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## GOVERNORS SCRAMBLE TO OFFER TAX BREAKS TO EMPLOYERS

Skyrocketing unemployment has state governors scrambling to attract employers with tax breaks and financial incentives, even as budget shortfalls force cuts in education, health care and other services. Governors from both parties are counting on the federal stimulus package, passed by the House last week and headed for the Senate, to invigorate their economies and create tens of thousands of new construction jobs. But this may not be enough. New Jersey's Democratic Governor Jon Corzine is bribing small businesses with a \$3,000 check for every new hire. Minnesota's Republican Governor Tim Pawlenty is calling for an expansive package of business tax cuts, including tax-free zones for companies that create "green jobs." Other states are establishing multimillion-dollar loan funds for entrepreneurs, phasing out the corporate income tax, and pledging financial backing to banks willing to extend lines of credit to small businesses. Missouri Governor Jay Nixon, a Democrat, is expanding by about \$20 million incentive funds that underwrite corporate job creation. He announced last July with Orgill, a national hardware wholesaler, which received more than \$7 million in state aid to build a distribution center in rural Sikeston with a goal of creating 350 jobs. That amounts to a subsidy of \$20,000 per job, but officials expect the state treasury to recoup that many times over in taxes paid by the newly employed.

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