

An aerial photograph of a dense city skyline, likely New York City, taken from a high vantage point. The image shows a multitude of skyscrapers and buildings, with the Chrysler Building's spire visible in the lower right. The sky is a deep blue with scattered clouds, and the water of a harbor is visible in the background. The overall tone is professional and urban.

# 1000 Jobs: The Impact of Economic Incentives and Site Selection

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# Overview

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What impact does the creation of 1,000 jobs have on the economy? The success of a project is often heavily influenced by site selection, which is one of the most crucial decisions a corporation can make. In today's competitive business landscape, choosing the right location can be the key to a project's success, helping corporations unlock its full value and potentially boosting local economies. Economic incentives, such as grants, subsidies, and tax breaks, are vital tools used by governments to encourage corporate development and drive regional economic growth by easing the financial burden on businesses.

Consider the benefits of creating 1,000 jobs, implementing clean energy solutions, or introducing innovative technology at an optimal location. By strategically combining economic incentives with well-informed site selection, corporations can enhance project success, promote sustainable development, and deliver long-term economic benefits to the community. Proper evaluation of these factors enables businesses to maximize their projects' potential and contribute positively to regional growth, with support from both government and community stakeholders.

This white paper explores the essential role of site selection and economic incentives in the success of corporate projects. It begins with a brief history of economic incentives, tracing their origins in the United States during the Great Depression and their subsequent adoption in Canada. The paper then examines current trends, including supply chain independence, sustainable energy, and technological advancements, all of which influence modern strategic decisions. The importance of understanding regional needs and conducting economic impact studies for optimal site selection is also discussed. Finally, the paper addresses potential challenges in navigating and negotiating economic incentives and offers insights into future developments.



# Current Trends

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## Clean Energy Alternative

The drive toward sustainability is a significant trend shaping site selection and economic incentives. North American governments are increasingly offering incentives to promote the use of renewable energy and environmentally friendly practices. Projects that reduce carbon footprints, enhance energy efficiency, and support renewable resources are receiving top priority from federal governments. These incentives often come in the form of tax breaks, grants, and low-interest loans, encouraging companies to adopt sustainable practices and choose sites that support these initiatives. In Canada, both federal and provincial governments are actively managing various funding and incentive programs to boost research, development, and demonstration of sustainable technologies. For instance, Ontario has invested over \$44 billion in electric vehicle and battery plants in recent years. This investment has generated numerous jobs and revitalized communities such as Brampton, Brantford, Port Colborne, Windsor, and Nappanee. Ontario's commitment to this supply chain has not only fueled economic growth in these areas but also established the province as a leader in the EV battery industry (Ford, 2024).



## Technological Advancements and Innovation

North American governments are providing a greater number of incentives to entice high-tech industries, including advanced manufacturing, biotechnology, and information technology. These efforts aim to increase regional competitiveness, promote economic growth, and encourage innovation.

In the USA, states like California and Texas are leading the way by providing significant tax breaks, grants and other incentives. The CHIPS Act is one of the best examples of federal support for this initiative. The CHIPS Act, which was passed in 2022 to increase domestic semiconductor production, provides substantial funding to strengthen American competitiveness in this key industry. The federal government hopes to minimize supply chain risks, become less dependent on foreign manufacturers, and generate high-paying employment by providing these incentives. On July 26, 2024, the United States Department of Commerce announced terms for an award under the CHIPS and Science Act to support the Amkor Technology construction of a facility in Peoria, Arizona for the advanced packaging of semiconductors (SEMI, 2024). The proposed \$400 million dollar incentive would support Amkor's \$2 billion investment, and the 2000 jobs involved in the Arizona greenfield project. "This proposed CHIPS Act funding for SEMI member Amkor would support the fast-growing semiconductor ecosystem in Arizona with domestic advanced packaging and test capabilities that are essential for chip innovation." – Joe Stockunas, President of SEMI Americas (SEMI, 2024).

Canada is also positioning itself as a leader in technology and innovation. The Strategic Innovation Fund, managed by the federal government, provides both repayable and non-repayable contributions to companies of all sizes across various industrial and technology sectors (Branch, 2024). Recently, the government has prioritized enhancing Canada's capabilities in quantum technologies and the semiconductor supply chain, successfully attracting tens of billions of dollars in investment to the tech sector (Ford, 2024).

## Achieving Supply Chain Independence

The pandemic highlighted vulnerabilities in North America's global supply chains, leading governments to focus on controlling key industries domestically rather than relying on foreign sources. Economic incentives have evolved to support the growth of critical sectors such as semiconductors, electric vehicles, and pharmaceuticals, as well as to encourage the relocation of manufacturing.

In response, the United States has boosted domestic semiconductor production and reduced dependency on foreign suppliers through substantial subsidies, tax credits, and grants provided by programs like the CHIPS and Science Act. Similarly, Canada has concentrated on strengthening its electric vehicle supply chain by incentivizing investments in electric vehicle production, essential mineral processing, and battery manufacturing. These initiatives are designed to safeguard major industries from global disruptions while also creating new job opportunities.

In response to these changes, site selection has also evolved. Corporations now prioritize locations with access to raw materials, skilled labour, and reliable infrastructure to build resilient supply chains. For instance, regions like Manitoba, Ontario, and Quebec, which are known for their local mining of minerals such as lithium, are promoting their strategic access to these materials. As a result, these areas are emerging as key hubs for the production of electric vehicles (EVs) and batteries (Canada, 2024).



# Strategic Site Selection & Incentives

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## Understanding Regional Needs

Understanding the unique needs of each location is crucial during the site selection process. Specialized software can track the commuting habits of professionals, providing valuable insights into employment trends in specific areas. For instance, data shows that 68% of software developers in Frisco, Texas, commute daily to other cities for work. This indicates a significant demand for tech jobs in the region. By leveraging this information, a software company could consider Frisco as a viable site for a new office, thereby addressing local employment needs and reducing the commute for many professionals.

This approach not only attracts talent but also fosters economic growth in the community. As employees earn and spend money locally, it supports surrounding businesses and services through a multiplier effect.

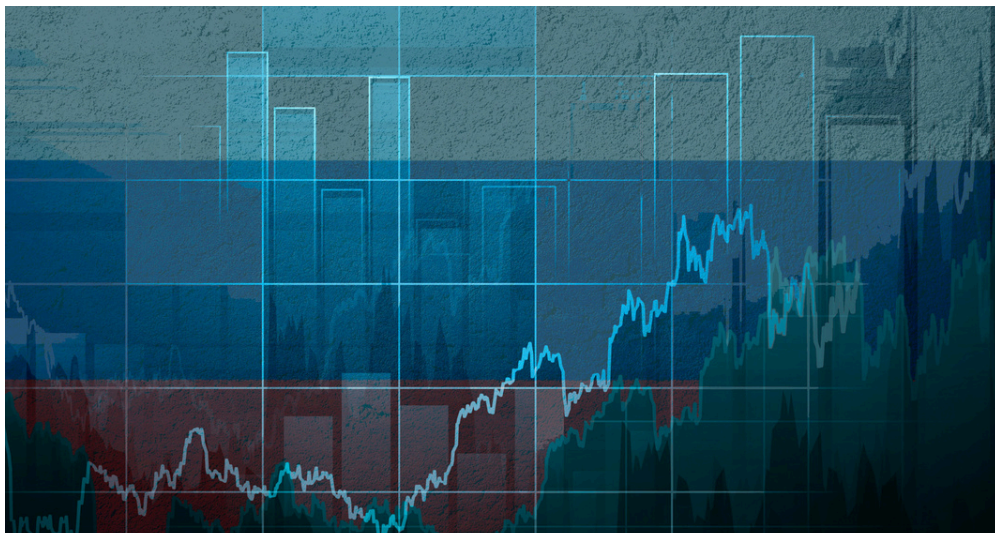
Additionally, establishing a company in an area with evident industry demand positively impacts the region. Retaining a substantial portion of the workforce locally leads to increased tax revenues, heightened local spending, and a more vibrant urban environment. Furthermore, launching a new business can attract related industries, transforming the area into a hub of innovation and economic activity. This clustering effect can spur the development of new facilities, services, and infrastructure, enhancing the region's appeal for both residents and businesses.

## The Role of Economic Incentives

While financial incentives such as grants, tax rebates, and low-interest loans can effectively attract businesses, the ultimate success of a project primarily hinges on its location. Governments often provide these incentives to stimulate economic growth and job creation. However, businesses should choose their location based on a thorough evaluation of how well the area aligns with their long-term objectives and operational needs. While economic incentives can influence site selection, they should be viewed as a supplementary benefit rather than the primary factor determining sustainability.

Economic impact studies assess the direct and indirect effects of businesses within a market and how public policy and investments shape the local, state, or national economy. By integrating these studies with specialized software and local incentive data, businesses can identify regions where their initiatives are most likely to succeed.

The success of a corporate project is closely tied to its location. While economic incentives are important, they are not the sole determinants of success. Companies must select locations that meet their operational requirements and align with regional economic goals through comprehensive economic impact analysis. By leveraging detailed data and insights from site selection software, corporations can make informed decisions that foster sustainable growth and enhance regional prosperity.





# Economic Impact

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As previously mentioned, the success of a corporate project largely hinges on strategic site selection. This process requires careful consideration of several key factors, including the availability of materials, labour conditions, tax structures and incentives, community demographics, supply chains, transportation options, infrastructure, and the cost and accessibility of utilities. Each of these elements plays a crucial role in determining the overall viability and sustainability of the project (Singla, chapter 14).

## Critical Factors in Site Selection

### 1. Availability of Materials

The location of raw materials can significantly impact the cost and logistics of production. For example, being close to suppliers of raw materials is advantageous for businesses like mining and manufacturing that depend on heavy or lots of raw materials. Being close to markets is equally important since it shortens delivery times, lowers transportation costs, and increases customer and employee satisfaction.

### 2. Labour Factors

Another critical factor is the quality and availability of labour. Large-scale projects that intend to create many jobs require a skilled and affordable workforce. Labour costs, including wages, benefits, and training, vary by region, influencing the overall cost of operations.

### 3. Taxes and Incentives

The tax laws and incentives that local governments provide are essential factors to consider when choosing a location. While economic incentives like grants, subsidies, and infrastructure support can increase the appeal of a location, lower corporate taxes and advantageous tax credits can also lower operating expenses.

#### 4. Community Considerations / Demographics

Considering the demographics of an area may be helpful when choosing a location. Companies can customize their services using demographic data to understand the local workforce, consumer preferences, and expected market size.

#### 5. Supply, Transportation & Infrastructure

Land availability, zoning regulations, and the quality and access to transportation infrastructure, including railways, access to open water, airports, roads and highways, are crucial factors and can easily make or break a location. These elements impact operational efficiency by affecting how easy it is to send and receive goods and how easy it is for employees to commute to work every day.

#### 6. Cost and Availability of Utilities

For businesses to operate, they need access to reliable utilities like electricity, gas, and water. The quality, cost and dependability of these utilities can strongly impact the effectiveness of a project. When choosing a location, it is important to consider the cost and availability of utilities in one area versus another. For example, consider the impact of utility costs on a data centre requiring 100MW of power in Ontario compared to Quebec:

##### **Ontario:**

$\$0.13 \times 8,760 \text{ kwh per annum} \times 100\text{MW} = \$113,880.00$  spent on electricity per year

##### **Quebec**

$\$0.073 \times 8,760 \text{ kwh per annum} \times 100\text{MW} = \$63,948.00$  spent on electricity per year

\*rates per kwh are provided for illustrative purposes and subject to change.

In this scenario a corporation could save \$49,932.00 on electricity per year if they choose to locate operations in Quebec.

With rapid advancements in artificial intelligence and robotics, North American manufacturing and data centre power requirements are exponentially increasing and exceeding supply. Countries such as Mexico are actively working to resolve significant constraints in infrastructure and availability of power and new alternative clean sources of energy will be critical going forward.

## Engaging with Governments and Economic Impact Studies

An economic impact study measures the potential increases in output, income, and job creation resulting from a project (SFAU). This study should assess both the direct and indirect effects on the local economy, including job creation, revenue growth, and business opportunities for local suppliers, while also considering long-term benefits such as infrastructure development and community enhancements.

To conduct an economic impact study, start by defining the project's scope and objectives. Determine the geographic reach of the project's impacts—will they affect the city, province/state, or country? This clarity helps identify the relevant level of government and provides a more accurate assessment of the project's direct, indirect, and induced impacts.

Next, gather data on the project's direct expenditures, including construction costs, operational expenses, and employee wages, alongside baseline data on the local economy, such as employment rates, average wages, and existing businesses.

Afterward, identify the direct, indirect, and induced impacts. Direct impacts arise from increased spending on goods and services or the hiring of workers (SFAU). This includes calculating the total number of employees multiplied by their annual salaries, along with institutional spending. Indirect impacts occur when other businesses adjust their inputs to accommodate the new activity (SFAU); for example, a portion of institutional expenditures may go to local services and suppliers. Induced impacts refer to new spending generated by increased incomes, with a portion of that income spent locally (SFAU). Calculate household spending based on new wages and determine what percentage is spent in the community. Finally, consider the multiplier effect, which quantifies the ripple effects of economic activity in a region. Multipliers can typically be derived from regional input-output tables or economic modelling software, providing valuable insights into the broader economic implications of the project.

You receive the total economic impact by adding up all the effects predicted in dollar amounts and multiplying it by the given multiplier.

$$\text{Total Economic Impact} = (\text{Direct Impact} + \text{Indirect Impact} + \text{Induced Impact}) * \text{multiplier}$$

When analyzing and interpreting the data from the economic impact study, include the number of jobs created, total income generated, and additional tax revenue.

## Best Practices and Benefits

1. **Accuracy and Transparency:** Ensure that the data used is accurate and the methodology is transparent.
2. **Comprehensive Analysis:** Consider the short-term and long-term impacts on the local economy. Where will the project be years from now? What will it have accomplished?
3. **Clear Communication:** Present the results clearly and concisely, highlighting the benefits and potential areas for growth.

In summary, careful site selection is crucial for the success of a corporate project. This process involves evaluating various factors, including the availability of materials, labour conditions, taxes and incentives, community demographics, and site-specific characteristics. Choosing the most favorable location can significantly enhance economic impact and performance. While government incentives can be beneficial, they should complement—not overshadow—the importance of a suitable location.

Conducting a comprehensive economic impact study is essential for measuring the project's direct and indirect benefits, enabling informed decision-making. Firms that communicate their value with clarity, accuracy, and transparency can foster sustainable regional growth and long-term success. By adhering to these principles, governments are more likely to invest in projects, supported by credible evidence that demonstrates the potential for strengthening their economies in the future.



# Understanding Complexities

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## Knowing the Conditions

One significant challenge for many projects is the conditional nature of incentives. Governments typically reward specific performance metrics, including the number of jobs created, investment levels, or project timing. The government can withdraw incentives from a project if it fails to meet expectations, which could leave the company in a difficult financial situation. For example, the Foxconn project in Wisconsin, initially estimated to be a \$10 billion investment that would create 13,000 jobs, was granted significant subsidies, resulting in a total package worth \$3 billion (Martinez, 2023). However, the project's scope was significantly reduced, and fewer jobs and investments were made than anticipated. Ultimately, the state renegotiated the agreement which reflected the new project outlook, including tax credits going down from \$2.85 billion to \$80 million, the job goal number down from 13,000 statewide to 1,454, and the capital investment decreasing from \$10 billion to \$672.8 million (Martinez, 2023). That said, the Foxconn project has still had several positive effects and continues to drive the local economy due to optimal location choices and infrastructure improvements. To accommodate the Foxconn facility, Wisconsin invested in road expansions, utility upgrades, and other essential infrastructure improvements. These enhancements have made the area more accessible and attractive for future business developments, laying the groundwork for economic growth beyond the Foxconn project itself. Additionally, while Foxconn did not create as many jobs as initially promised, the project still generated employment opportunities during the construction phase and in supporting industries. Local businesses, such as construction firms and suppliers, benefited from contracts related to the project, providing a boost to the local economy.

## Public Perspectives

Concerns from the public over how large-scale projects affect nearby towns are common. Although creating 1,000 jobs can have a significant positive impact on the local economy, it can also have adverse effects on the infrastructure, increase traffic, drive up property value, and contribute to the urbanization of rural regions. The residents may not always appreciate these changes, which have the potential to affect a community's general culture. Corporations can understand how their project will indirectly, affect the area through an economic impact study. The inflow of workers, for instance, may put pressure on the housing market and raise rent and property prices, which may disproportionately impact long-term residents. While the project's indirect impacts may not be ideal for everyone's lifestyle at first, it can be the start of positive change in the area. Urbanization, increased prices, and sales can all have long-term effects on the economy, strengthening the region.

Economic incentives have the potential to be handy financial tools; however, recipient corporations must first understand their conditions and limits as well as their own projects. By acknowledging and understanding every factor, corporations and governments can make informed, collaborative decisions that maximize the benefits of incentives provided while minimizing potential drawbacks and challenges. Not to be forgotten, site selection plays a crucial role in this process, as choosing the right location based on physical resources, government support, and public culture can enhance a project's chances of success and ensure that both the business and the community benefit from the partnership.



# What's Next?

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Based on current trends and industry research, several predictions can be made. First, the focus on economic incentives is increasingly addressing critical societal issues such as climate change, the need for sustainable energy, advancements in technology and robotics, and supply chain independence post-pandemic. These themes are likely to remain prominent as governments pursue long-term solutions and nationwide adoption.

Conversely, site selection criteria and processes are expected to evolve significantly in the near future. With the integration of new technologies, identifying optimal locations is becoming easier and more efficient, potentially requiring fewer personnel as technology continues to advance.

Moreover, the COVID-19 pandemic has highlighted innovative workplace strategies that prioritize both functionality and convenience. As companies embrace remote work and robotics, the demand for large in-person spaces and traditional job creation is diminishing. Consequently, businesses may increasingly seek locations that offer employees a better quality of life, lower living costs, and favourable tax policies. This decentralization may lead to a redistribution of economic activity, with smaller towns and rural areas emerging as new hubs for development. To capitalize on this trend and bolster local economies, governments in these regions may offer incentives to attract remote-friendly businesses and their employees.



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