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Federal “Corporate Welfare” Database Now Online

Study: Large Corporations Dominate Federal Subsidy Awards; Banks, Foreign-Owned Energy Firms and Federal Contractors Among the Biggest Recipients

Washington, DC, March 17, 2015--Two-thirds of the \$68 billion in business grants and special tax credits awarded by the federal government over the past 15 years have gone to large corporations. During the same period, federal agencies have given the private sector hundreds of billions of dollars in loans, loan guarantees and bailout assistance, with the largest share going to major U.S. and foreign banks.

These are key findings of *Uncle Sam's Favorite Corporations*, a study with accompanying database released today by Good Jobs First, a non-profit and non-partisan research center on economic development accountability based in Washington, DC. They derive from the first comprehensive compilation of company-specific federal subsidy data. The study and database are available at www.goodjobsfirst.org.

The database, which collects more than 160,000 awards from 137 programs, expands Good Jobs First's Subsidy Tracker, which since 2010 has posted economic development data from states and localities. The federal data was enhanced with Good Jobs First's proprietary subsidiary-parent matching system, enabling users to see individual entries linked to more than 1,800 corporate parents, along with each parent's total subsidies.

“For more than 20 years, so-called corporate welfare has been debated widely with little awareness of which companies were receiving most of the federal assistance,” said Good Jobs First Executive Director Greg LeRoy.

“We now see that big business dominates federal subsidy spending the way it does state and local programs,” said Philip Mattera, principal author of the study and creator of Subsidy Tracker. “Our hope is that the new Subsidy Tracker will serve as a resource in the ongoing debates over federal assistance to business,” Mattera added.

Other key findings:

- Six parent companies have received \$1 billion or more in **federal grants and allocated tax credits** (those awarded to specific companies) since 2000; 21 have received \$500 million or more; and 98 have received \$100 million or more. Just 582 large companies account for 67 percent of the \$68 billion total.

- The largest recipient of grants and allocated tax credits is the Spanish energy company Iberdrola, which acquired them by investing heavily in U.S. power generation facilities, including wind farms that have made use of a renewable energy provision of the 2009 Recovery Act. Iberdrola's subsidy total is \$2.2 billion. Other top grant/allocated tax credit recipients include NextEra Energy (parent of Florida Power & Light), NRG Energy, Southern Company, Summit Power and SCS Energy, each with more than \$1 billion. The results exclude the numerous corporate tax breaks that cannot be attributed to individual companies.
- Mainly driven by the massive programs launched by the Federal Reserve in 2008 to buy up toxic securities and provide liquidity in the wake of the financial meltdown, the total face value of **loans, loan guarantees and bailout assistance** run into the trillions of dollars. These include numerous short-term rollover loans, so the actual amounts outstanding at any given time, which are not reported, were lower but likely amounted to hundreds of billions of dollars. Since most of these loans were repaid, and in some cases the government made a profit on the lending, we tally the loan and bailout amounts separately from grants and allocated tax credits.
- The biggest aggregate bailout recipient is Bank of America, whose gross borrowing (excluding repayments) is just under \$3.5 trillion (including the amounts for its Merrill Lynch and Countrywide Financial acquisitions). Three other banks are in the trillion-dollar club: Citigroup (\$2.6 trillion), Morgan Stanley (\$2.1 trillion) and JPMorgan Chase (\$1.3 trillion, including Bear Stearns and Washington Mutual). A dozen U.S. and foreign banks account for 78 percent of total face value of loans, loan guarantees and bailout assistance.
- A small number of companies have obtained large subsidies at all levels of government. Eleven parent companies among the 50 largest recipients of federal grants and allocated tax credits are also among the top 50 recipients of state and local subsidies. Six of the 50 largest recipients of federal loans, loan guarantees and bailout assistance are also on that state/local list. Five companies appear on both federal lists and the state/local list: Boeing, Ford Motor, General Electric, General Motors and JPMorgan Chase.
- Foreign direct investment accounts for a substantial portion of subsidies. Ten of the 50 parent companies receiving the most in federal grants and allocated tax credits are foreign-based; most of their subsidies were linked to their energy facilities in the United States.

- The Federal Reserve aided a large number of foreign companies in its efforts to stabilize banks that had acquired toxic securities originating mainly in the United States. Thanks largely to those programs, 27 of the 50 biggest recipients of federal loans, loan guarantees and bailout assistance were foreign banks and other financial companies, including Barclays with \$943 billion, Royal Bank of Scotland with \$652 billion and Credit Suisse with \$532 billion. In all cases these amounts involve rollover loans and exclude repayments.
- A significant share of companies that sell goods and services to the U.S. government also get subsidized by it. Of the 100 largest for-profit federal contractors in FY2014 (excluding joint ventures), 49 have received federal grants or allocated tax credits and 30 have received loans, loan guarantees or bailout assistance. Two dozen have received both forms of assistance. The federal contractor with the most grants and allocated tax credits is General Electric, with \$836 million, mostly from the Energy and Defense Departments; the one with the most loans and loan guarantees is Boeing, with \$64 billion in assistance from the Export-Import Bank.
- There is also a link to the current debate over so-called tax “inversions.” Federal subsidies have gone to several companies that have reincorporated abroad to avoid U.S. taxes. For example, power equipment producer Eaton (reincorporated in Ireland but actually based in Ohio) has received \$32 million in grants and allocated tax credits as well as \$7 million in loans and loan guarantees from the Export-Import Bank and other agencies. Oilfield services company EnSCO (reincorporated in Britain but really based in Texas) has received \$1 billion in support from the Export-Import Bank.
- Finally, some highly subsidized banks have been involved in cases of misconduct. In the years since receiving their bailouts, several at the top of the recipient list for loans, loan guarantees and bailout assistance have paid hundreds of millions, or billions of dollars to U.S. and European regulators to settle allegations such as investor deception, interest rate manipulation, foreign exchange market manipulation, facilitation of tax evasion by clients, and sanctions violations.