



FORMAT FOR  
PRINTING  
sponsored by



February 10, 2007

## COMMENTARY

# Tax Chambers

By **STEPHEN MOORE**  
*February 10, 2007; Page A8*

The Chamber of Commerce, long a supporter of limited government and low taxes, was part of the coalition backing the Reagan revolution in the 1980s. On the national level, the organization still follows a pro-growth agenda -- but thanks to an astonishing political transformation, many chambers of commerce on the state and local level have been abandoning these goals. They're becoming, in effect, lobbyists for big government.


In Colorado, a coalition of property owners, conservative think tanks, anti-tax groups and small businesses fought against a ballot initiative in 2005 that was intended to gut the state's Taxpayer Bill of Rights (Tabor). They lost, and as a result state spending will expand by \$5 billion over the next five years, costing the average family several thousand dollars in higher taxes. It was not the teachers' unions or class-warfare liberals who spearheaded the campaign against Tabor, however -- it was the Denver Chamber of Commerce. "This was just one depressing example of how everything bad that happens in Colorado," says Jon Caldera, president of the Independence Institute, "happens with the chamber's endorsement." And not just in Colorado.

In Virginia, the state and local chambers, along with big-business allies, have spent more than \$4 million in recent years on ballot initiatives and legislative lobbying to raise \$2 billion in taxes for roads, rails, buses and schools. This year they want a billion more for transportation, despite the state's multibillion-dollar surplus, and have even threatened to run candidates against fiscal conservatives in the legislature who take a "no new taxes" pledge.

In as many as half the states, state taxpayer organizations, free market think tanks and small business leaders now complain bitterly that, on a wide range of issues, chambers of commerce deploy their financial resources and lobbying clout to expand the taxing, spending and regulatory authorities of government. This behavior, they note, erodes the very pro-growth climate necessary for businesses -- at least those not connected at the hip with government -- to prosper. Journalist Tim Carney agrees: All too often, he notes in his recent book, "Rip-Off," "state and local chambers have become corrupted by the lure of big dollar corporate welfare schemes."

In New Jersey -- home of some of the worst schools in the nation -- the state chamber took out an ad with the teachers' unions opposing a school-voucher initiative for families in inner cities. The ad was withdrawn only after pro-school reform business members hollered in protest. Last summer taxpayers revolted when Democratic Gov. Jon Corzine called for a \$1.5 billion hike in the sales tax; but "the chamber and other business groups sat on their hands in order to avoid making enemies with the legislature," notes Frayda Levin, New Jersey director of Americans for

### DOW JONES REPRINTS

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: [www.djreprints.com](http://www.djreprints.com).

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

Prosperity.

In Oklahoma the state chamber filed a petition with the state Supreme Court to block eminent domain reform, and vowed to fight a taxpayer-led movement to enact a Colorado-style Tabor. Massachusetts? The state chamber and allied business groups oppose an income tax cut.

The picture isn't all bleak: The New York and Rhode Island state chambers, for example, struggle unflinchingly for low taxes, less regulation and expenditure control. But they are becoming the exceptions. More common is the situation in states such as Maryland. Last November Maryland local chambers announced candidate endorsements: almost all the candidates were the incumbent power holders who voted for an increase in the minimum wage.

The U.S. Chamber of Commerce boasts that the organization's "core mission is to fight for business and free enterprise before Congress, the White House, regulatory agencies . . . and governments around the world." The national chamber has done just that, pushing tort reform and free trade -- but in the states, chambers have come to believe their primary function is to secure tax financing for sports stadiums, convention centers, high-tech research institutes and transit boondoggles. Some local chambers have reportedly asked local utilities, school administrators and even politicians to join; others have opened membership to arts councils, museums, civic associations and other "tax eater" entities.

Business owners are beginning to get fed up. In Hawaii, the chamber's cheerleading for higher taxes has caused hundreds of small business members to quit. (Since the early 1990s the chamber has supported three major tax hikes, including a recent a 12% increase in the state gross income tax to fund boondoggle transportation and rail projects.) In Maryland, small business membership is falling. Ellen Valentino, director of the Maryland National Federation of Independent Business, says that while the Maryland chamber provides PAC funds to its political adversaries, "Our membership wouldn't tolerate that."

"I used to think that public employee unions like the NEA were the main enemy in the struggle for limited government, competition and private sector solutions," says Mr. Caldera of the Independence Institute. "I was wrong. Our biggest adversary is the special interest business cartel that labels itself 'the business community' and its political machine run by chambers and other industry associations."

*Mr. Moore is a member of the Journal's editorial board.*

**URL for this article:**

<http://online.wsj.com/article/SB117107205929004411.html>

**Copyright 2007 Dow Jones & Company, Inc. All Rights Reserved**

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our **Subscriber Agreement** and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com).