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12. 12. Schmenner's 1980 survey of Fortune 500 plant openings and relocations demonstrated "fairly convincingly that tax and financial incentives have little influence on almost all plant location decisions." See Roger W. Schmenner, *Making Location Decisions* (Englewood Cliffs, NJ: Prentice-Hall, 1982), p. 51. More recently, the 1989 Grant Thornton survey found that manufacturers ranked state incentives 17th out of 21 factors that companies consider when deciding on locating new sites. See Grant Thornton, *The 10th Annual Manufacturing Climates Study* (Chicago: Grant Thornton, June 1989).
13. 13. See Barry M. Rubin and C. Kurt Zorn, "Sensible State and Local Economic Development," *Public Administration Review*, March/April 1985, 333-339.
14. 14. As for the impact of taxes on intrametropolitan and interstate location, one exhaustive review of pertinent empirical research concluded that the issue is an "open rather than a settled question." See Robert J. Newman and Dennis H. Sullivan, "Econometric Analysis of Business Tax Impacts on Industrial Location: What Do We Know, and How Do We Know It?" *Journal of Urban Economics*, 23 (1988): 215-234. At the urban level, studies have shown that once available land, properly zoned, is accounted for, general tax levies may influence final manufacturing location decisions. See Michael J. Wasylenko, "Evidence of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics*, 56, No. 3 (1980): 341-49.
15. 15. North Carolina claims to have only four types of tax breaks, with strict limitations, and one type of financial assistance. South Carolina, by comparison, offers ten categories of tax breaks and 11 varieties of financial assistance. Greg Myers, "Bidding Wars," *Business and Economic Review*, January-March 1987, 8-12.
16. 16. See W.E. Morgan and M.M. Hackbart, "An Analysis of State and Local Industrial Tax Exemption Programs," *Southern Economic Journal* 41 (1974): 200-5; and Bennett Harrison and Sandra Kanter, "The Political Economy of States' Job-Creation Business Incentives," *Journal of the American Institute of Planners*, 44 (1978): 424-35.
17. 17. W. Warren McHone, "Factors in the Adoption of Industrial Development Incentives by States," *Applied Economics*, 19(1987): 17-29.
18. 18. In one case during the late 1970s, a maker of hydraulic equipment announced that it would close its Columbus, Ohio facility after the city government subsidized a West German competitor with a large tax break. See William A. Testa and David R. Allardice, "Bidding for Business," *Chicago Fed Letter*, 16 (December 1988). More recently, auto parts suppliers have complained that subsidies to foreign companies are driving them out of business.
19. 19. See Douglas Yuill and Kevin Allen, *European Regional Incentives* (Glasgow: Centre for the Study of Public Policy, University of Strathclyde, 1980) and subsequent volumes of this catalog for a discussion of clawbacks in European incentive programs. The clawback schemes discussed in this article are drawn from this catalog.
20. 20. The economic myopia of some mayors and governors may ultimately prove to be politically

20. 20. The economic myopia of some mayors and governors may ultimately prove to be politically short-sighted. The mayor of Flat Rock, Michigan was voted out largely because of anger about the 14-year tax holiday given to Mazda Motor Corporation.
21. 21. Edward V. Regan, "Government Inc.: Creating Accountability for Economic Development Programs," (Washington, DC: Government Finance Research Center of the Government Finance Officers Association, April 1988; Mimeographed).
22. 22. For information on the cost-effectiveness of alternative forms of industrial incentives see William Hamilton, Larry Ledebur, and Deborah Matz, *Industrial Incentives: Public Promotion of Private Enterprise* (Washington, D.C.: Aslan Press, 1985); Marc Bendick, David Rasmussen and Larry Ledebur, "Evaluating State Economic Development Incentives from the Firm's Perspective," *Journal of Business Economics*, 17, No. 3, (May 1982): 23-29; and David Rasmussen, Marc Bendick, and Larry Ledebur, "A Methodology for Selecting Economic Development Incentives," *Growth and Change*, 15, No. 2 (January 1984): 18-25.
23. 23. This assumption of constant annual costs of the subsidy is probably unrealistic. If infrastructure costs are entailed in the subsidy plan, these costs are likely to be front end costs, whereas costs of maintenance and service would increase with the scale of operations of the firm. Further, if the total tax liability of the firm were abated, the cost in terms of tax revenues foregoing would increase as the value of the property increased.

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