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Tax Credits for Private Business Undercuts Free Market

For the past few weeks, the Missouri Senate has been debating a tax credit program that could entice a Montreal-based aircraft company, Bombardier, to build a \$375 million passenger jet assembly plant at Kansas City International Airport. [Senate Bill 1234](#) would expand the state's Enterprise Enhancement Zone program by adding a "mega-project" component that gives tax credits to certain large companies.

I am leery of this legislation. Tax credits for businesses often have the government interfering in the economy, when instead it should be letting the market take care of itself. In essence, the State of Missouri is picking economic "winners" and "losers." By giving these tax credits to a particular foreign airline company, we are propping up their business with state funding. I cannot think of a more risky industry to work with at this point in time. The bill would make Missouri taxpayers equity investors in a foreign aircraft manufacturer. With bankruptcy, mergers and the chaos that is modern-day airline travel, is it wise for Missouri to offer enormous tax credits for the purpose of persuading a company to build a jet assembly plant in our state? We cannot possibly predict 20 years into the future to see the repercussions of this legislation and I'm unwilling to vote to put the citizens of the State of Missouri in the position of being shareholders in this company.

Paying up to nearly \$900 million in tax credits for 2000 jobs makes no sense. If this bill passes, it would create the largest tax credit program in the state, offered to a foreign corporation at a time when we should be holding tightly to the purse strings of the state budget. I am concerned that in the near future the State of Missouri will be forced to make painful budget cuts as the national economy enters another cyclical downturn and that such large tax credits will only add to our economic woes.

What is often lost in the debate over tax credits is the fact that only certain people get them. Generally, those that benefit from tax credits do so because they have hired lobbyists to come to the state capitol and sell their plan — always promising the state a return on their investment. Rather than picking favorites, I believe we should simply cut the taxes we charge on all businesses and let everyone benefit. Let's give Missouri the reputation for low taxes and then we'll see plenty of businesses relocate to the Show Me State.

If you have any comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by e-mail at matt_bartle@senate.mo.gov or by phone at (888) 711-9278. My web address is <http://www.senate.mo.gov/bartle>.