

U.S. Rep. Pocan: Pocan and Doggett request GAO investigation into economic development subsidies, including Foxconn

Posted on Thursday, Nov 1, 2018

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FOR IMMEDIATE RELEASE

November 1, 2018

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WASHINGTON, DC – Today, U.S. Representatives Mark Pocan (WI-02) and Lloyd Doggett (TX-35), Ranking Member of the U.S. House Subcommittee on Tax Policy, [wrote](#) to the U.S. Government Accountability Office (GAO) to request an investigation on the effectiveness of economic development subsidies, such as those provided to Foxconn Technology Group in Wisconsin. This request comes as the Center for American Progress [released a new issue brief](#) on the hidden impacts of these business incentives, including potential downsides often not considered by lawmakers, the press, or the general public.

“As incomes for the many workers have stagnated in recent decades, policymakers have looked to other tools to spur jobs and wages. Economic development has become a top policy priority. This is especially true at the state and local level, where elected officials have become increasingly willing to provide subsidies to incentivize business location or relocation as a means of job creation,” wrote Pocan and Doggett.

“According to the Upjohn Institute, these subsidies have tripled since 1990. For example, in Wisconsin, Governor Scott Walker and the state legislature passed a

law that would provide up to \$4.5 billion in public funding to subsidize Foxconn, a Taiwanese electronics manufacturer,” continued Pocan and Doggett. “Under even the most optimistic assumptions, the state is not expected to break even on the deal until 2043, decades after these officials will have left office.”

Specifically, Pocan and Doggett are requesting the GAO conduct a review and issue a report on the following questions:

Are there reliable empirical analyses of the net economic effects of these economic development subsidies? Based on any available evidence of economic development incentives affecting business location decisions, what economic impacts have such incentives generated?

To what extent have large federal economic development programs been used to provide incentives impacting business location decisions and what evaluations have the federal agencies conducted to determine economic impact? How does the federal government evaluate the effectiveness of economic development policies within the federal agencies? Have such evaluations taken into account the incentives provided by state and local governments in incentive packages provided to businesses?

What kind of coordination takes place among federal agencies, such as the Departments of Commerce, Agriculture, Housing and Urban Development and the Small Business Administration, and state and local governments?

Given the apparent expansion of such activities by state and local governments, what actions have federal agencies taken to enforce relocation and other provisions intended to ensure that program purposes are met?

What improvements can be made to processes at the federal, state and local levels to better understand the effectiveness of economic development programs and to what extent can federal authorities encourage further transparency in economic development?

The full letter is available [here](#).