



UC Center Sacramento

“Combining Rules and Discretion in Economic Development Policy: Evidence on the Impacts of the California Competes Tax Credit”

Wednesday, September 29th

12:00 - 1:00pm

In light of the community concerns regarding COVID-19, this talk will be given as a webinar. The link will be provided on September 28th to those that have registered by 5:00 pm on Monday, September 27th at uccs.ucdavis.edu.

We evaluate the effects of one of a new generation of economic development programs, the California Competes Tax Credit (CCTC), on local job creation. Incorporating perceived best practices from previous initiatives, the CCTC combines explicit eligibility thresholds with some discretion on the part of program officials to select tax credit recipients. The structure and implementation of the program facilitates rigorous evaluation. We exploit detailed data on accepted and rejected applicants to the CCTC, including information on scoring of applicants with regard to program goals and funding decisions, together with restricted access American Community Survey (ACS) data on local economic conditions. Using a difference-in-differences approach, we find that each CCTC-incentivized job in a census tract increases the number of individuals working in that tract by over two – a significant local multiplier. We also explore the program’s distributional implications and impacts by industry. We find that CCTC awards increase employment among workers residing in both high income and low income communities, and that the local multipliers are larger for non-manufacturing awards than for manufacturing awards.



Dr. David Neumark is Distinguished Professor of Economics and Co-Director of the Center for Population, Inequality, and Policy at UCI. He has made significant research contributions in numerous areas of labor economics that intersect with important public policy issues. His research on labor market discrimination has opened up new methods of measuring discrimination. He was one of the original contributors to the “new minimum wage research,” helping to pioneer the use of state-level minimum wage variation to estimate minimum wage effects. His current research agenda concerns the long-run effects of alternative anti-poverty policies on earnings, income, poverty, and public assistance receipt (broadly defined, “economic self-sufficiency”). A good deal of this work focuses on the effectiveness of policies directed at disadvantaged neighborhoods, such as enterprise zones and other types of tax credit programs. He is currently a visiting scholar at the Federal Reserve Bank of San Francisco, and a senior research fellow at the Workers Compensation Research Institute.

For questions, contact Brooke Miller-Jacobs at (916) 445-5161 or bmmillerjacobs@ucdavis.edu

The views and opinions expressed during this lecture are those of the speaker and do not necessarily represent the views of UCCS.

