



# OFFICE OF THE UTAH STATE AUDITOR

**News Release**  
**For Immediate Release**  
October 14, 2014

## **A Performance Audit of The Governor's Office of Economic Development Corporate Incentives Program** *Program Results in Significant, Long-Term Tax Commitments with Limited Oversight and Accountability*

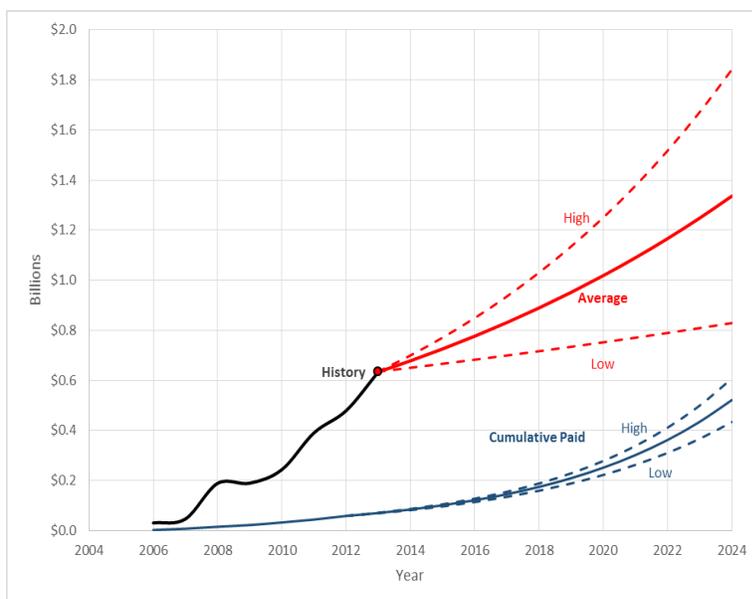
### **Salt Lake City, UTAH –**

The Office of the Utah State Auditor (Office) has recently completed a Performance Audit of The Governor's Office of Economic Development Corporate Incentives Program. Inadequate program oversight, which includes limited policies and procedures, threatens the integrity of the corporate incentives program. The audit highlights three concerns that demonstrate the effect of inadequate governance:

1. Insufficient post-performance controls led to questionable incentive awards.
2. GOED gradually reduced corporate incentives requirements since 2008.
3. Inadequate oversight limits accountability for corporate incentives.

The Governor's Office of Economic Development manages the State's Corporate Incentives Program with the goal of increasing the number of high quality jobs in Utah by encouraging companies to locate or expand operations in the State.

### **Summary of 10-Year Incentives (EDTIF) Projection**



Source: OSA Analysis

GOED reported in its 2013 annual report that incented companies created 11,933 aggregate jobs since 2006 while committing more than \$600 million in corporate incentives. If current trends continue, GOED's corporate incentives commitment will reach \$1.3 billion by 2024, as shown to the left.

GOED's executive director, who "serves at the pleasure of the governor," has sole authority to authorize incentives with minimal oversight.

The Audit Report includes 32 recommendations directed to both GOED and to the Utah State Legislature. These recommendations fall into three main categories.

**1) Clarify the Statute**

The *Economic Development Incentives Act* is vague and should be clarified with parameters more clearly specified.

**2) Consistent, Fair, and Equitable Program**

In order to foster positive relationships with the companies with which GOED does business and in order to minimize state liability, GOED should ensure that the corporate incentives program is administered consistently, fairly, and equitably.

**3) Transparent Oversight**

Additional stakeholder involvement in the EDTIF process would increase the accountability of the corporate incentives program.

The Full Audit Report and accompanying Audit Brief can be found on the Office's website, [auditor.utah.gov](http://auditor.utah.gov), specifically at <http://financialreports.utah.gov/saoreports/2014/PA14-03GOEDGovernor'sOfficeofEconomicDevelopment.pdf>.

**About the Office of the Utah State Auditor**

The Office of the Utah State Auditor provides Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.

Specific activities of the Office include performing financial audits, conducting Federal funds compliance audits, providing local government oversight, conducting agency and program performance audits, performing fraud and compliance audits, and operating the State Auditor Hotline for citizens to report suspected financial issues or improprieties. These capabilities strengthen Utah State Government and help taxpayers have confidence in the integrity of Utah's government agencies.

The Utah State Auditor is a Constitutional Officer of the State of Utah, elected directly by the state's citizens every 4 years. The role of the Utah State Auditor is authorized in Article VII, Section 15 of the Utah Constitution. For more information, see [auditor.utah.gov](http://auditor.utah.gov).

**Contact:**

Nicole Toomey Davis  
Public Information Officer  
Office of the Utah State Auditor  
801-678-4835  
[ndavis@utah.gov](mailto:ndavis@utah.gov)