



On Senate Passage of a Large-Scale Tax Credit Bill

May 1, 2008

It was a long week.

Two hours ago the Senate approved a \$240 million dollar tax credit aimed at enticing Canadian aircraft manufacturer Bombardier Aerospace to build an aircraft assembly plant in Kansas City. Bombardier is considering Kansas City International Airport as the site to produce a new line of sleek commercial jets; the "mega-project" is expected to create 2,100 manufacturing jobs - nothing to sneeze at.

After five hours of debate today, approximately 30 hours of debate over the last month, and dozens of amendments, the Senate voted 24 to 8 to pass the legislation.

The debate today began with an overhauled version of the tax-credit legislation. For the past five weeks, lawmakers had debated a program that would've allowed up to \$880 million in tax credits over 22 years, with the amount of credits based on the company's payroll. Several of us expressed reservations about the bill, and in response to our concerns, Majority Floor Leader Charlie Shields, the bill's Senate sponsor, offered a new version of the bill yesterday which revised the credits downward to \$240 million over eight years. The credits would only be available to projects that invested at least \$300 million in Missouri and guaranteed creation of at least 1,000 new jobs.

When the state decides to invest \$240 million in one company, that's a serious investment - especially from the perspective of a guy making about \$40,000 per year. And, inspired by my friend Sen. Matt Bartle (R-Lee's Summit), who asked me the other day if I would invest in Bombardier if I had \$1,000 to invest, I decided to take a deeper look into the company. Because in essence, I'm a proxy investor for nearly 170,000 of my constituents whose tax dollars are on

the line.

The more I read, the less I liked. Market analysts noted that the company has been plagued by financial difficulties, and the most-respected bond-rating firms in the nation have downgraded Bombardier's debt to below investment grade. The firm operates in a very turbulent industry that has seen more than its share of bankruptcies in the last decade, and faces intense competition from other firms that have caused its profit margins to shrink.

In sum, I decided that given the uncertainty, I wouldn't invest my own money in Bombardier. So how could I justify voting to invest taxpayer's money in order for the state to become a virtual equity partner in the firm?

There are so many other pressing needs in the state - from our higher education system, which has taken a 40% funding hit (in real terms) since 2001, to our health care system, the cuts to which have reduced or eliminated services for hundreds of thousands of Missourians. And if we had to choose corporate incentives over these pressing needs, why not help loyal, home-grown Missouri businesses expand, instead of wooing a foreign company - most of whose profits will migrate north of the border?

I probably had more CEOs call me to lobby for this bill in the last week than have called me in the rest of my life put together. And don't get me wrong, that was pretty cool. I listened to their points, and they made some good ones.

But in the end, I did what I thought was right for my district, for the state, and for my conscience. [I stood up and spoke against the bill for about an hour](#). I was on the short end of a 24-8 vote. Let me know how you feel about the bill by replying to this email.

In closing, the frustrations of serving in the minority only make me more passionate about encouraging grass-roots action that will help produce more progressive policy. As I've said ad nauseam, I owe my victory to my volunteers. No advertisement will ever be as influential as face-to-face persuasion.

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