

THE HEARTLAND INSTITUTE

19 South LaSalle Street #903
Chicago, IL 60603
phone 312/377-4000 · fax 312/377-5000
<http://www.heartland.org>

Retailer Misses Job Targets Again

Author: Amber Gunn
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For the second year in a row, outdoor retailer Cabela's missed job targets set by its performance contracts with the state of Texas.

When a Cabela's store opened in Buda, Texas in 2005, it was touted as a job generator and economic boon to the region and received tax incentives from local and state governments.

Rather than rely on ambiguous and unenforceable verbal agreements, Texas drew up performance contracts outlining the expected number of jobs to be created in exchange for the incentive payments.

Too Few Jobs

Per the contract agreement, Cabela's will have to pay the city of Buda, Hays County, and the state about \$129,000 for again failing to hit its jobs target. The money will be distributed proportionally based on how much each entity contributed to the incentive package.

The state's job creation fund, known as the Texas Enterprise Fund, will get about \$42,000.

Last year Cabela's had to return \$29,000 to the Texas Enterprise Fund and forfeit another \$200,000 after falling short of the 400 promised jobs by more than half.

A spokeswoman for the Texas governor's office told the *Austin American-Statesman* Cabela's will be penalized again if it has fewer than 400 employees at the end of this year.

Tax Break History

The retailer has a history of seeking tax breaks and other subsidies wherever it opens a new store.

"We've never built a store anywhere without some kind of incentive," Cabela's spokesman Joe Arterburn told the *Seattle Times* in May.

David Ewald, president of Ewald Consulting in St. Paul, Minnesota, has been working with rival outdoor retailer Gander Mountain to oppose targeted tax incentives for retail operations. Gander Mountain is the nation's third-largest outdoor retailer, behind Cabela's and Bass Pro Shops, and does not seek such incentives.

Ewald said he is not surprised Cabela's again missed its job-creation numbers.

"This is more evidence of how Cabela's lofty, and usually self-reported, projections are not being met," Ewald said.

Cabela's did not respond to requests for comment.

Amber Gunn (agunn@effwa.org) is a policy analyst for the Evergreen Freedom Foundation's Economic Policy Center.