

House Concurrent Resolution No. 48

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LAVENDER.

2305H.011

DANA RADEMAN MILLER, Chief Clerk

1 **WHEREAS**, state governments offering company-specific tax breaks or grants to
2 businesses in an attempt to lure large companies to stay in or relocate to their state has become
3 common practice; and

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5 **WHEREAS**, state governments are caught in a race to the bottom by offering ever-larger
6 incentives to businesses; and

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8 **WHEREAS**, overwhelming evidence shows company-specific tax breaks are neither an
9 efficient use of public dollars nor a determining factor in a company's eventual decision of where
10 to locate; and

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12 **WHEREAS**, states in the aggregate spend tens of billions annually on company-specific
13 subsidies; and

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15 **WHEREAS**, those economic development dollars could be better spent on universal
16 infrastructure, such as transportation or education, that benefits all employers, the overall
17 economy, and society and not just a few large for-profit companies; and

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19 **WHEREAS**, in a climate of scarce resources, infrastructure or education causes are a far
20 superior use of a state's budget; and

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22 **WHEREAS**, states are in an inherently weak bargaining position, as demonstrated by
23 the ability of the world's richest companies to set off a bidding war, often in secret, between

24 states to secure the largest subsidy imaginable, and such a weak position drives up the costs of
25 these policies; and

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27 **WHEREAS**, states are effectively picking winners and losers by providing special
28 subsidies to one company and putting all its competitors at a disadvantage, as those competitors
29 must pay the full tax rate or operate without the benefit of a grant; and

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31 **WHEREAS**, the companies that can negotiate a subsidy are the companies that need one
32 the least, and any benefit they receive enables the largest companies to gain an even greater
33 market share; and

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35 **WHEREAS**, all employers would benefit if states competed for companies by only using
36 the state's overall economic condition available to all employers, such as tax rates, infrastructure,
37 workforce, and regulations; and

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39 **WHEREAS**, despite the widespread recognition of the wasteful nature of the
40 company-specific subsidies, no one state is able to unilaterally end the practice because not
41 participating forfeits economic activity to other states; and

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43 **WHEREAS**, to set a level playing field and abolish the practice of company-specific
44 subsidies, states should enter into an agreement to abstain from the practice; and

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46 **WHEREAS**, such an agreement would affect any company located in any member state,
47 especially those located in neighboring states, until all fifty states are able to join the agreement:

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49 **NOW THEREFORE BE IT RESOLVED** that the members of the House of
50 Representatives of the One Hundredth General Assembly, First Regular Session, the Senate
51 concurring therein, hereby encourage and urge Congress to pass a resolution granting states the

52 authority to create and enter into a compact with each other for the purpose of combating harmful
53 company-specific subsidies; and

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55 **BE IT FURTHER RESOLVED** that the Chief Clerk of the Missouri House of
56 Representatives be instructed to prepare a properly inscribed copy of this resolution for each
57 member of the Missouri Congressional delegation.

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