



twelve days of
2020

PORK

BEACON CENTER

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STATE 01

“No, I Won’t Back Down”

Finance guru Dave Ramsey once said, “For your own good, for the good of your family and your future, grow a backbone. When something is wrong, stand up and say it is wrong, and don’t back down.”

Fine then. It’s wrong for taxpayers to fork over another \$2 million—possibly more—for Ramsey’s company to expand its Franklin headquarters. This new handout is on top of the \$3.5 million state and local governments gave the company for a previous expansion in 2015. Ramsey has long taught fiscal responsibility and pulled untold numbers of Americans from the brink of bankruptcy into financial freedom. It’s ironic, then, that some of those same families’ hard-earned money is headed to Ramsey Solutions.

Beacon has long fought corporate welfare, where governments lavish some big businesses with massive handouts that other small businesses aren’t fortunate enough to receive, all at the expense of taxpayers. And we’ll continue that quest until the government stops picking winners and losers.

Solution

End corporate welfare deals and reduce overall tax burdens for businesses of all sizes.

*on the first day of Christmas, the government gave to me...
a bigger building for Dave Ramsey*

Once You Pop, the Tax Dollars Don't Stop

Every year, Tennessee taxpayers are asked to give up millions of dollars to private companies through the state's main corporate welfare program: FastTrack. This year's edition of the *Pork Report* includes recipients like AutoZone, Accenture, and Pringles. Since last year's edition, the state has given companies like these over \$39.6 million in taxpayer dollars while in the midst of a major budget crunch due to COVID-19.

The overwhelming evidence shows that these types of programs make little difference in company relocation and expansion decisions. Estimates indicate these handouts sway companies as little as two percent of the time. Do we really think when Pringles is investing over \$200 million to expand its factory that giving it \$400,000 is really necessary?

Additionally, once the government gives companies these types of deals, they demand more money to keep them here in the future; other companies then expect to receive deals as well. So once it starts, it's hard for the government to stop.

Solution

Repeal the FastTrack program and focus taxpayer funds on economic development that works for all, like education, workforce development, and infrastructure.

*on the second day of Christmas, the government gave to me...
more taxpayer dollars to companies*

Can't Mask the Pain

We have all heard of—or had—buyer's remorse: when you purchase something, get home, and realize you made a mistake. But the term “buyer's remorse” doesn't seem to do justice to an \$8 million expenditure that left taxpayers and mask-wearers scratching their heads. That's exactly what happened earlier this year when the state entered into a no-bid contract with a sock manufacturer for five million masks for Tennesseans. The controversy about the material of the masks being able to adequately protect wearers from COVID-19 might not exist if the state had taken proposals from more than one manufacturer before deciding who would make the official face mask of Tennessee. While contrary to popular belief, the masks aren't actually poisonous, but the no-bid process was harmful to taxpayers. If the government is mandating, or even suggesting, that we should all be wearing face masks, they should certainly be made available at no cost. But when the cost falls on taxpayers, and no bids were secured to get the best deal, that's a blunder too big to cover up.

Solution

End no-bid contracts when taxpayer dollars are on the line.

*on the third day of Christmas, the government gave to me...
a mask contract given too quickly*



Caught Stealing

The Jackson Generals are a Minor League Baseball affiliate of the Arizona Diamondbacks. And the West Tennessee city's taxpayers have been getting played. Intrepid reporting by the *Jackson Sun* earlier this year revealed that for every \$50 collected by the city in taxes, \$1 went to the team. The city tossed money to the team in four different ways:

- Utility and maintenance payments for the Generals' stadium, totaling over \$700,000 last year alone.
- Capital improvements at the ballpark, which have ranged from a low of \$12,000 last year all the way up to \$365,000 in 2011.
- Almost \$400,000 last year on marketing and advertising for the team, which was actually hidden in the city's budget and not reported to taxpayers.
- Servicing on the \$6.5 million loan the city took out to build the stadium, which the *Sun* estimates to cost about \$213,500 a year.

Talk about getting caught stealing.

Solution

Sports teams and their millionaire and billionaire owners should build and pay for their own stadiums.

*on the fourth day of Christmas, the government gave to me...
sports stadium hyperbole*

Bluff City Flaw

A few years ago, when Memphis and the state handed millions of tax dollars to the upcoming show “Bluff City Law,” we told them what would happen. Film incentives are a worse investment than an Eiffel 65 reunion tour, and somehow governments across the country keep giving our hard-earned tax dollars to these ventures. Even government studies, which always tend to exaggerate or flat-out make up numbers to show the “benefit” of corporate welfare deals, show that these are a bad investment for taxpayers. Add in the fact that “Bluff City Law” was about the three millionth courtroom drama, and you have a recipe for disaster. Predictably, the show was canceled after just a single season, yet Memphis taxpayers are still on the hook for \$1.4 million in 2020, despite the final episode airing in November of 2019. Because of the incompetence of the Memphis EDGE board, Memphis taxpayers are left holding the bag while politicians try to explain away the bad decision and talk about all the “unseen benefits” that the short-lived show created for the city. Film incentives are always problematic and should be eliminated entirely.

Solution

Stop giving out film incentives of any kind.

*on the fifth day of Christmas, the government gave to me...
another cancelled show on TV*

Freezing Out Taxpayers

In a year when thousands of Tennesseans have lost their job and many more are scared of their economic situation, it's comforting to know that at least one local government was willing to make sacrifices as well. Well, sort of. After the Shelby County Mayor's Office put out a report highlighting the dire financial situation the county was in, county commissioners agreed to a freeze on new hires and promotions. Not actual cuts, but hey, at least it's something? Except all it took was one month for county commissioners to go back on that plan, lifting the freeze.

This is the problem with government finances. When times are tough, families have to dig deep and make tough decisions. But for governments, tough times are merely an inconvenience. Governments at all levels are able to kick the can down the road (like the federal government) or ask struggling taxpayers to bail them out (like Nashville). Our leaders need to remember that they are charged to be stewards of taxpayer money, not treat it like monopoly money.

Solution

Shelby County should cut unessential services and enact a spending cap tied to economic growth to curb excessive government growth.

*on the sixth day of Christmas, the government gave to me...
more money for government employees*

Covering a Bullet Hole with a Band- Aid



COVID-19 aside, the city of Nashville is having a moment with a booming economy fueled by tourism and hundreds of people moving to the city every week, fleeing from high tax cities like New York City or Los Angeles. And somehow, despite skyrocketing tax revenue, the city is effectively broke. Of course, instead of evaluating how the city could possibly be in debt when bringing in so much money (see: hundreds of millions of dollars in corporate handouts, excessive spending, and a bloated and oversized city government), the mayor and City Council decided to raise the property taxes of hard-working Nashvillians by a whopping 34% while making very few sacrifices themselves. No changes to the unbelievably generous pension system, no spending cap, and of course no repeal of the uniquely egregious lifetime health insurance benefits for City Council members. At a time when many people are coming to Nashville because of its low taxes, Mayor Cooper and the city council seem hell-bent on making sure the growth comes to a screeching halt so that we end up like another Chicago. For that reason, the pending 34% property tax increase in red-hot Nashville earns the “Pork of the Year” award for 2020.

Solution

Instead of raising property taxes, Nashville should reform its pension system, reform healthcare and post-employment benefits, rightsize the government workforce, renegotiate and reign in corporate welfare deals, and enact a spending cap.

*on the seventh day of Christmas, the government gave to me...
an unfair tax hike with which we disagree*

Valet Should Pay

At a time when Nashville has abused our tax dollars in the midst of a crisis and is now hitting up taxpayers for even more money, we hate to be the bearers of bad news but it gets even worse. Because of a poorly-negotiated and even more poorly-executed deal, Nashville is losing out on even more money than we originally thought due to its own negligence. If you've been in downtown Nashville anytime recently, you've probably noticed that valet stands have started to replace metered parking spaces. What you probably don't realize is that per metered parking space, Nashville collects on average over \$6,000 annually. Each valet stand takes up about three spaces, which is over \$18,000 per stand per year that the city could be taking in each year to offset some of their more egregious expenses. The law does state that the business that's utilizing the valet stand must pay the city the amount that is lost, plus a \$50 fee per stand. Unfortunately, Nashville isn't actually collecting the money. That's right, the city has never collected the revenue that is due to them. So next time you get a tax bill from Nashville, do the math and see how many lost parking spaces it would take to cover it for you.

Solution

City governments should honor taxpayers above all else in deals they make with private entities, from the front-end when making the deal all the way through enforcement.

*on the eighth day of Christmas, the government gave to me...
parking spots that are basically free*

Clarksville on Thin Ice with Taxpayers

Where are you going to hold your next ice skating party? Apparently the Montgomery County Commission thinks it's Clarksville. The commission approved construction of a multi-purpose event center with two ice rinks and a \$130 million plan to borrow the money to pay for it.

Montgomery County Mayor Jim Durrett led the push for the 250,000 square foot compound in the middle of downtown Clarksville. While the massive complex is impressive, we doubt the bill taxpayers eventually receive will go over so well.

Solution

Montgomery County leaders should focus on core government activities, not leisure activities. The private sector is there to meet these needs and taxpayers should not be forced to shoulder years of debt for "build it and they will come" plans.

*on the ninth day of Christmas, the government gave to me...
a skating rink with a hefty taxpayer fee*



Eastround and Down

The Johnson City Commission recently decided to round up their property tax rate to the nearest penny after the recent property reappraisal. City staff claimed that had they rounded down instead, the city would have lost over \$143,000. What did the city do with that retained money? It gave nearly \$150,000 of taxpayer money for a new piece of public art completed by two California artists. So instead of giving taxpayers a small cut on their property taxes, they are turning around and giving that money to out-of-state artists in order to create an unnecessary piece of public art.

We have our issues with tax dollars going to public art in the first place, but it is even more frustrating that a government would choose two California artists over a tax cut for their own constituents.

Solution

The government should not use tax dollars to fund public art. There are plenty of foundations and individual benefactors who have funded and continue to fund public art across the country.

*on the tenth day of Christmas, the government gave to me...
a local government spending spree*

The Hyenas May Be Still Laughing, But Taxpayers Sure Aren't

The COVID-19 pandemic has brought a similar cycle: Government officials issue a lockdown, unintended consequences ensue, governments have to spend money to make up for their mistakes, and taxpayers suffer.

Despite giving \$1.4 million to Zoo Knoxville in the Knoxville city budget, city and county officials are having to pony up more money to keep the zoo afloat. When 75% of its revenue comes from ticket sales, a safer at home order makes it difficult for one of the area's largest tourist attractions to keep the money flowing. As a result, the city is giving an extra \$700,000 in taxpayer dollars to the zoo. Meanwhile, the county is giving an additional \$500,000, but at least as a loan. This is what happens when governments start getting involved in non-core services. Costs can rise, and the old saying "in for a penny, in for a pound" ends up being true. City and county officials could look to other business models like Chicago's famous Lincoln Park Zoo, which operates without government assistance by relying on donations.

Solution

Focus on core government services, privatize existing city-owned enterprises, and utilize loans instead of grants for nonprofits, if absolutely necessary.

*on the eleventh day of Christmas, the government gave to me...
a handout that is beastly*

Chattanooga Spending Needs a Red Light

In an interesting “whodunit” in Chattanooga this year, city auditors discovered that, well, city officials might need to keep closer tabs on the gadgets that they’re spending millions of taxpayer dollars to have. Way back in 2013, the city purchased over \$6 million worth of new street lights from Global Green Lighting (GGL), but according to City Auditor Stan Sewell in an interview with the *Chattanooga*, “The lighting project...was never fully implemented and the city no longer has possession of the light fixtures.” That’s right: when auditors in 2018 went to the warehouse that was supposedly storing these lights to get an inventory, they were nowhere to be found. Where did they go? After consulting another employee in the warehouse building, it was discovered that \$5.59 million worth of lights were picked up from the warehouse by the CEO of the company who sold the lights to them in the first place. After a city employee unlocked the warehouse for the team from GGL to enter, they left, leaving non-government employees alone to reclaim government-paid-for lights. *The Washington Post* says “Democracy dies in darkness.” So too does our trust in our elected officials and bureaucrats.

Solution

Increase detailed—and public—budget reporting in cities so taxpayers know how their dollars are being used...or not used.

*on the twelfth day of Christmas, the government gave to me...
some lightbulbs used by nobody*

the worst porks
15 YEAR

TOP 3

ANNIVERSARY



We sifted through fifteen years of *Pork Reports* to find the most egregious examples of government waste, abuse, and fraud. The following are the worst three examples of pork from the last decade and a half.

the worst porks
15 YEAR
TOP 3
ANNIVERSARY
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Toxic (Government) Waste

One of the most storied entries in *Pork Report* history is the ongoing saga of the Memphis Regional Megasite, better known as the field of empty promises. The 4,100 acres was purchased by the Bredesen administration more than a decade ago, and the state has failed to lure a suitor to lease the site ever since. One of the main roadblocks is a dispute over a pipe to haul wastewater from the land into the Mississippi River 35 miles away. To date, officials have dumped \$200 million into the project to make the land “shovel ready.” Yet, after numerous major companies have begged off, all they can do now is watch the grass grow. It’s high time to flush this boondoggle down the drain once and for all.

Solution

Avoid “build it and they will come” land purchases to lure companies to the middle of nowhere.

the worst porks
15 YEAR
TOP 3
ANNIVERSARY



No Conductor on the Gravy Train

We had to dig way back in the *Pork Report* archives for the biggest failed corporate welfare deal of all time. Former Gov. Phil Bredeson made a deal with Hemlock Semiconductor to relocate to Clarksville and bring over 300 jobs with them. The state pitched in \$95 million for construction of the \$1.2 billion plant. The state also pitched in \$6 million to support a chemical engineering program at Austin Peay State University to train potential Hemlock employees. Montgomery County and the Tennessee Valley Authority also doled out incentives to the company.

There were ribbon cuttings, press releases, and congratulations all around, but the problem was...the plant never opened. The employees were all laid off, and the state didn't have any clawback protections in the deal to recoup the tax money squandered. Fortunately, the state now requires clawbacks in every contract, but this one still stings.

Solution

In 2019, Tennessee lawmakers passed the Fair Accountability and Clarity in Tax Subsidies Act, which requires companies to refund grant money if they don't meet their end of the deal. These clawbacks are a good start, but state and local leaders should look at halting corporate welfare deals altogether and instead lower taxes across the board to make Tennessee more business friendly.

the worst porks
15 YEAR
TOP 3
ANNIVERSARY



Logogate

Picking our all-time “favorite” *Pork Report* entries was a tough decision, but ultimately the \$46,000 that went to a company to produce a red box with a blue line under it to reimagine the Tennessee state logo took the cake. The “Pork of the Year” in 2015, also known as the worst logo in the history of the world, is egregious enough as it is. But it becomes even more infuriating to realize that the state had eight graphic designers on staff. These designers earned a total of more than \$300,000 a year, and yet the government decided to contract with outside firm GS&F for \$46,000 and nine months to design a logo that our CEO Justin Owen was able to recreate in 45 seconds in Microsoft Paint. While certainly not the most expensive entry in *Pork Report* history, this logo actually brought people together in their hatred of it. Democrats and Republicans might not be able to agree on much, but they can agree that the new \$46,000 state logo, which looks like it was done by a seven-year-old, was a bad use of tax dollars.

Solution

Use the graphic designers that are already on the government payroll.



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