty level.

Detractors claim this requirement inhibits companies from utilizing the fund, especially those locating in the smaller communities.

Rep. Gary Porter of Minot, the major proponent in the move to eliminate the provision, wants to replace it with a $500 tax credit per employee for companies that pay the living wage. The theory is that an incentive works better than a requirement.

Porter argues that "good" companies don't want the state tinkering with their wage levels and will look elsewhere for places to locate, costing the state potential good jobs. He also maintains that "poorer" companies will agree to and accept most any provision to get state financial backing.

Proponents of the living wage provision argue that the goal of Growing North Dakota is not simply to create jobs for the sake of creating jobs, but to develop quality jobs. Thus the wage provision.

John Rish of the United Transportation Union argues that people aren't leaving the state because there are no jobs, but because the available jobs don't pay enough. He uses the state's low employment rate — 4.6 percent for December — and the contention that many North Dakotans are working two and more jobs to make ends meet, to buttress his argument.

As he puts it: "Our state's working poor don't need another job. What they need is one good job."

But the crucial question has to be whether the "living wage" inhibits use of the fund or jobs creation in the state. To date the detractors haven't been able to make this case.

The Future Fund, despite getting off to something of a slow start, was out of available funds for urban and rural development with six months still remaining in the two-year budgeting period. And there is a considerable waiting list.

Assuming that state officials are doing a solid job in screening applicants and proposals for Future Fund financial assistance, the living wage provision doesn't appear to be handicapping the operation of the fund.

And if the provision isn't inhibiting use of the fund and may be helping to create quality jobs, why junk it?

Testimony in Favor of SB 2306, Promoting Minimum Wage Requirements for Economic Development Projects

Senate Industry, Business, and Labor Committee
February 6, 2001

My name is Gail Erickson, and I am testifying in favor of SB 2306. My remarks are drawn from the three circled items on the attached "Ten Reasons to Support a Living Wage Law for ND", which was written by Steve Huenneke, Associate Professor of Economics at Minot State University.

Professor Huenneke quotes from a report entitled "The Policy Shift to Good Jobs", authored by Greg LeRoy of Good Jobs First, a project of the Institute on Taxation and Economic Policy. That report is available at www.goodjobsfirst.org.

Respectfully submitted,

Gail H. Erickson
North Dakota Progressive Coalition
410 E Thayer Ave Ste 2
Bismarck, ND 58501
(701) 224-8090
gherick@tic.bisman.com

Gail H. Erickson

Ten reasons to support a living wage law for North Dakota

1) North Dakota is in a position of where it is either gaining jobs and losing people–or in a position where it is gaining jobs at a faster rate than it is gaining people. In any event, the basic problem is not that "there aren't jobs," or "there are not enough jobs." The problem is that the jobs that are being created are not the type of job–in terms of either pay or general attractiveness–that retains population, let alone grows it. Quality is the problem, not quantity.

2) According to the latest available data, North Dakota is ranked 48th in average annual pay. North Dakota has lost ground with other states in the U.S. Census Bureau's West North Central region. The pay differential between North Dakota and the average of the seven states in that region has fallen from .904 to .869 between 1988 and 1998. If current trends continue, that pay gap will grow even larger because North Dakota's average annual percentage change in average annual pay between 1988 and 1998 was 3.37 percent, while pay in the region grew at an annual average rate of 3.86 percent. Over that entire time period, year after year, North Dakota ranked last in terms of average annual percentage pay growth.

3) Business services has been identified as a target industry for job growth and economic development in the state of North Dakota. Between 1988 and 2000, the pay gap between North Dakota and other West North Central states grew, in terms of average annual wages and salary. The wage differential between North Dakota and other states in the region fell from .90 to .677. Currently, a worker in business services, on the average, makes only two-thirds the amount of money that a comparable worker does, on average, in the West North Central region. That pay gap will grow even larger if current trends continue. North Dakota's average annual percentage change in average wages and salary between 1988 and 2000 was 3.85 percent, while wages and salaries in the West North Central region grew at an average annual rate of 6.31 percent. Such growing and broad gaps in pay are a big factor in causing out-migration of our young people.

4) If the state really wants good paying jobs, it will have to enforce rules which encourage that standard. This may discourage the creation of some jobs–especially those jobs which some national and global corporations wish to create here at the lowest cost site that they can find. Such employers do not want to pay a high wage because they seek to install lines of production where a minimum of training is involved in making a good, or delivering a service. Many such firms seek production and delivery at the lowest possible per unit cost in the short-term.

5) At the risk of making a broad generalization which won't be true in every single case, firms such as those mentioned in 4) do not tend to seek low turnover or high morale–things our labor suppliers (workers) would also value in addition to higher wages. Such firms are often not concerned with recouping a training investment they make in our people–but instead more interested in rummaging all the way through a pool of unskilled labor in one of our communities. This, all the while, as that community and our state together substantially cover their cost of capital with public money. Considering the quality of the education of our young people and other pressing needs, why does the state and its communities seek to spend its dollars–which have higher-valued alternative uses such as teachers salaries, higher education, and infrastructure–creating such jobs that do not retain population?

6) According to Job Service North Dakota 10-year employment projections, the various business service industry sectors are going to have employment growth rates faster than the overall rate of employment growth, by factors ranging between 1.5 and [illegible]f the business service industry is going to grow that fast, with the encouragement of state economic development money, the public has an interest in ensuring that subsidized jobs are not poverty wage jobs.

7) It is not a good idea to pay out public funds which have higher valued alternative uses to create jobs that pay poverty wages and often, if truth be found out and told, have minimal secondary economic impact and, furthermore, increase the burden of property taxes.

8) If industrial recruiting continues as a primary development tool, a living wage law would, at the very least, encourage the more careful search among recruiters for employers who pay higher wages, who care about morale and want to minimize turnover, and who offer jobs that create larger secondary impacts. These are the kind of jobs that are in the public interest to create.

9) If North Dakota passed a living wage bill into law, it would be following "best practices" of other states. According to the Institute on Taxation and Economic Policy, North Dakota has no job quality standards whatsoever in connection with its industrial recruitments. Sixteen other states do have such standards, including four in our region -- Iowa, Minnesota, Missouri and Kansas. These states are all achieving a significantly greater level of success in terms of making economic development happen, creating good paying jobs and also sustaining population growth. In some cases, the standards are not high, but something is better than nothing.

What kind of standards? Wage requirements are the most common standard, followed by health care, retirement and other benefits, and a set number of work hours. A recent survey by the institute found three general types of wage standards: those based on federal subsistence measures such as the minimum wage or family-poverty line; those set at static dollar amounts; and those based on local market wages. Go to this link to read the institute's report, entitled "The Policy Shift to Good Jobs," the source of the above information.

http://www.ctj.org/html/gjf1099.htm

There you will find out specifics on all states and cities reporting standards. In coming up with a living wage, we don't have to invent the wheel. North Dakotans can base our plan on the best that the other states and cities have come up with.

10) A living wage bill would help shift the focus of economic development away from just creating jobs, and toward actually building wealth and our population base. It is only one element of a successful economic development strategy, but an important element.

Steve Huennekc
Associate Professor of Economics
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Fax: (701) 255-0848
E-mail: NoDakPC@btigate.com

February 6, 2001

Senator Duaine C. Espegard
600 E Boulevard Ave
Bismarck, ND 58505

Dear Senator Espegard:

Thank you for giving me the opportunity to provide information relative to SB 2306, which would provide for a minimum wage standard for projects receiving economic development funds.

You asked during the hearing this morning for information on the wage standards existing in other states. The attached report is the source of my information. The report includes information on both state standards and on standards adopted by several cities and counties.

If you have any other questions, please contact me at (701) 224-8090 or at gherick@tic.bisman.com.

Thank you.

Sincerely,

Gail H. Erickson

Gail H. Erickson

The Policy Shift To Good Jobs

Cities, States and Counties Attaching Job Quality Standards to Development Subsidies

by

Good Jobs First

A Project of the Institute on Taxation and Economic Policy
1311 L Street N.W.
Washington, DC 20005
(202) 737-4315 • www.goodjobsfirst.org

Greg LeRoy
Fiona Hsu
Sara Hinkley

May, 2000

The Policy Shift to Good Jobs

Table of Contents

Executive Summary

A new study by Good Jobs First finds that a rapidly-growing number of U.S. jurisdictions – at least 66 – now apply job quality standards to recipients of economic development subsidies. Those jurisdictions include 25 cities, 37 states, and four counties. Twenty of the standards have been in place for more than 5 years. The rules range from mandated wage levels and health insurance requirements to full-time hours rules. They represent a dramatic increase in the number of such jurisdictions since 1994, when the book *No More Candy Store: States and Cities Making Job Subsidies Accountable* identified only six jurisdictions using this tool.

Collectively, the standards represent a major policy shift in state and local economic development, with public officials increasingly requiring job-quality quid pro quos in exchange for subsidies. Compared as a group to "living wage" ordinances, wage standards applied to job subsidies are more often based on labor-market rates, and are therefore higher and more varied as a group. They also cover more workers, especially since 37 states now embed standards in one or more program. (Forty cities and counties now have living wage laws; 17 are among the 66 standards reported here.)

The study finds three general types of wage standards: those based on federal or state subsistence measures such as the minimum wage or poverty line; those set at static dollar amounts; and those based on local market wages. Generally, those wages pegged at the poverty line are lower and those tied to the market are higher.

The standards are attached to almost every kind of development incentive, from property tax abatements and training grants to enterprise zones and industrial development bonds. More than half the jurisdictions apply a standard to more than one incentive program or to total development assistance above a fixed-dollar threshold, beginning between $5,000 and $100,000.

The histories of the new standards vary widely. They are alike, however, in that they reduce the likelihood that subsidized jobs will generate "hidden taxpayer costs" (e.g., Medicaid, the Earned Income Tax Credit, or food stamps).

There is no indication that the standards have adversely affected the "business climate" of their respective jurisdictions. Indeed, the standards apparently mesh well with employers' needs today for employee retention and skills enhancement.

The study was conducted by Good Jobs First, a project of the Washington, DC-based Institute on Taxation and Economic Policy. Substantial survey assistance was provided by the Council for Urban Economic Development (CUED), the nation's largest association of state and local economic development officials.

Introduction and Acknowledgments

This study is the result of ongoing work by Good Jobs First, a national clearinghouse tracking best practices in economic development. GJF, born in mid-1998, is a project of the Institute on Taxation and Economic Policy. ITEP was founded in 1980 and is one of the nation's leading research centers on taxes and economic policy.

This survey is an update of the job quality chapter of *No More Candy Store: States and Cities Making Job Subsides Accountable*, written by GJF director Greg LeRoy. The book is now being revised and expanded for a second edition.

The Council for Urban Economic Development generously assisted our research efforts by providing space in its January 1999 newsletter for our survey on both job quality benchmarks and clawbacks. Thirty CUED members responded (17 cities, five counties, and eight states); 15 reported at least one program with a job quality standard.

Good Jobs First administered the survey to other precedents collected from numerous other sources over the last five years. Those sources include living wage advocates, community groups, state and local development officials, legislators, auditors, comptrollers, state and national associations of development officials, and unions. In order to estimate prevalence, we also surveyed the ten largest cities and attempted to obtain information for all 50 states.

The findings summarized here include only those programs that mandate standards in all deals. We found additional places that negotiate such standards case-by-case in company-specific development deals, or which include wages paid as part of a formula for evaluating applications for assistance, but those jurisdictions are not included.

This survey is not believed to be complete and its findings will be updated regularly on our Website: www.goodjobsfirst.org. We urge anyone with additional information about standards to contact us at goodjobs@ctj.org, call (202) 737-4315, fax (202) 638-3486, or by mail at Good Jobs First, 1311 L Street NW, Washington, DC 20005.

For the latest nationwide information on living wage ordinances, we recommend contacting ACORN's Living Wage Resource Center at (202) 547-2500 or on the Web at www.livingwagecampaign.org.

Good Jobs First was launched thanks to the Stern Family Fund's 1998 Public Interest Pioneer Award to director Greg LeRoy. Additional support has since come from the Unitarian Universalist Veatch Program at Shelter Rock, the Joyce Foundation, the Discount Foundation, the Ford Foundation, the Ottinger Foundation, and the Rockefeller Family Fund.

Broad Span of Regions and Programs

The new wave of job quality standards span a wide variety of places and economies, from Maine to San Diego and from Ypsilanti to Louisiana. They include 25 cities, 37 states, and four counties.

Table I: Jurisdictions With Job Quality Standards

("†" indicates that the standard is part of a living wage law covering both contractors and incentives, "‡" indicates a living wage law covering incentives only):

Cities

Auburn, Maine
Cambridge, Massachusetts †
Columbus, Ohio
Des Moines, Iowa ‡
Detroit, Michigan †
Duluth, Minnesota ‡
Fort Worth, Texas
Gary, Indiana
Hartford, Connecticut †
Houston, Texas
Indianapolis, Indiana
Lewiston, Maine
Los Angeles, California †
Madison, Wisconsin †
Memphis/Shelby County, Tennessee
Minneapolis, Minnesota ‡
Oakland, California †
St. Paul, Minnesota ‡
San Antonio, Texas ‡
San Diego, California
Warren, Michigan †
West Hollywood, California †
Winston-Salem, North Carolina
Ypsilanti, Michigan †
Ypsilanti Township, Michigan †

Counties

Dane County, Wisconsin †
Flagler County, Florida
Indian River County, Florida
Santa Clara County, California ‡

States

Alabama	Missouri
Arizona	Nebraska
Arkansas	Nevada
California	New York
Colorado	North Carolina
Delaware	Ohio
Florida	Oklahoma
Georgia	Oregon
Idaho	Pennsylvania
Indiana	Rhode Island
Iowa	South Carolina
Kansas	South Dakota
Kentucky	Tennessee
Louisiana	Texas
Maine	Utah
Maryland	Vermont
Michigan	Washington
Minnesota	Wisconsin
Mississippi	

As denoted in Table I, 17 cities or counties attach standards to incentives as part of living wage laws. In eleven cases, the living wage laws span both contractors and incentive recipients. In six cases, they apply only to companies receiving incentives.

More than half the jurisdictions apply a standard to multiple programs or to total assistance above a fixed-dollar threshold, beginning between $5,000 and $100,000.

As is detailed in the Appendix summary matrix, the standards are found attached to almost every kind of development incentive, from tax abatements and training grants to enterprise zones and industrial development bonds.

Coverage: High Due to Statewide and Big-City Rules

Although most of the standards have not been in effect for many years, some already cover very large numbers of workers. For example, the Texas Smart Jobs Fund reports that in 1998 and 1999, the fund has covered 98,392 workers under 1,097 grants.[1]

The City of Houston reports that as of July 1, 1999, its tax abatement standard (including healthcare) has covered 23,840 workers.[2] Colorado's FIRST Customized Training Program covers 47,000 workers.[3] The Kansas High Performance Incentives Program covers 67,000 workers.[4]

Such large numbers reflect the fact that 37 states apply standards to one or more program and that some other standards are in large cities. They also reflect the facts that economic development incentives have become ubiquitous in the last 20 years[5] and that large employers are especially aggressive about seeking them.

By contrast, all of the 40 living wage ordinances are either city or county laws (also including some large cities) and some of them include exemptions for certain kinds of businesses (e.g., non-profits).

One caveat: any kind of wage law, such as the minimum wage, covers some workers who, for various reasons, would otherwise be compensated as well as or better than the law requires. It is often difficult, therefore, to determine how many workers receive higher wages or other benefits as a direct result of the standards.

Because this survey is believed to be incomplete, we made no attempt at this stage of the research to quantify coverage nationally.

The Standards: Wages and Benefits

Wage requirements are the most common standard, followed by health care, retirement and other benefits, and a set number of work hours. The survey found three general types of wage standards: those based on federal subsistence measures such as the minimum wage or family-poverty line; those set at static dollar amounts; and those based on local market wages. Generally, those wages pegged at the poverty line are lower and those tied to the market are higher.

Thirty-four of the standards, or nearly half, are pegged to market rates, such as county or Metropolitan Statistical Area (MSA) average wages. Other market benchmarks include occupational wage rates, regional industry averages, and state averages. By contrast, only three of the 40 living wage laws are market-based.

Effective hourly wage levels range from lower rates, such as the Michigan Economic Growth Authority (150% of federal minimum wage, or $7.73) or Minneapolis (110% of poverty for a family of four, or $8.83), to higher, market-oriented rates such as the Texas Smart Jobs Fund (equal to or higher than average county wage, or $18.61 in Dallas County) and Indianapolis ($14 in three townships). Rhode Island requires a median wage as high as 125 percent of the average industry wage, or about $17.88 in Manufacturing and Traded Industries, for its investment tax credits.

The vast majority of the standards call for wages that effectively track increases in either the cost of living or average wages; about one quarter are either fixed-rate or do not include wage requirements. Several jurisdictions have a two-tier wage standard: one for employees receiving health benefits and a higher one for those without.

Twenty-six of the standards either require employers to provide health care benefits, or to pay a set percentage of them. Several standards encourage employers to provide health care by specifying a wage differential for it. The differentials in required wages range from $1.00 to $1.50 per hour, and from 10% to 25% of the federal poverty rate.

Six jurisdictions' standards call for retirement benefits or access to them; one specifies an ERISA-qualified retirement plan. Additionally, five jurisdictions require a certain number of paid vacation days, sick leave days and/or paid holidays.

Two jurisdictions apply a standard which imposes little ultimate cost to employers but could result in substantial additional income for workers. Los Angeles and Oakland require employers to inform employees earning less than $12 an hour of their possible right to the Earned Income Tax Credit (EITC), and their possible right to receive advance EITC payments from the employer. Oakland requires the information to be in writing, in all languages spoken by a significant number of employees.[6]

In a few jurisdictions, the amount of the subsidy is tied to the wage level of the subsidized jobs. In Mississippi, for each $1 or fraction thereof that the company pays above the state's current average hourly manufacturing wage, the interest rate on a Mississippi Business Investment Program loan is reduced by one half percent, to a minimum allowable interest rate of 3.0%. Minnesota's enterprise zone grants higher credits for wages above a threshold and for manufacturing jobs. In Washington, companies receiving tax credits in one program receive $4,000 for each job with wages and benefits exceeding $40,000, but only $2,000 for each job below that rate.

Some of the standards are administrative requirements; most are statutory. Some that are statutory began as administrative procedures, were honed and later enacted.

Motives: Reduce Poverty, Respond to Labor Market

Anecdotes gathered during the survey suggest that development officials (and their elected leaders) are motivated by a mixture of shrewd labor-market analysis and a desire to move away from subsidizing dead-end, poverty-level jobs. To paraphrase one Midwestern official: "We came to the conclusion that we weren't making the best use of our land. We were creating a lot of jobs with wages well below the county average." The tight labor markets in most parts of the country also provide support for the standards: another Midwestern official commented that most companies won't argue with wage standards due to the low state unemployment rate.

While some incentive programs remain intended for lower-wage entry-level positions, in today's tight labor market, more employers are worried about employee retention and skills improvement among incumbent workers. Hence, job quality standards are often consistent with employer needs, because they generate higher wages and better benefits.

A few agencies, such as those providing training programs, had surveyed other jurisdictions, analyzed official poverty benchmarks, or produced their own estimates of local family-subsistence budgets from which to derive wage standards.

A February 1999 study by Good Jobs First, analyzing 525 development deals in Minnesota, found that almost half of the subsidized employers were paying wages to workers in subsidized jobs that were 20 percent or more below market rates for the same industry and region. More than 90 percent of the deals lacked wage standards. The Minnesota legislature in May enacted new rules requiring all cities and other public agencies to embed wage standards into all future deals. As the law is now phasing in, Minnesota cities, regional agencies and state agencies are adopting standards for wages and other public purposes against which the deals will be monitored.[7]

Compliance: Several Tools Available

Compliance monitoring procedures vary, with some jurisdictions requiring payroll reports quarterly or annually. Some officials spot-check workers compensation or unemployment insurance records; others use site visits. Although many jurisdictions have the right to recapture (or "claw back") a subsidy if an employer fails the wage standard, wage restitution or other negotiated remedies appear more common. (A future Good Jobs First study will analyze clawback outcomes on job quality standards as well as other accountability measures, such as job creation and investment levels.)

Business Climate: Not an Issue

The most common rhetorical objection to rules placed on development incentives is that such restrictions harm the "business climate" and discourage new corporate investments. We asked respondents to comment on this issue. The overwhelming response was that job quality standards have not harmed development efforts, but do help officials target their resources more effectively. Only two respondents indicated that some businesses had expressed business climate concerns about the standards.

One West Coast official said his city's standards enable him to send clear signals to applicants about program intentions, helping sort out eligible deals, such as denying subsidies to retail projects because nearly all of the projected jobs would be part-time and low-wage. To paraphrase a New England official: We are aggressive but prudent; we attract the kinds of companies we want and avoid the bottom-feeders. A Mountain state official essentially said: We are encouraging a workforce that is cutting edge and more loyal to employers. A Southwestern official's sense: Employers are not surprised by the wage standards because so many communities are leaning towards them.

Conclusion

While the number and value of development incentives continues to rise, a strong parallel trend is also emerging: more quid pro quos such as poverty-free wages. Over time, because job subsidies have become so ubiquitous and because some of the standards are required by states and larger cities, this new wave of development policy will cover millions of Americans.

If economic development is defined as raising the living standards of average working families, this new shift in development policy indicates a "back to basics" trend. Job quality standards are the first step in redefining economic development. The breadth and variety of these new rules suggest that a new definition is already being written.

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Jurisdiction († = part of living wage law, ‡ = living wage law, incentives only)	Type(s) of Subsidies Covered/ Name of Program(s)	Job Quality Requirements (Dollar amount and wage are hourly unless otherwise stated)
States		
Alabama	Income Tax Capital Credit	Companies must pay $8 with benefits or $10 without.[8]
Arizona	Enterprise Zones	Companies must provide full-time employment, pay ≥ county average wage, pay ≥50% of medical insurance costs.[9]
Arkansas	Arkansas Economic Development Act: Qualifying Wage Ratio Tax Credit	Companies meeting other eligibility criteria and paying average hourly wages equal to 125-149% of the county or state annual wage can collect 50% tax credit. Companies paying 150-174% can collect 75% tax credit. Companies paying 175% or above can collect 100% tax credit.[10]
California	Economic Revitalization Manufacturing Property Tax Rebate	Companies must pay ≥$10.
	Capital Investment Incentive Payments	Companies must provide employer sponsored health benefits and pay a weekly wage of ≥ the state average weekly wage.[11]
Colorado	FIRST Customized Training Program	Companies must pay $7 in rural areas and $8.50 in metro areas, and provide health benefits.[12]
Delaware	Employment Tax Credit	Provide full-time job (35 hours/week) and ≥50% employer-paid health care.[13]
Florida	Qualified Target Industry (QTI) Tax Refund Program	Companies must pay ≥115% of the MSA average wage, such as $13.08 in Leon MSA or $13.94 in Taylor MSA.[14]
Georgia	Business Expansion and Support Act (BEST) Job Tax Credits	Companies must pay above 100-115% of average county wage (depending on level of distress in the county) and make health insurance coverage available to new employees.[15]
Idaho	Workforce Development Training Fund	Companies must pay starting wage of ≥$6 plus employer-assisted benefits.[16]
Indiana	Training 2000 Grant	Companies must pay ≥ average county wage.[17]
	Economic Development for a Growing Economy (EDGE)	Companies must pay ≥ average county wage.[18]

Iowa	New Jobs and Income Program (NJIP)	Companies must pay median wage of $11.96 for production workers, or 130% of average county wage for new jobs, whichever is higher, and must pay ≥80% of health and dental insurance costs.[19]
	Supplemental New Jobs Credit from Withholding	Companies must pay ≥ average county or regional wage, whichever is lower.[20]
Kansas	High Performance Incentives Program	Companies must pay wages above the county average for firms under 500 employees in the same two-digit SIC code, unless the company is the only firm in the county in that two-digit SIC code.[21]
Kentucky	Job Development Incentive Grant Program	Companies must pay new hires ≥130% of the federal minimum wage and pay existing project site workers 150% of the federal minimum wage.[22]
Louisiana	Louisiana Quality Jobs Program (for jobs in certain SIC codes)	Eighty percent of all new jobs must average 25 hours per week, new payroll must equal or exceed $1 million annually, and the company must pay ≥ half of the premium for basic health care.[23]
Maine	Jobs and Investment Tax Credit, Employment Tax Increment Financing	Annual wages of subsidized jobs must exceed the average annual per capita income for the labor market. Company must provide group health insurance and ERISA-qualified retirement plan.[24]
	Governor's Training Initiative	Companies must pay ≥85% of the average wage for that occupation in the labor market and must contribute ≥50% of group health insurance costs.[25]
Maryland	Job Creation Tax Credit	Companies must pay ≥150% of the federal minimum wage (currently $7.73), and employees must work ≥840 hours during ≥24 weeks in a 6-month period.[26]
Michigan	Michigan Economic Growth Authority (MEGA) Program	Average wage for all new jobs must be ≥150% of the federal minimum wage, or $7.73.[27]
Minnesota	Minnesota Investment Fund	Companies in seven-county Twin Cities area must pay $10; companies in rural areas must pay $8.[28]
	Enterprise Zone Program	Company must pay >average county wage.[29]
Mississippi	Mississippi Business Investment Program	For each $1, or fraction thereof, the company pays above the state's current average hourly manufacturing wage, the interest rate on the loan is reduced one half percent, to a minimum allowable interest rate of 3.0%.[30]

Missouri	Tax abatements, Development Tax Credit, Build Missouri, and New Jobs Training Bonds	Companies must pay area (county or MSA) average/median wage.[31]
Nebraska	Quality Jobs Act	Companies receive credits based on average employee compensation (the credits are applied to employee benefit programs). If average compensation is between $20,000-30,000, then the credit is 3% of the employee's compensation. If average compensation is between $30,000-40,000, then the credit is 4%. If average compensation is greater than $40,000, then the credit is 5%.[32]
Nevada	Tax Abatements: Sales and Use Tax, Business Tax, Personal Property Tax, and Property Tax	Companies must pay 100% of statewide average wage (currently $14.12).[33]
	Sales and Use Tax Deferral	Companies must pay 80% of state average wage (currently $11.30).
	Train Employees Now	Companies must pay 80% of state or county average wage, whichever is lower.[34]
New York	Economic Development Zone Wage Tax Credit	Companies must pay ≥135% of state minimum wage, (currently $6.95).[35]
North Carolina	Industrial Revenue Bonds	Manufacturers must pay ≥ the average county factory wage or 110% of the average state manufacturing wage, whichever is lower.[36]
	Jobs Tax Credits	Companies must pay ≥110% (100% if in enterprise tier 1 area) of the lowest of the following: average county wage, average state wage, or average county wage adjusted by a factor.[37]
Ohio	Job Creation Tax Credit	Companies must pay an average wage for all employees of ≥150% of the federal minimum wage.[38]
	166 Direct Loan Program, 166 Regional Loan Program, Enterprise Bond Fund, Pioneer Rural Loan Program, Buckeye Fund Loan Program, Scrap Tire Loan and Grant Program, Rural Industrial Park Loan Program, and Pollution Prevention Loan Program	Companies must pay prevailing wage for all new construction, renovation, and installation of machinery and equipment workers. Prevailing wage threshold levels for construction is $58,958 annually. Reconstruction, enlargement, alteration, repair, remodeling, renovation, or painting threshold level is $17,687 annually.[39]

Oklahoma	Quality Jobs Program	Eighty percent of a company's new jobs must be ≥25 hours per week and company must provide a basic health benefits plan certified by the State's Basic Health Benefits Board. [Because many of the costs in the cost-benefit analysis formula are fixed, the company has an incentive to pay better wages so as to generate more job-related benefits to the State and thereby generate a larger payment from the Incentive Fund.][40]
Oregon	Enterprise Zone	Companies must pay average compensation ≥150% of the average annual wage of the zone's high-wage county.[41]
Pennsylvania	Job Creation Tax Credits	Companies must pay ≥150% of the federal minimum wage (currently $7.73).[42]
Rhode Island	Investment Tax Credits for Manufacturing and Traded Service Industries	Companies must pay a median wage ≥125% of the All-Industry Average ($37,196 annually in 1998).[43]
	Job Creation and Corporate Income Tax Rate Reduction	Companies must pay 150% of the state minimum wage (currently $8.47).[44]
	Jobs Training Tax Credit	Companies must pay 150% of the state minimum wage upon completion of training or currently $8.47.[45]
Sout[illegible]na	Enterprise Program: The Job Development Credit	Companies may withhold percentage of taxes based on wages of jobs created: 2% for $6-7.99, 3% for $8-9.99, 4% for $10-14.99, and 5% for $15 and above, and companies must provide a benefits package which includes health care.[46]
South Dakota	Workforce Development Program	Companies must pay ≥$8.50.[47]
Tennessee	Tennessee Skills Program	Companies must pay starting wage ≥ prevailing starting wage for that occupation in the local labor market.[48]
Texas	Smart Jobs Fund	Companies must pay ≥ average county wage. Examples: Dallas County $18.61; El Paso $11.04.[49]
	Job Creation and Investment Tax Credits	Companies must pay ≥110% of county average weekly wage, offer group health benefit plan for which the business pays ≥80% of the premiums, and employ workers for 1,600 hours of work a year.[50]

Utah	Enterprise Zone Tax Credit	In addition to the \$750 tax credit for each new full time job per tax year, eligible companies collect \$500 if the new position pays ≥125% of the county average monthly wage for the respective industry or 125% of the total average monthly wage in the county, and \$200 if the employee is insured under an employer-sponsored health plan.[51]
Vermont	Vermont Training Program	Companies must pay twice the state's minimum wage (currently \$11.50) upon completion of training. Conditional waivers do apply when additional benefits are offered as part of compensation.[52]
Washington (State)	Distressed Area B & O Tax Credit/Job Creation, credit for businesses located in specific areas (high unemployment counties, community empowerment zones or low income counties).	Companies receive a \$4,000 credit for each job with wages and fringe benefits exceeding \$40,000 and \$2,000 for other jobs.[53]
Wisconsin	Enterprise Development Zone Program	Companies must provide full-time jobs which pay ≥150% of the federal minimum wage. Full-time is defined as regular, non-seasonal, and 2,080 hours per year.[54]
Cities and Counties		
Auburn, Maine	Tax increment financing	Companies must pay \$9.65. Companies must also provide employees access to benefits, including health insurance, sick and vacation leave, and retirement plan.[55]
Cambridge, Mass. †	City assistance ≥\$10,000 (including tax abatements, Industrial Development Bonds, Community Development Block Grant loans and grants, and Enterprise Zones)	Companies must pay \$10. Wage rate is indexed to the CPI.[56]
Columbus, Ohio	Tax abatement on real and/or personal property, Enterprise Zone Program, and CRA Program	Companies are required to pay 150% of federal minimum wage on new jobs. Jobs are required to be full-time with benefits.[57]
Dane County, Wis. †	Business Loan Program	Companies must pay ≥\$10.30 (twice the federal minimum wage) and provide benefit plans, especially health insurance.[58]
	Economic assistance ≥\$5,000	Companies must pay 100% of federal poverty rate for family of four divided by 2,080 hours (currently \$8.03).[59]

Des Moines, Iowa ‡	Urban renewal and loan projects	Companies must have as a goal an average wage rate of $9, which can include employer-paid benefits.[60]
Detroit, Mich. †	Financial assistance ≥$50,000 (including any federal grant program administered by the city, revenue bond financing, planning assistance, tax increment financing, tax credits or any other form of assistance)	Companies must pay wages equivalent to federal poverty level for a family of four divided by 2000 (currently $8.23) with fully paid benefits or 125% of federal poverty level (currently $10.29) without benefits.[61]
Duluth, Minn. ‡	Financial assistance ≥$25,000	Companies must pay 90% of its employees ≥$6.50 with health benefits or $7.25 without.[62]
Flagler County, Fla.	Economic Development Grant Incentive Program	Companies must pay an average wage or salary, not including benefits, equal to or above the County's average ($10.10/hr or $21,009/yr) for new jobs. In addition, companies must either provide and fund employee health insurance and retirement benefits, or provide employees with the opportunity to purchase health and retirement benefits. Award levels are increased with higher average wage levels and bonus conditions, such as tuition reimbursement, local hiring, or corporate citizenship.[63]
Fort Worth, Tex.	Tax abatements, IDB Private Activity Bonds and state designated enterprise projects	Companies are required to provide full-time employment and include employer-paid health benefits.[64]
Gary, Ind.	Tax abatements	Companies must pay prevailing wage for the job classification, as reported by the BLS Area Wage Survey, for both full-time and part-time jobs. Rule waived for one year for start-ups with less than 50 employees, and can be extended to such companies for only one year, but only upon financial disclosure to the City Council showing inability to comply. Companies must also provide a complete healthcare package to all employees working an average of 25 hours or more per week, except for companies with less than 10 employees, waived for two years.[65]

Hartford, Conn. †	Subsidies ≥$100,000 (including loans, tax abatements, tax increment financing agreements, state or federal money issued through the City, pension fund money, municipal trust funds, or the sale of municipal bonds)	Companies must pay an hourly wage rate equivalent to 110% of the federal poverty level for a family of four, based on 2,080 hour work year, currently $8.83, in addition to health benefits.[66]
Houston, Tex.	Tax abatements	Companies must provide thirty hours of work per week and 100% employer-paid healthcare.[67]
Indian River County, Fla.	Job grant	Companies must pay $23,400 annually (the average wage in the county) for ≥20 jobs.[68]
Indianapolis: Lawrence, Washington and Pike Townships	Tax abatements	Companies must pay an average wage of $14, and all new jobs must pay ≥90% of the required average wage level ($12.60). Center Township's wage requirement is $9.50.[69]
Lewiston, Maine	Tax increment financing	Companies must pay $9.65. Companies must also provide employees access to benefits, including health insurance, sick and vacation leave, and retirement plan.[70]
Los Angeles, Calif. †	Subsidies valued at either $1,000,000 in total or $100,000 a year on a continuing annual basis, defined as bond financing, tax increment financing exclusively provided by the City, tax credits, loan forgiveness, and loans to the extent the loan amount is less than present value, excluding city staff assistance	Companies must pay $7.39 an hour plus health benefits, or $8.64 an hour without. Rates indexed annually each June 1, based on adjustments made in retirement benefit levels in City Employees Retirement System. Company must also provide 12 paid days off and 10 days unpaid leave for illness of employee or immediate family member, per year. Company must inform employees making less than $12 an hour of their possible right to the federal Earned Income Tax Credit, and provide information about the EITC as well as claims to secure advance EITC payments from the employer. Law may be superceded only in a collective bargaining agreement.[71]
Madison, Wis. †	Financial assistance ≥$100,000 (exempts lessees and sublessees)	Companies must pay employees a wage rate that equals 100% of the poverty level for a family of four divided by 2,080. The percentage increases to 105% in 2000 and to 110% in 2001.[72]
	Business Loan Program	Companies must pay ≥$10.30 (twice the federal minimum wage) and provide benefit plans, especially health insurance.[73]
Memphis/Shelby County	Payment in Lieu of Tax (PILOT)	Companies must pay 80% of per capita income of Shelby County.[74]

Minneapolis, Minn. ‡	City projects ≥$35,000	Companies must pay ≥110% of the federal poverty rate for a family of four ($8.83) or 100% of poverty rate ($8.02) when they offer health insurance. Also provides, "to the extent legally possible," preference to companies with responsible labor relations, defined as employer neutrality, accurate employee list, reasonable access, voluntary card-check recognition and binding arbitration on a first contract.[75]
Oakland, Calif. †	City financial assistance ≥$100,000 in any 12-month period, defined as grants, rent subsidies, bond financing, financial planning, tax increment financing, land write-downs, forgiveness of a loan and/or tax credits, as well as below-interest loan to the extent the loan amount is less than present value, excluding city staff assistance	Companies must pay $9.55, or $8.30 plus health benefits. The rates are to be indexed every April 1, based on previous calendar year's Bay Region consumer price index. Company must provide 12 paid holidays and 10 unpaid days off per year for sick leave or the illness of an immediate family member. Company must inform all employees paid less than $12 an hour of their possible right to claim the Earned Income Tax Credit, and must provide such information in writing in all languages spoken by a significant number of employees within 30 days of hiring. Requirement may be waived if agreed to by labor and management through explicit, clear and unambiguous language in a bona fide collective bargaining agreement.[76]
St. Paul, Minn. ‡	Economic development assistance ≥$100,000	Companies must pay ≥110% of the federal poverty rate for a family of four, or 100% if health insurance is provided.[77]
San Antonio, Tex. ‡	Six to ten-year property tax phase-ins (depending on location) in Reinvestment Zones on eligible personal and real property improvements above base-year value	Defines "wage standard" for durable goods manufacturing as most recent BLS figure for the MSA ($10.14) and "wage standard" for non-durable and service companies as the non-durable rate (currently $9). "Targeted business" projects receive up to 100% personal property tax phase-in if 70% of the new jobs pay the wage standard within one year. "Other businesses" receive up to 75% tax phase-in if 70% of the new jobs pay the wage standard within one year. (The remaining 25% phase-in can be earned if 25% of the new jobs are filled by hiring economically disadvantaged workers.) For real property the phase-in rates are the same. In all cases, the company must pay 80% of the standard during the first year ($8.10/$7.42).[78]
San Diego, Calif.	Permit Assistance and Advocacy Program, Fee Reductions/Tax Rebates: Manufacturing Property Tax Rebate, Water/Sewer Capacity Fee Reduction	Companies must pay $13.50.[79]

Santa Clara County, Calif. ‡	The County's portion of property tax abatements on new manufacturing equipment	Companies must pay $10, and must provide health care or a suitable alternative to all permanent employees.[80]
Warren, Michigan †	Subsidies ≥$50,000	Companies must pay 100% federal poverty level ($8.23) including benefits, or 125% without benefits ($10.04).[81]
West Hollywood, Calif. †	City grants (which may originate from various other governmental sources)	Companies must pay $7.25 with health benefits or $8.50 without health benefits, with an annual cost of living adjustment based on adjustments made to City retirees under the City Employees Retirement System. Employer must also provide 12 paid days off per year for sick leave, vacation or personal necessity, and 10 unpaid days off for illness or that of an immediate family member. If the company pays the lower wage rate, it must provide proof that it provides health care benefits valued ≥$1.25 an hour to the City Manager.[82]
Winston-Salem, NC	Target Area Business Assistance Program General Economic Development Assistance Program	Companies must pay more than $8.[83] Companies must pay ≥$9 to receive full incentive.[84]
Ypsilanti, Mich. †	Grants, tax abatements, or financial assistance ≥$20,000 in any 12 month period	Companies must pay ≥$8.50 with health benefits or $10 without health benefits.[85]
Ypsilanti Township, Mich. †	Financial Assistance ≥$10,000 (including federal or state grant program administered by Township, revenue bond financing, TIFs, tax abatements, tax credits, and direct grants)	Companies must pay ≥$8.50 with health benefits or $10 without health benefits.[86]

Endnotes

1. GJF survey, Stella Guttierez, Texas Smart Jobs Fund.

2. GJF survey, Bill Calderon, City of Houston Planning and Development Department.

3. GJF survey, Doris Rigoni, FIRST program coordinator, State of Colorado.

4. GJF survey, David Bybee, High Performance Program manager, State of Kansas.

5. For information on how very common such incentives have become, see, for example, "State Business Incentives: Trends and Options for the Future" from the Council of State Governments, 1997. See also *No More Candy Store: States and Cities Making Job Subsidies Accountable*, page 3.

6. Under the federal Earned Income Tax Credit, a family with two or more children earning up to $30,095 annually (which comes to $14.47 an hour for one full-time job) may qualify for EITC payments.

7. Greg LeRoy and Tyson Slocum, *Economic Development in Minnesota: High Subsidies, Low Wages, Absent Standards*, February, 1999, Institute on Taxation and Economic Policy. For the text, go to: http://www.ctj.org/html/minmenu.htm.

8. Code of Alabama 40-18-190. GJF Survey Kelly Graham, Capital Credit Program Administrator, Office of the Commissioner of Revenue.

9. "Arizona Enterprise Zones, Income Tax Credit, Guidelines for Employers," Chris Gotts, Loan Processor, Arizona Department of Commerce, available at www.azcommerce.com/press_releases/ADOC%20%Enterprise%20%Zone.htm.

10. Arkansas Code §15-4-1903. GJF Survey, John Arnold, Economist, Department of Economic Development.

11. Revenue and Taxation Code Chapter 5, Article 1, §5108 and Government Code Title 5, Division 1, Chapter 8, §51298.

12. CRS 23-60-307. GJF Survey, Doris Rigoni, Business Development Specialist, FIRST Program Coordinator, State of Colorado.

13. Delaware Code Title 5, Section 1105. GJF Survey, Michele R. Cathell, Bank Franchise Tax Specialist, Office of the State Bank Commissioner.

14. Florida Statute §290.0056. GJF Survey, Vera Greenwood, Office of Tourism and Trade, State of Florida.

15. Official Code of Georgia Annotated Title 48, Chapter 7, Article 2 (to take effect January 1, 2001).

16. Idaho Statutes 72-1347B. GJF Survey, Leandra Burns, Grants Manager, Department of Labor.

17. Information on www.indianaprogress.com viewed May 11, 2000. GJF Survey, Elise Nieshalla, Project Manager and Terry Van Zane, Deputy Director of Development Finance, Department of Commerce, Division of Finance.

18. Indiana Code 6-3.1-13, and Ibid.

19. Iowa Code 1999 §15.327. GJF Survey, Jim Chupp, Manager of Business Development Division, Iowa Department of Economic Development.

20. Iowa Code 15A.7.

21. KSA 74-50,131. GJF Survey, David Bybee, High Performance Program Manager, State of Kansas.

22. KRS 42.4588.

23. GJF Survey, Paul Adams, Director of Business Incentives, Louisiana Department of Economic Development.

24. 36 MRSA § 5215, sub-§3, ¶C, enacted April 16, 1998; 36 MRSA §6753. GJF Survey, Alan Brigham, Director of Policy and Planning, Department of Economic and Community Development.

25. Administrative Procedure Act 12-168 Chapter 3. GJF Survey, James Nimon, Program Manager, Maine Department of Economic and Community Development.

26. Maryland Code §9-230.

27. MSA §3.540(808) (also MCL §207.808). GJF Survey, Linda Dankoff, Michigan Economic Growth Authority Specialist, Margaret O'Reilly, Legislative Liaison, and Jim Paquet, Chairman of the Board.

28. Greg LeRoy and Tyson Slocum, *Economic Development in Minnesota: High Subsidies, Low Wages, Absent Standards*, February 1999, page 6.

29. Minnesota Statutes §469.169.

30. GJF Survey, Jim Craig, Industrial Development Division, Department of Economic and Community Development, State of Mississippi.

31. GJF Survey, Mike Downing, Manager, Missouri Department of Economic Development.

32. Quality Jobs Act, Nebraska Law, §§77-4901 to 77-4935. GJF Survey, Stu Miller, Department of Economic Development.

33. NRS 360.750.

34. NRS 231.147. For all Nevada programs: GJF Survey, Susi Combs, Incentive Coordinator/Information Technology Manager, Nevada Department of Tourism and Economic Development.

35. Consolidated Laws Article 9-A, Section 208.19. "Tax Breaks for Businesses in Economic Development Zones," New York State Department of Taxation and Finance, Publication 26, 9/95.

36. NCGS §159D-7, (1). GJF Survey, Jane Goswick, Finance Officer, Department of Commerce.

37. NCGS §105-129.4.

38. EDD Fact Sheet, Ohio Department of Development: www.odod.state.oh.us/trainingtaxcredit.htm, viewed May 12, 2000.

39. ORC §§4115.03-4115.06 (especially 4114.05).

40. Oklahoma Quality Jobs Program Act, Article 36, §§8601 to 8609, 1993. GJF Survey, Brenda Vincent, Director of Tax and Financial Policy Analysis, Department of Commerce.

41. ORS §285B.710 (1997).

42. 73 P.S. §400.901 (1999).

43. Rhode Island Code §44-31.

44. Rhode Island Code §42-64.5-1.

45. Rhode Island Code §42-64.6.

46. Benefits requirement: South Carolina Code of Laws §12-10-20 through 50. Wage ranges: GJF Survey, Rene Oswald, Program Director, South Carolina Coordinating Council for Economic Development, South Carolina Department of Commerce.

47. GJF Survey, Ann Gesick-Johnson, Workforce Development Coordinator, Governor's Office of Economic Development. See www.state.sd.us/oed/.

48. Tennessee Code Ann. §50-7-451.

49. Government Code §481.151. GJF Survey, Stella Gutierrez, Texas Smart Jobs Fund.

50. (Acts 1999, 76th Leg., SB 441.) Tax Code §171.751, 19; §171.802, enacted June 3, 1999.

51. Utah Code §9-2-413. GJF Survey, Johnnie Wilkinson, Business Development Executive, and Tom Williams, Economist, both with Office of Business Development.

52. 10 VSA Chapter 22, Section 531. GJF Survey, Phil Fagan, Program Director, Vermont Department of Economic Development.

53. RCW 82.62.030. GJF Survey, Jim Keogh, Business Retention and Expansion Specialist, Washington Department of Community Trade and Economic Development.

54. Wisconsin Statute 560.797. GJF Survey, Amy Cumblad, Development Zone Manager, Department of Commerce Bureau of Enterprise Development.

55. City of Auburn and Lewiston, Maine Tax Increment Financing Policy, February 18, 1999. GJF Survey, Ronald Miller, City of Auburn.

56. Cambridge City Ordinance 2.121. Cambridge City Council passed on May 3, 1999.

57. GJF Survey, Barbara Brugman, City of Columbus, Trade and Development Department.

58. GJF Survey, Frank Staniszewski, President, Madison Development Corporation.

59. Ordinance Amendment 14, 1998-1999, (amending Article 2, Section 15.275).

60. Des Moines Resolution, 96-2424 adopted July 1, 1996.

61. Detroit City Ordinance Section 18-5-711, effective December 16, 1998.

62. Duluth, Minnesota Ordinance 9340, enacted July 14, 1997.

63. GJF Survey, Stephen A. Marro, Acting Director, Committee of 100, Flagler County, Florida.

64. GJF Survey, Tom Higgins, Director of Economic Development, City of Fort Worth Office of Economic Development.

65. Gary, Indiana Ordinance No. 89-45.

66. Hartford Ordinance 17-99, passed October 12, 1999.

67. Municipal Code, Chapter 44, Article 4. GJF Survey, Bill Calderon, City of Houston Planning and Development Department.

68. GJF Survey, Milt Thomas, Director of Economic Development, Indian River County Chamber of Commerce.

69. GJF Survey, Lynette Aponte, Business Development Specialist, Indianapolis Economic Development Corporation and Mark Mitchell, Director of Business Development, Indianapolis Economic Development Corporation. *Indianapolis News*, September 1, 1997, "Some workers earn so little they must..JUGGLE ONE JOB."

70. City of Auburn and Lewiston, Maine Tax Increment Financing Policy, February 18, 1999. GJF Survey, Ronald Miller, City of Auburn.

71. Los Angeles City Ordinance No. 171547, passed March 18, 1997, re-passed April 1, 1997 over mayoral veto. GJF Survey, Francisco Ferrar, Living Wage Coalition.

72. Madison City Ordinance No. 24129, Section 4.20 passed by the Madison Common Council on March 30, 1999. GJF Survey, Dan Bohrod, Comptroller's Office and Anne Zellhoefer, City Attorney's Office.

73. GJF Survey, Frank Staniszewski, President, Madison Development Corporation.

74. GJF Survey, Brian Pecon, Director, Memphis/Shelby County Office of Economic Development.

75. Minneapolis Resolution No. 97-OR-053, passed March 7, 1997, approved by the Mayor March 13, 1997. GJF Survey, Iric Nathanson, Finance Coordinator, Minneapolis Community Development Agency.

76. Oakland Ordinance No. 12050, passed on April 7, 1998, effective July 1, 1998.

77. St. Paul Resolution Council File 96-1512, Adopted January 2, 1997.

78. San Antonio Ordinance 88091, enacted July 2, 1998. GJF Survey, Grace Luna, Marketing Specialist, City of San Antonio.

79. GJF Survey, Michael Jenkins, Community Development Coordinator, City of San Diego.

80. Manufacturing and Personal Property Tax Rebate, Santa Clara County Growth and Job Creation Policy, adopted September 19, 1995.

81. Ordinance No. 80-550 published February 9, 2000.

82. West Hollywood Ordinance No. 97-505, passed October 20, 1997.

83. GJF Survey, Derwick Paige, Special Development Administrator, City of Winston-Salem.

84. GJF Survey, Allen Jones, Assistant City Manager, City of Winston-Salem.

85. Ypsilanti City Ordinance No. 892, passed on June 15, 1999.

86. Ypsilanti Township Ordinance No. 99-213, passed in May 1999.

NFIB.
The Voice of Small Business

NORTH DAKOTA

Testimony of Bill Butcher, State Director, National Federation of Independent Business (NFIB) <u>in opposition to SB 2306</u>

NFIB represents approximately 3000 small business owners throughout North Dakota and we have 600,000 members nationwide.

Positions taken by NFIB on issues before the Legislature are determined entirely by membership ballots.

The requirement that employees of businesses funded in any manner by state government be paid what is called a "living wage" is nothing more than jacking up the minimum wage requirement for selected businesses. NFIB members have been polled countless times nationally and statewide on the minimum wage question and consistently over 80% oppose increasing it.

A mandate of 80% places NFIB in a position of opposing SB2306 in no uncertain terms.

I have some personal experience and insight on the matter of state loans, guarantees and wage requirements. In the late 1980s I started up a drug testing business in Bismarck. That business was the first ever recipient of a loan by the then Myron G. Nelson Fund. There was considerable discussion leading up to that loan that payment of a "living wage" to employees would be required of me, but it was not.

If I had been required to pay what was then a "living wage" I would have had two choices: either to not partner with the State of North Dakota and create a new business, or I could have gone for it and gone under. We paid the best wages we could and we were competitive.

Because paying the so called "living wage" was not a part of the deal, my drug testing company quickly grew to employ 25 people. I sold the company in 1994 and it now is a solid business operating successfully at Bismarck's airport complex and employs 30 some people in very good paying jobs. The state got its money back, I built a good business and 30 people have good jobs. That is what economic development of primary sector business is all about.

That is my experience and NFIB/North Dakota strongly urges a do not pass of SB 2306!

LABOR FORCE

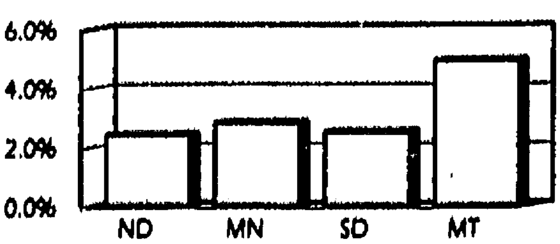
Benchmark 1999-1	CURRENT MONTH November 2000	PREVIOUS MONTH October 2000	% CHANGE FROM October 2000	ONE YEAR AGO November 1999	% CHANGE FROM November 1999
UNITED STATES - SA*					
(In thousands)					
Labor Force	141,052	140,918	0.1%	139,834	0.9%
Employment	135,373	135,422	0.0%	134,098	1.0%
Unemployment	5,679	5,496	3.3%	5,736	-1.0%
Unemployment Rate	4.0%	3.9%	xxx	4.1%	xxx
NORTH DAKOTA					
Labor Force	335,930	338,920	-0.9%	333,920	0.6%
Employment	326,910	332,990	-1.8%	324,570	0.7%
Unemployment	9,020	5,930	52.1%	9,350	-3.5%
Unemployment Rate	2.7%	1.8%	xxx	2.8%	xxx
NORTH DAKOTA - SA*					
Labor Force	340,140	337,870	0.7%	338,280	0.5%
Employment	330,200	329,830	0.1%	328,080	0.6%
Unemployment	9,940	8,040	23.6%	10,200	-2.5%
Unemployment Rate	2.9%	2.4%	xxx	3.0%	xxx
BISMARCK MSA					
Labor Force	53,880	54,080	-0.4%	52,470	2.7%
Employment	52,550	53,240	-1.3%	51,180	2.7%
Unemployment	1,330	840	58.3%	1,290	3.1%
Unemployment Rate	2.5%	1.5%	xxx	2.5%	xxx
FARGO MOORHEAD MSA					
Labor Force	103,480	104,020	-0.5%	102,280	1.2%
Employment	101,870	102,860	-1.0%	100,790	1.1%
Unemployment	1,610	1,160	38.8%	1,490	8.1%
Unemployment Rate	1.6%	1.1%	xxx	1.5%	xxx
GRAND FORKS MSA					
Labor Force	52,930	52,470	0.9%	52,130	1.5%
Employment	51,570	51,530	0.1%	50,970	1.2%
Unemployment	1,360	940	44.7%	1,160	17.2%
Unemployment Rate	2.6%	1.8%	xxx	2.2%	xxx

*SA - Seasonally Adjusted

The Bismarck Metropolitan Statistical Area (MSA) includes Burleigh and Morton Counties

The Fargo Moorhead MSA includes Cass County, North Dakota, and Clay County, Minnesota

The Grand Forks MSA includes Grand Forks County, North Dakota, and Polk County, Minnesota



Bordering State Labor Force Comparisons
Seasonally Adjusted

(In Thousands)
October 2000

	NORTH DAKOTA	MINNESOTA	SOUTH DAKOTA	MONTANA
Labor Force	337.8	2,771.6	404.2	482.9
Employment	329.8	2,693.8	394.3	459.5
Unemployment	8.0	77.8	9.9	23.4
Unemployment Rate	2.4%	2.8%	2.5%	4.9%

NOTE: Due to changes in the labor force estimation process incorporated in January 1995, comparisons with earlier estimates are not advisable.

Dakota Resource Council

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TESTIMONY ON SB 2306
Senate Industry, Business and Labor Committee
February 6, 2001

Chairman Mutch and Members of the Committee,

Dakota Resource Council urges passage of this bill, which would require a living wage for all workers on projects funded by state economic development assistance.

North Dakota's greatest need is not jobs, but income. Our state has very low unemployment, yet ranks 48th in average annual wages. Not only that, North Dakota's wages continue to fall in relation to wages in neighboring states. It has become commonplace to bemoan the fact that so many of our most gifted young people leave the state. Allowing the creation of more low-wage jobs in the state with public money completely fails to address the problem. Instead of creating income and wealth for North Dakota workers, using economic development money for low-wage jobs only reinforces poverty. Our state's economic development strategy must be to produce income, not just jobs. It is naive to expect that employers will raise wages voluntarily, as long as the state continues to subsidize the exploitation of workers by doling out economic development benefits to employers who pay less than a living wage. By passing SB 2306, the state legislature can reject the phony economic development of low-wage jobs, and insist on the real thing.