

HOUSE CONCURRENT RESOLUTION NO. 27

2 BY KREIMAN

3 A Concurrent Resolution calling for a nationwide cease-
4 fire in the escalating business recruitment war.

5 WHEREAS, the development of a global economy,
6 acceleration of technological innovation, and other
7 economic conditions have intensified pressures on
8 state governments to offer financial incentives to
9 attract and retain jobs; and

10 WHEREAS, Iowa is being asked to become involved in
11 very high-stakes bidding wars with other states and
12 localities to compete for new, relocating, and
13 expanding businesses; and

14 WHEREAS, businesses are increasingly prone to
15 routinely request financial incentives, regardless of
16 actual need, and without a demonstrated method of
17 determining actual need; and

18 WHEREAS, increasing use of financial incentives by
19 state governments fosters a reliance on incentives to
20 the detriment of other more salutary long-term
21 economic strategies, such as workforce development
22 programs; and

23 WHEREAS, increasing reliance on financial
24 incentives by state governments has engendered a
25 pernicious bidding war with ever-escalating costs for
26 each new job created; and

27 WHEREAS, increasing per-job costs of financial
28 incentives raise serious questions concerning the
29 relative benefit of certain economic development
30 projects based on their ever-increasing costs; and

1 WHEREAS, increasing per-job costs of financial
2 incentive packages will inevitably inflate the minimum
3 expectation of businesses seeking assistance; and

4 WHEREAS, state governments cannot determine whether
5 the award of, or failure to award, financial
6 incentives has a significant influence on the decision
7 of a specific business to locate at a particular site;
8 and

9 WHEREAS, a 1992 survey of 200 executives conducted
10 for the International Association of Corporate Real
11 Estate Executives revealed that of the top 10 factors
12 in site location decisions, property taxes and
13 business taxes ranked only eighth and tenth
14 respectively; and

15 WHEREAS, the economic bidding war between the
16 states produces no gain for the nation's economy as a
17 whole, and the nation, Iowa, and other individual
18 states stand to benefit more from economic cooperation
19 than confrontation; NOW THEREFORE,

20 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, THE
21 SENATE CONCURRING, That the Governor of the State of
22 Iowa is urged to enter into negotiations with the
23 governors of the other states to enter into an
24 agreement to foster cooperative economic development
25 policies and limit the mutually destructive financial
26 incentive war.

27 BE IT FURTHER RESOLVED, That the members of the
28 Iowa congressional delegation are urged to solicit the
29 help of members of Congress from other states in
30 securing the cooperation of other governors in

1 negotiating such an agreement.

2 BE IT FURTHER RESOLVED, That the Chief Clerk of the
3 Iowa House of Representatives send copies of this
4 resolution to the Governor of the State of Iowa and to
5 each member of the Iowa congressional delegation.

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