



Written by [Ty Bodden](#) on January 20, 2026

Corporate Welfare: When Government Picks Winners and Losers

State legislators routinely promise “economic development,” “job creation,” and “revitalization.” But behind the slogans is often the same old scheme: Government uses its taxing power to take from ordinary citizens and small businesses, then funnels selective benefits to politically connected corporations and special interests. That is [corporate welfare](#), a system that corrupts markets, distorts competition, and violates the [first principles](#) of equal justice and limited government.

Whether the handout comes as a [tax credit](#), tax exemption, rebate check, or special “district” designed to steer public money into a favored project, the effect is the same: Politicians and bureaucrats decide who deserves preferential treatment. In a [free market](#), however, consumers do that.

[Corporate welfare](#) is often defended as “pragmatic,” “competitive,” or “necessary.” Yet the constitutional republic our Founding Fathers designed was built on the opposite premise: Government exists to protect [God-given rights](#) — especially life, liberty, and property — not manipulate markets, [subsidize](#) private ventures, or redistribute wealth through political favoritism. When the state plays kingmaker, liberty is replaced by leverage, and free enterprise is replaced by corporatism.

Corporate Welfare in Practice

Across the country, lawmakers have advanced a wide variety of bills in recent sessions affecting different industries and with different labels, but all having the same underlying abuse.

[Arkansas’ HB1444](#), enacted in 2025, expanded and retooled a sales-and-use tax exemption for [data centers](#). It broadened what qualifies as exempt “equipment” and tied eligibility to enormous investment and payroll thresholds. Whatever the policy merits may be in the abstract, the message to small businesses is unmistakable: The bigger and more politically prized you are, the more the tax code bends for you.

If lawmakers believe the tax burden is too high, the honest remedy is broad-based relief for everyone, not carve-outs designed to lure specific industries while leaving local employers to carry the load.

[New Jersey’s A5795](#), also enacted in 2025, expanded the state’s [Innovation Evergreen](#) framework and increased the amount the state can steer into “high-growth” startups, including preferred treatment for certain categories of firms. This equates to government attempting to play venture capitalist, using taxpayer-backed advantages to influence markets. Real innovation does not need political patronage; it needs freedom, stable rules, and the ability to succeed or fail without state manipulation.



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[South Carolina's H4134](#), which passed the state House in 2025, similarly would have extended an “[angel investor](#)” tax-credit structure. Whatever the marketing, the premise is the same: Government uses the tax code to steer investment decisions instead of letting risk, reward, and voluntary exchange do the work. In practice, such structures reward those best positioned to navigate political channels rather than those best positioned to serve consumers.

Sports Subsidies and Entertainment Pork

Some of the most blatant corporate-welfare bills revolve around stadiums, “major events,” and tourism, projects tailor-made for ribbon cuttings, lobbying, and major deals.

For example, [Missouri's SB3](#) (2025) authorized tax credits and state spending tied to “sporting events” and facilities, [Oklahoma's HB3959](#) (2024) created a rebate structure for major sports leagues, [Kansas' HB2001](#) (2024) authorized STAR bonds for professional sports complexes, [Maine's LD2258](#) (2024) created refundable credits tied to minor-league facilities, [Oklahoma's SB13](#) (2024) extended a subsidy payment window for sports-related beneficiaries, [Texas' SB1158](#) (2023) expanded eligibility under the state's Major Events Reimbursement framework, and [Arizona's HB2704](#) (2025) set up a long-running tax-redirection model tied to Chase Field.

Even “downtown entertainment” gets the same treatment. [Missouri's HB199](#) (2025) classified downtown St. Louis as an “[entertainment district](#)” and relaxed protections that would normally require more consent from property owners, a classic example of government greasing the skids for special projects while shifting the costs and risks outward.

Corporate welfare is not limited to professional sports. [Georgia's HB86](#) (2023) exempted certain zoo-and-aquarium-expansion purchases from taxation — still government favoritism, just in a different costume.

ARPA Megadeals and “Free Money”

Some of the biggest corporate-welfare packages are wrapped in federal money, which simply means taxpayers are paying through a different pipeline. [South Carolina's H3604](#) (2023) earmarked massive funding from the American Rescue Plan Act of 2021 for a [Volkswagen](#) plant. The “free money” narrative disappears the moment citizens remember there is no such thing as federal money — only taxpayer money — and that federal involvement typically brings regulatory strings that erode state sovereignty and expand bureaucracy.

The dangers of such deals are already evident from this legislation in South Carolina, where Scout Motors — a Volkswagen subsidiary that received about \$1.3 billion in incentives — is reportedly seeking an additional [\\$200 million](#) in taxpayer funds to cover “cost overruns” at a facility that has yet to produce a single vehicle. The episode underscores a familiar pattern of corporate welfare: Politicians rush through massive subsidies with little scrutiny, only to return to taxpayers for bailouts when politically favored projects fail to fulfill their promises.

Corporate welfare frequently pairs with new tax mechanisms sold as “growth.” [Ohio's SB75](#), which the state House rejected in 2024, would have expanded the use of [Joint Economic Development Districts](#) with authority to levy income taxes in the name of “economic welfare.” Corporate welfare's favorite companion is new taxing power justified by promises of future prosperity.

This is how cronyism becomes permanent: Government creates a structure to tax and transfer, then special interests learn to capture it.



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“Creative Economy” Racket

[Texas’ HB2806](#), which passed the state house in 2024, showed how corporate welfare can be sold through culture and branding. It created a state “[music incubator](#)” rebate program, with government choosing which projects would qualify for reimbursement. The label is different, but the principle is identical: bureaucrats deciding which private ventures deserve public backing.

[Oklahoma’s SB13](#) (2023) and [South Carolina’s H3770](#) (2021) illustrate another pattern: Once a subsidy pipeline opens, it rarely shrinks. It attracts lobbyists, consultants, and industries that become invested in keeping it open — and expanding it.

Distraction Politics

[George Orwell](#) captured the psychology of social control in [1984](#): “Films, football, beer, and above all, gambling, filled up the horizon of their minds. To keep them in control was not difficult.” The [latter sentence](#) is sometimes rendered differently or attributed to later editions, but the point remains clear: Mass distraction dulls civic awareness and makes political control easier to maintain.

That line reads like a warning to modern America. Corporate welfare does more than waste money; it subsidizes distraction. It trains citizens to accept higher taxes and more government power so long as the lights stay on, the team stays in town, and the next “big event” arrives on schedule.

The rapid rise of legalized sports gambling sharpens the point. After the [U.S. Supreme Court](#) struck down the federal [Professional and Amateur Sports Protection Act \(PASPA\)](#) in [Murphy v. NCAA](#) in 2018 (opening the door to state-by-state legalization), sports betting became a mainstream industry almost overnight. And it has exploded: The American Gaming Association [reported](#) that Americans [wagered](#) \$149.90 billion on sports in 2024, generating \$13.78 billion in sportsbook revenue. Although [Murphy v. NCAA](#) was constitutionally sound, since PASPA unlawfully commandeered state regulatory authority in direct violation of the 10th Amendment, the decision shows how much power the federal government — via laws such as PASPA — has gained over the states.

As government increasingly partners with the entertainment-and-[gambling](#) complex — and then turns around and asks taxpayers to subsidize stadiums and “destination districts” — Orwell’s warning stops sounding like fiction and starts sounding like policy.

Additionally, state governments are increasingly creating [taxpayer-funded film offices and generous tax-incentive](#) programs — exemplified by [Kentucky’s SB1](#) (2025) — to attract production and market themselves as filming destinations. These initiatives amount to little more than government-subsidized distractions.

Many states unconstitutionally offer film and movie tax credits, claiming economic benefits that audits and independent studies often fail to substantiate. In practice, such programs frequently deliver weak or negative returns, generate mostly temporary and low-wage jobs, and invite corruption and cronyism as public funds are redirected to a politically favored industry.

Beyond fiscal concerns, critics warn that these subsidies facilitate cultural influence that [undermines traditional values](#) while expanding bureaucratic power in ways that conflict with limited government and constitutional principles. In the end, they represent yet another form of corporate welfare.

Why Corporate Welfare Is Wrong

Corporate welfare is not merely “bad policy.” It is an assault on the moral and constitutional



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foundations of a free society.

Corporate welfare violates equal justice. When government writes carve-outs, exemptions, and credits for select industries or firms, it creates a two-tier system: insiders and everyone else. That is favoritism by law.

Corporate welfare distorts markets and punishes small businesses. Subsidies and targeted tax breaks do not create wealth; they redirect it. Favored corporations receive artificial advantages while local entrepreneurs compete on an uneven playing field. The result is less competition, fewer market-driven innovations, and higher long-term costs for consumers.

Corporate welfare breeds corruption and dependency. Once government starts handing out selective benefits, businesses rationally shift energy from serving customers to courting politicians. [Lobbying](#) becomes a business strategy. That is the corporatist road, and it rarely ends voluntarily.

Corporate welfare expands government power. Every “incentive” program requires administrators, rules, compliance regimes, reporting mandates, enforcement discretion, and political leverage. Corporate welfare grows the very bureaucracy that then demands even more power.

In short, [corporate welfare is socialism](#) in a suit and tie: private profit protected by public power.

Taxpayers Should Not Finance Entertainment

Sports subsidies reveal the moral fraud of corporate welfare in its purest form. [Taxpayers](#) are told teams “can’t” build or renovate without [public participation](#). Yet true [private financing](#) can and does happen when owners want full control and markets justify the investment.

The Golden State Warriors’ [Chase Center](#) has been widely described as privately financed. Steve Ballmer’s [Intuit Dome](#) has likewise been described as privately funded. [SoFi Stadium](#) has been widely reported as privately financed without public construction dollars.

Meanwhile, Major League Baseball stadium politics routinely punish the public twice: first through [subsidies](#) and tax diversions, and again through the economic “sorting” that follows. As more and more money concentrates in the biggest [markets](#) (and as [gambling](#) and media dollars reshape incentives), smaller-market teams face mounting pressure. That is precisely why taxpayer-backed stadium deals are so perverse. Citizens are forced to underwrite an entertainment product that is increasingly unstable for smaller markets — while the owners who profit most demand “public-private partnerships” to socialize risk.

In Major League Baseball, smaller-market teams such as Tampa Bay, Pittsburgh, Kansas City, and Milwaukee operate with [annual payrolls](#) of roughly \$150 million or less, while payrolls of teams in New York, Los Angeles, Philadelphia, and Boston exceed \$275 million, with the Los Angeles Dodgers projected to carry a payroll of approximately \$413 million in 2026. That same team has contracts worth [\\$2.1 billion](#) in guaranteed salaries. Why should taxpayers be forced to subsidize professional sports teams that, in many smaller markets, have little realistic chance of competing for championships, especially when the product is purely for profit and entertainment? Distraction? Stadiums and related facilities should be financed privately, not underwritten by the public.

If a stadium project is truly profitable, private investors will fund it. If it is not profitable, it should not be propped up by coercive taxation.



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Real Solutions: End Handouts, Restore Liberty

If state lawmakers want genuine prosperity, they should stop trying to micromanage outcomes and start protecting freedom. They should take the following actions:

- End targeted credits and exemptions: Replace carve-outs with broad-based tax relief that treats everyone equally and allows markets to allocate capital, labor, and investment without political interference.
- Abolish “economic development” slush funds: Government should not be an investment firm, a stadium sponsor, or a corporate partner. It should protect God-given rights, enforce contracts, and punish fraud, not subsidize favored ventures.
- Reject “districts” and financing gimmicks: Mechanisms built to tax and transfer wealth for “development” are pipelines for cronyism and backdoor taxation.
- Restore constitutional limits: The proper role of civil government is to protect life, liberty, and property, not pick winners and losers or redistribute wealth to politically connected interests.

Corporate welfare undermines the free market by turning government into an economic planner. It punishes the productive, rewards the connected, and teaches businesses to seek political favor rather than consumer approval. Americans should reject it, not because we oppose business, but because we support free enterprise, equal justice, and constitutionally limited government.

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