



H.R. 3090 - The EDA Elimination Act

Part of the Department of Commerce, the Economic Development Administration (EDA) was established in 1965 (as an element of President Lyndon Johnson's Great Society) and has spent \$1.2 billion on grants since 2005. Similar to earmarks, the Administration uses the EDA to advance particular local projects that narrowly benefit a particular company or group of people. **The EDA simply picks "winners and losers" by region, by industry, and by community.**

Allocated nearly \$300 million for FY2011, the EDA provides "grants" and "investments" for thousands of local projects, many of which are in the private sector. These projects would have occurred without Federal Government participation. **At its core, the EDA is a wealth redistribution program.**

Senator DeMint has introduced similar legislation to eliminate the EDA. Eliminating the EDA was listed by the bipartisan **Simpson-Bowles Deficit Reduction Commission** as part of a way to save \$200 billion. In 2008, **then-Senator Obama** listed the EDA as "*little more than a fund for corporate welfare.*"

The EDA is:

- **NOT THE ROLE OF THE FEDERAL GOVERNMENT:** "The federal government has no business in trying to direct economic activity through politicized subsidy vehicles like the EDA." -- Tad DeHaven, CATO Institute.
- **DUPLICATIVE:** There are multiple state, local, and, most importantly, private sector sources of funding for economic development projects. In addition, there are over 80 federal economic development programs, which spent \$2.9 billion in 2010.
- **INEFFECTIVE:** The EDA typically provides small amounts of funding that hold little or no material value to the actual project. Over the past decade, GAO reports have stated EDA grants "**did not have significant effect**" on the success of projects, produced "**inconclusive**" results, and "**may even detract**" from a more flexible workforce.
- **WASTEFUL:** An EDA Inspector General study that showed 29% of grant money had been wasted due to "various violations of EDA grant requirements such as financial accounting irregularities, conflict of interest, and improper procurement procedures."

Project Examples:

- **\$2,000,000** to begin construction of the UNLV Harry Reid Research and Technology Park in Las Vegas, NV (2008)
- **\$25,000,000** for Global Climate Mitigation Incentive Fund (2010)
- **\$2,000,000** for "culinary amphitheater," wine tasting room, and gift shop in Washington State (2011)
- **\$350,000** to renovate a theater in Colorado (2010)

SOLUTION: If adopted, The EDA Elimination Act would result in the most significant elimination of a federal agency in decades.

*****Supported by Americans for Prosperity, Club for Growth, Council for Citizens Against Government Waste, Heritage Action, Business Coalition for Fair Competition, Americans for Tax Reform, and National Taxpayers Union***