

Bond Case Briefs

Municipal Finance Law Since 1971

Do Taxpayers Know They Are Handing Out Billions to Corporations?

Every year, states and local governments give economic-development incentives to companies to the tune of between \$45 billion and \$80 billion. Why such a wide range? It's not sloppy research; it's because many of these subsidies are not public.

For the known subsidies, such as Maryland's recent \$8.5 billion incentive bid for Amazon's second headquarters, the support includes cash grants for company relocations, subsidized land, forgiving company taxes on everything from property taxes to sales taxes and investments in infrastructure for the company. Maryland is even offering to give 5.75 percent of each worker's salary back to the company, which is the maximum state income tax rate for individuals. Employees will pay taxes that will be routed back to Amazon.

To be clear, Maryland isn't a model of transparency. Its offer is known not because the state made its bid public, but because these extreme incentives required special legislation. The legislature didn't call it the Amazon Bill. They called it the Prime Act, which is a tortured acronym from "Promoting extraordinary Innovation in Maryland's Economy Program." The bill was revealed only after an initial offer was made to the company.

[Continue reading.](#)

The New York Times

By Nathan M. Jensen

Mr. Jensen is a co-author of *"Incentives to Pander: How Politicians Use Corporate Welfare for Political Gain."*

April 24, 2018