



Senator Matt Bartle – Serving Jackson County

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## The Bombardier Bust

One of the biggest issues in the Missouri Senate in 2008 was whether or not the state should offer massive tax credits to a Canadian-based company called Bombardier in order to entice the aircraft maker to build a \$375 million aircraft assembly plant at KCI. Although Bombardier ultimately decided to assemble its new aircraft in the Montreal area, the Missouri General Assembly did approve a tax credit deal by adding a “mega-project” component to the state’s Enterprise Enhancement Zone program that would give tax credits to certain large companies. Philosophically, I could not support passing legislation to directly benefit just one company, and voted “no.”

Now, with the passing of a little time, it turns out that Bombardier turning down Missouri’s tax credit package was probably the best-case scenario for our state. Bombardier, like many aircraft companies, has had its share of financial troubles. In an industry so in tune to the ebbs and flows of the economy, the recession has deeply affected people’s ability to travel, which means air carriers are in less need of extra planes. It should come as no surprise that Bombardier has seen the number of orders for new planes delayed or even canceled as demand slows.

Bombardier’s strategy, which would have directly affected Missouri, was to expand its market by building larger planes to compete with major industry players such as Airbus and Boeing. However, the demand for smaller commercial planes is practically nonexistent thanks to the recession, and combined with the poor performance of the company’s business jet division, Bombardier has been forced to cut about 4,000 jobs. The company also recently had to cancel an order from an Italian air carrier for 15 of its jets

because of the carrier's financial troubles—an order worth about \$680 million.

If the Bombardier deal would have gone through, our state would have been expected to issue the company up to \$240 million in tax credits without truly guaranteeing that Missouri would reap the rewards. I said at the time that I could not think of a more risky industry to “invest” in and that it was unwise to make Missouri taxpayers investors in a foreign aircraft manufacturer.

During the recently completed 2009 legislative session, we did make significant improvements to the way tax credit programs are handled in our state and brought more accountability to the process, but our work is not finished. I look forward to pushing for more reform when the Senate reconvenes in January.

What is often lost in the debate over tax credits is the fact that only certain groups get them, generally because of the work of hired lobbyists. Rather than picking favorites in the private market, I believe we should simply cut the taxes on all businesses and let everyone benefit. Then we'll see plenty of true economic development in 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](mailto:matt_bartle@senate.mo.gov) or by phone at (888) 711-9278. My web address is <http://www.senate.mo.gov/bartle>.

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