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Parent-Subsidiary Ties Linked

Database Reveals Big-Business Dominance of Job Subsidies

Washington, DC, February 25, 2014—Three-quarters of all the economic development dollars awarded and disclosed by state and local governments throughout the United States have gone to just 965 large corporations.

Some of these big recipients, such as Boeing (at more than \$13 billion) are well known for aggressively seeking tax breaks by pitting states against each other for jobs. However, 16 other companies, many less intuitive, have received awards totaling more than \$1 billion, often to subsidiaries with names bearing no similarity to their corporate parents.

Warren Buffett's Berkshire Hathaway, for example, has received 310 subsidy awards totaling \$1.06 billion to subsidiaries with names such as Geico, NetJets, Nebraska Furniture Mart, General Re Corporation, Lubrizol Advanced Materials, and Webb Wheel Products.

These are the key findings in *Subsidizing the Corporate One Percent*, a report published today by Good Jobs First summarizing information brought to light by an extensive enhancement of GJF's Subsidy Tracker database.

Good Jobs First is a non-profit, non-partisan research center in Washington, DC focusing on economic development accountability. The report and the database can be found at <http://www.goodjobsfirst.org/subsidizingthecorporateonepercent>.

“Subsidy Tracker can now demonstrate that a dominant share of the subsidies awarded by state and local governments in the name of job creation is ending up in the hands of a limited group of companies which can be regarded as the Corporate One Percent,” said Good Jobs First Research Director Philip Mattera, who created the original database and the newly released version 2.0.

Subsidy Tracker now contains parent-subsidary linkages for more than 25,000 entries with aggregate values of \$110 billion, or 75 percent of the total dollar value of all the entries in the Tracker universe. Those entries have been connected to 965 parent companies drawn from the Fortune 500, the Forbes list of the largest private companies and similar lists. The total of about 1,300 corporations checked for Tracker matches represent a good proxy for big business.

The Fortune 500 alone account for more than 16,000 subsidy awards worth \$63 billion, or about 43 percent of total Tracker dollars.

“In our Megadeals study last year, we found that since 2008, there has been a spike in the number and cost of gold-plated deals, even though overall deal flow remains depressed,” said Good Jobs First Executive Director Greg LeRoy. “It looks like the corporate rich are getting richer at the expense of public goods that benefit all employers.”

Subsidy Tracker 2.0 shows for the first time which companies have received the most cumulative awards, both in dollar terms and numbers of awards. After Boeing, whose \$13 billion total reflects the giant deals it has gotten in Washington and South Carolina as well as more than 130 smaller deals around the country, the others at the top of the cumulative subsidy dollar list are: Alcoa (\$5.6 billion), Intel (\$3.9 billion), General Motors (\$3.5 billion) and Ford Motor (\$2.5 billion). A total of 17 companies have received cumulative subsidy awards worth more than \$1 billion; 182 have received awards of \$100 million or more. (See table below for a list of the top 100.)

The company with the largest *number* of awards is Dow Chemical, with 416. Following it are Berkshire Hathaway (310), General Motors (307), Wal-Mart Stores (261), General Electric (255), Walgreen (225) and FedEx (222). Forty-eight companies have received more than 100 individual awards. The award numbers include some for which no dollar amount has been disclosed (reflecting the inconsistent quality of state and local disclosure).

Among the 965 parents identified as subsidy recipients, the average number of awards is 26 and the average total dollar amount (from awards for which this information is disclosed) is \$102 million.

Given the decline of manufacturing in the United States, it is interesting that the list of top parent companies is dominated by industrial firms. Of the ten biggest recipients, only one – Cerner – is primarily a service provider. As for specific industries, auto is well represented, with GM, Ford, Fiat (which now owns Chrysler) and Nissan in the top ten. Toyota is no. 16 and Volkswagen is no. 22. Other heavy industries represented include aerospace (Boeing, no.1), semiconductors (Intel, no.3), petroleum (Royal Dutch Shell, no.7), chemicals (Dow, no.12) and steel (ArcelorMittal, no.13).

Also significant is the presence of foreign-based corporations. There are three in the top ten (Fiat, Royal Dutch Shell and Nissan) and another five in the next 15. Since private

equity firms are treated as big-business parents, the list includes several of those firms. The most-subsidized is Silver Lake Partners, which now controls the computer company Dell and thus has Dell's megadeals in North Carolina and Tennessee attributed to it.

The list of most-subsidized parent companies overlaps considerably with the companies in the Megadeals report Good Jobs First issued last June. Of the 100 most-subsidized parent companies, 89 received at least one megadeal (worth \$75 million or more).

“Both our new findings and our Megadeals study clearly suggest a ‘corporate rich getting richer’ trend,” LeRoy added.

(See next page for a list of the Top 100 Parents)

SUBSIDY TRACKER 2.0 TOP 100 PARENT COMPANIES

#	Parent Company	Subsidy Value	Number of Subsidies	#	Parent Company (continued)	Subsidy Value	Number of Subsidies
1	Boeing	\$13,174,075,797	137	51	Community Health Systems	\$355,703,779	94
2	Alcoa	\$5,635,305,059	91	52	Aker Philadelphia Shipyard	\$350,000,000	1
3	Intel	\$3,867,492,085	58	53	H&R Block	\$341,317,824	9
4	General Motors	\$3,494,237,703	307	54	Exxon Mobil	\$340,271,846	71
5	Ford Motor	\$2,522,304,454	173	55	United Continental	\$337,081,638	20
6	Fiat	\$2,060,988,039	93	56	Amazon.com	\$330,756,147	39
7	Royal Dutch Shell	\$2,038,202,298	66	57	LG	\$327,082,717	14
8	Nike	\$2,024,582,002	23	58	Duke Energy	\$325,877,242	15
9	Nissan	\$1,799,585,041	25	59	Revel AC	\$323,000,000	2
10	Cerner	\$1,732,784,334	15	60	Samsung	\$317,148,838	17
11	Cheniere Energy	\$1,693,646,504	10	61	Huntington Ingalls Industries	\$312,056,400	5
12	Dow Chemical	\$1,408,228,374	416	62	Weyerhaeuser	\$300,575,457	92
13	ArcelorMittal	\$1,338,284,411	58	63	Orca Bay Seafoods	\$296,849,235	6
14	Advanced Technology Investment	\$1,224,997,961	4	64	Jackson Laboratory	\$291,000,000	1
15	Berkshire Hathaway	\$1,063,809,399	310	65	Anschutz Company	\$290,000,045	4
16	Toyota	\$1,051,586,557	77	66	Areva	\$289,116,137	13
17	IBM	\$1,026,845,249	208	67	Citigroup	\$286,228,767	64
18	Delta Air Lines	\$869,754,989	7	68	Sasol	\$279,262,538	27
19	Texas Instruments	\$727,848,327	39	69	Peabody Energy	\$278,095,289	22
20	Pyramid Companies	\$703,596,595	15	70	Electrolux	\$278,068,356	19
21	Goldman Sachs	\$661,979,222	28	71	ConAgra Foods	\$271,306,014	145
22	Volkswagen	\$657,778,311	14	72	Nestle	\$264,262,725	163
23	JPMorgan Chase	\$653,474,481	133	73	General Dynamics	\$262,528,332	84
24	Hyundai Motor	\$649,041,683	7	74	Valero Energy	\$262,298,522	54
25	Google	\$632,044,922	26	75	Yahoo	\$261,078,455	17
26	Teck Resources	\$597,871,991	5	76	Eli Lilly	\$258,216,376	15
27	Mayo Clinic	\$585,000,000	1	77	BMW	\$254,326,405	13
28	Forest City Enterprises	\$582,389,708	37	78	Orascom Group	\$251,000,000	1
29	Clean Coal Power Operations	\$550,000,000	1	79	UBS	\$247,608,178	11
30	Sematech	\$550,000,000	3	80	Cabela's	\$247,189,539	16
31	Scripps Research Institute	\$545,000,000	1	81	Wacker Chemie	\$241,325,051	34
32	Daimler	\$544,749,000	42	82	Comcast	\$239,337,579	62
33	Nucor	\$534,974,717	46	83	Sanford-Burnham Institute	\$233,600,000	2
34	Sears	\$534,616,673	54	84	Virdia	\$230,000,000	1
35	Silver Lake	\$482,025,256	85	85	Prudential Financial	\$225,734,997	30
36	FedEx	\$456,750,126	222	86	International Paper	\$222,836,793	196
37	NRG Energy	\$449,990,674	49	87	Baxter International	\$212,892,487	20
38	Apple	\$446,485,233	6	88	Pfizer	\$210,072,210	123
39	Honda	\$438,179,224	38	89	Johnson Controls	\$210,010,267	106
40	McEagle Properties	\$430,650,000	5	90	Caterpillar	\$208,982,443	127
41	Cornell University	\$400,000,000	1	91	Blackstone	\$203,193,594	141
42	Shin-Etsu Chemical	\$398,842,605	40	92	Convergys	\$199,690,351	21
43	Severstal	\$396,013,300	26	93	Triumph Group	\$196,342,629	57
44	General Electric	\$394,212,107	255	94	Max Planck Florida Institute	\$193,000,000	2
45	Onex	\$388,603,757	118	95	Goodyear Tire & Rubber	\$190,432,390	118
46	Walt Disney	\$381,525,727	36	96	CME Group	\$188,000,000	6
47	Mitsubishi Group	\$379,243,036	42	97	Simon Property	\$187,000,000	2
48	Morgan Stanley	\$366,284,480	47	98	Summit Power	\$183,221,842	2
49	Triple Five Worldwide	\$358,000,000	2	99	CA Inc.	\$181,258,193	20
50	Michelin	\$357,416,880	46	100	Bank of America	\$179,959,106	119