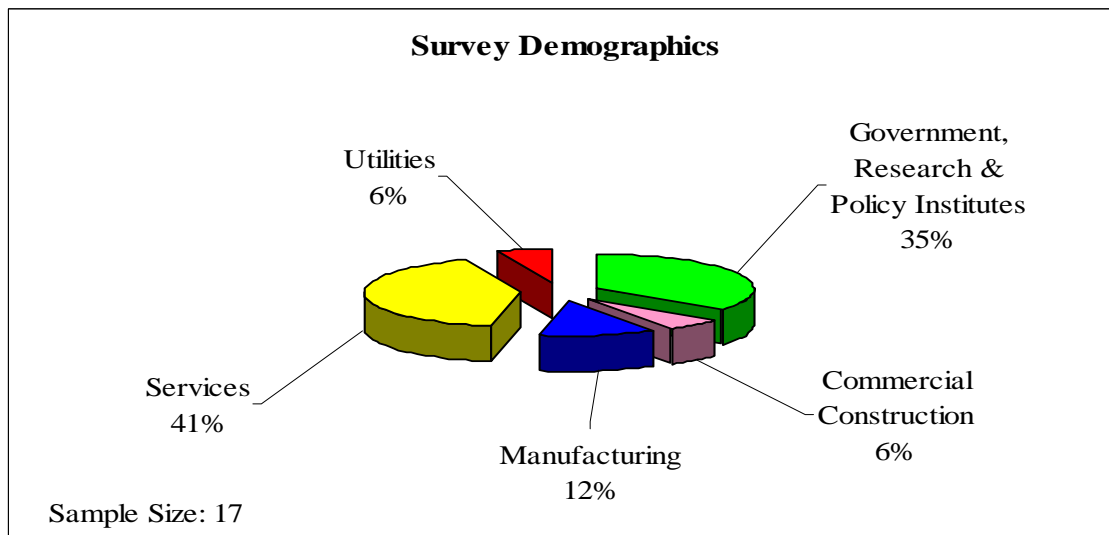


**C P E C**  
CENTER FOR TAX POLICY  
**EXECUTIVE REPORT**

## The Site Selection Process: *The Role of Economic Development Incentives*

Conventional wisdom is that tax incentives are the single most important economic development tool. Keeping this in mind, we researched the literature and created a primary survey instrument to see if conventional wisdom is, in fact, correct. We attempted to answer the question, “Which considerations are most important for companies when making the decision to locate or expand in Colorado as opposed to another state?” Our carefully crafted survey of forty-one questions was administered to seventeen business leaders and economic development professionals. We also researched unique aspects of Colorado tax law and attempted to see how amendments to the Colorado constitution affect business within the state.



Conventional wisdom concerning the importance of tax incentives as an economic development tool appears to be incorrect. Our study suggests that a reasonable goal for any state should be tax neutrality. Of eight business attributes presented to our respondents, tax incentives were ranked only sixth in importance for attracting business to Colorado. It appears that certain aspects of Colorado tax law are perceived as unfair and uniquely burdensome to the business community.