

TICHON: Don't reward corporations for bad behavior



Advanced Search

GO

Search the Archives

Story Comments

Print Font Size

Posted: Thursday, March 6, 2014 4:09 pm

By Nicole Tichon

With any opportunity that seems too good to be true, there is often a fatal flaw.

That is the case with The Partnership to Build America Act, introduced by Representative John Delaney (D-MD) in the House and Senator Michael Bennet (D-CO) in the Senate.

Advertisement

The bill offers a way for multinational corporations to bring profits stashed off-shore back to the United States and finally pay tax on those profits, albeit a minuscule one, in exchange for purchasing bonds that would fund infrastructure projects. It seems to offer something for everyone, Democrat and Republican alike. But upon closer examination the bill is full of flaws and ends up rewarding those companies that ship profits offshore to avoid tax.

Let's start with a basic question: why are we rewarding bad behavior? For years, companies have been hiding money in low or no-tax countries in an effort to minimize their tax bill, and in doing so have raised the tax burden on individuals and small businesses. Why should we reward behavior that has made things tougher on average Americans and job incubators, small businesses? And what is to stop corporations from continuing to hide profits in off-shore tax havens after this so-called "tax amnesty" expires?

In 2004, a similar program was enacted, the corporations that did bring profits home used them mostly to offer dividends to stockholders. Many did not invest in U.S. operations or create jobs, as they had promised. It provided no benefit for the economy and many of the corporations that participated actually reduced employment.

Delaney and Bennet would have us believe that they've solved this problem by requiring these corporations to buy bonds from this proposed infrastructure bank. But here too, the idea is fundamentally flawed.

As designed by Mr. Delaney, the bank would be controlled by a board of directors, a minority of which would be appointed by the President, and the rest appointed by the companies that purchase the most bonds. This means that those corporations that repatriate the most under the proposal would effectively control the board of directors and thus the infrastructure bank. That's like giving infamous bank robber Willie Sutton the keys to the jail cell and asking him to lock up when he's done.

There are two major problems. Again, we would be rewarding bad behavior by putting the worst offenders in charge. But when some of the biggest users and abusers of off-shore tax havens are companies whose main assets are in the form of intellectual capital, such as Google, Apple, and Facebook, what possible incentive do they have to invest in roads and bridges? The simple answer is none.

All of the "solutions" recently offered that include a "one-time" tax break to contribute to a long-term and basic spending need is political sleight of hand. It gives big corporations a tax break, gives "Democrats" a talking point on infrastructure spending, and makes everyone appear to be worried about the deficit. All the while actually contributing to the deficit in the long-term.

A serious, long-term solution that would permanently keep much-needed revenues and jobs here in the U.S. would be to tax profits when they are made, wherever they are made. Period. It could raise \$600 billion over ten years and stop the flow of jobs overseas. And to use a phrase that is very much in vogue in tax and policy circles, that's a pretty valuable "pay-for."

Tichon is Director of the Financial Accountability and Corporate Transparency (FACT) Coalition.

Discuss Print

Posted in Opinion on Thursday, March 6, 2014 4:09 pm.

Similar Stories

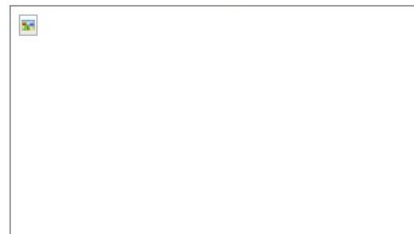
Most Read

Business Spotlight

www.ShellFUC.org

Posted: Friday, March 7, 2014 10:41 am

Shell FCU is a member owned and operated cooperative serving Harris County. We offer a wide range of services at no-cost or at lower costs than traditional financial institutions, including more favorable rates on dividends and loans. 713-844-1100. Business Spotlight produced by Houston Community Newspapers. Inquiries please contact Tara Van Staden at 281-378-1952 or tvanstaden@hcnonline.com



Job search by realmatch

Advertisement for yourHoustonjobs.com with buttons for 'Create a profile', 'Upload your resume', and 'Get Started Now'.

- SPRIGGS: Solving inequality
- REV. WOMACK DEVOTIONAL: Making the choices that bring us closer to God
- Colorado is flatter than a pancake, and Kansas is not as flat as you think!
- RICHMAN: American hawks risk escalating the Ukrainian crisis
- Statement by Gov. Perry on Texas' job numbers

- POLL: Who is the All-Area girls hoops Player of the Year?
- Two arrested on drug charges during raid at Cleveland home
- HIGH SCHOOL: Crosby football player to take Texans cheerleader to prom
- La Porte asking for help in identifying suspect vehicle
- Spring man re-indicted for wife's murder

Comments
Facebook

Welcome to the discussion.

Screen Name or Email

Password

[Forgot?](#)

Login

Or, use your linked account:



facebook



google



yahoo



[Need an account? Create one now.](#)

[Watch this discussion](#)

HOUSTON NEWS

- Home
- Storm Center
- Blogs
- Entertainment
- Photos
- HS Gridiron
- Calendar
- Business
- Celebrations
- Pets
- Obituaries
- Health
- Weather
- 101 Houston

LOCAL COMMUNITIES

- Atascocita Observer
- Kingwood Observer
- Bay Area Citizen
- Lake Houston Observer
- Bellaire Examiner
- Magnolia Potpourri
- Cleveland Advocate
- Memorial Examiner
- Conroe Courier
- Pasadena Citizen
- Cypress Creek Mirror
- Paarlant Journal
- Dayton News
- River Oaks Examiner
- Deer Park Broadcaster
- Spring Observer
- East Montgomery Observer
- Sugar Land Sun
- Eastex Advocate
- The Rancher
- Fort Bend Sun
- Tomball Potpourri
- Friendswood Journal
- West University Examiner
- Humble Observer
- Woodlands Villager

MARKETPLACE

- Classifieds
- Jobs
- Homes
- Autos
- Business Directory
- Celebrations
- Obituaries
- Legals

SERVICES

- Help
- Advertising Services
- Place a Classified ad
- Subscription Services
- RSS Feeds
- Contact Us
- Site index
- Careers at HCN

MEMBERSHIP

- Sign up
- Log in

Search

Search

[Terms of service](#) | [Privacy statement](#) | [FAQs](#)

© Copyright 2014, **Your Houston News**, The Woodlands, TX.