

Government Business Assistance

Tax breaks by State or local governments were the most commonly used form of government assistance to both rural and metro manufacturers. But nearly one-third of the respondents thought that none of the six programs listed in the survey was important.

Governments at various levels (Federal, State, local) assist businesses in a variety of ways: through tax breaks, direct subsidies, loan programs, provision of training or technical assistance programs, government-backed industrial parks, and enterprise zones. "Tax breaks by State or local government" were the most commonly used form of government business assistance, cited as "very important" by 19 percent, and "somewhat important" by 27 percent of nonmetro establishments (table 11). However, a majority of respondents (55 percent) said tax breaks were not important to their businesses. Government-assisted training and technology programs were considered "somewhat important" by about one-fifth, and "very important" by 8 percent of manufacturing establishments.

Government-assisted industrial parks or enterprise zones were "very important" to 7 percent and "somewhat important" to 14 percent. Loan programs, including direct government loans, loans insured or guaran-

teed by the government, and revolving loan funds, were cited least often. Overall, nearly 70 percent of respondents attached some importance to at least one of the six types of government assistance they were asked about. Twenty-eight percent cited at least one of the six government programs as "very important," and about half reported at least one to be "somewhat important." A sizeable minority of 31 percent did not cite any of the programs as important. Nonmetro and metro establishments' assessments of the importance of government programs were quite similar. Nonmetro establishments were slightly more likely to place importance on worker-training/technology-assistance programs, direct loans, and revolving loan funds. Metro and nonmetro responses regarding the importance of tax breaks, industrial parks/enterprise zones, and insured or guaranteed loans were not statistically different.⁴

⁴Greenberg and Reeder (1998) provide more detailed analysis of government program use.

Table 11—Importance of government or government-sponsored programs to business operations in last 3 years

Type of program	Nonmetro		Metro	
	Very important	Somewhat important	Very important	Somewhat important
	<i>Percent</i>		<i>Percent</i>	
Tax breaks by State or local government	19	27	18	27
Government-assisted worker-training programs or technology assistance programs	8*	21*	6*	19*
Government-assisted industrial parks or enterprise zones	7	14	6	13
Direct loans from a government agency	7*	8*	5*	5*
Government insurance or guarantee for loans	5	8	6	7
Revolving loan funds run by a nonprofit organization	4*	6*	2*	4*
One or more of the above programs	28	52	26	49

* = Significant difference between nonmetro and metro responses at the 0.05 level.

"Not Important" responses are not shown.

Source: ERS Rural Manufacturing Survey, 1996. N=2,658 nonmetro, 1,026 metro.