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**“Selling Snake Oil to the States”**  
***Study: ALEC’s Advice to States on Jobs Is Actually a Recipe for Stagnation and Wage Suppression***

Washington, DC—A new study finds that state tax and regulatory policies recommended by the American Legislative Exchange Council (ALEC) fail to promote stronger job creation or income growth, and actually predict a worse performance.

Since ALEC first published its annual *Rich States, Poor States* study with its Economic Outlook Ranking in 2007, states that were rated better have actually done worse economically.

Those are the key findings of “Selling Snake Oil to the States,” a study published today by Good Jobs First and the Iowa Policy Project and freely available online at <http://www.goodjobsfirst.org/snakeoiltothestates>. It was released at a press conference the same week ALEC holds its annual fall meeting in Washington, DC.

“We tested ALEC’s claims against actual economic results,” said Dr. Peter Fisher, primary author of the study. “We conclude that eliminating progressive taxes, suppressing wages, and cutting public services are actually a recipe for economic inequality, declining incomes, and undermining public infrastructure and education that really matter for long-term economic growth.”

The study dissects the methodology used by ALEC’s lead author Arthur Laffer and his co-authors. It finds that their arguments and evidence range from deeply flawed to nonexistent, consistently ignoring decades of peer-reviewed academic research. Instead, Laffer et al repeatedly engage in methodologically primitive approaches such as two-factor correlations and comparing arbitrary small numbers of states instead of all 50.

The study finds that the composition of a state’s economy—whether it has disproportionate shares of high-growth or low-growth industries—was a far better predictor of a state’s relative success over the past five years.

“State corporate income taxes average less than one-fifth of one percent of the average company’s costs,” said Fisher. “The ALEC/Laffer studies would have state leaders ignore site-location basics and disinvest public goods that benefit all employers.”

Good Jobs First is a non-profit, non-partisan resource promoting accountability in economic development and smart growth for working families. It was founded in 1998 and is based in Washington, DC. The Iowa Policy Project is a nonpartisan, nonprofit organization promoting public policy that fosters economic opportunity while safeguarding the health and well-being of Iowa's people and environment. It was formed in 2001 and is based in Iowa City.