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Trump claims Kraft praised the tax plan and pledged to open a new factory



President Donald Trump appeared with Patriots owner Robert Kraft in April to celebrate the Patriots' Super Bowl win.

By Jon Chesto - Globe Staff - December 22, 2017

President Trump's long friendship with New England Patriots owner Robert Kraft paid off with a choice talking point for the new federal tax legislation the president signed Friday. In addition to his sports businesses, Kraft owns paper and packaging companies. And Trump said Kraft called him Thursday night to tell him the tax bill would pay immediate dividends.

“He said based on this tax bill, he just wanted to let me know that he’s going to buy a big plant in the great state of North Carolina and he’s going to build a tremendous paper mill there or paper products plant,” Trump said during the bill-signing.

The Kraft call-out highlights an ongoing debate about how businesses will respond to a much lower corporate tax rate of 21 percent, the cornerstone of the \$1.5 trillion tax cut.

But whether Kraft really is building a plant in North Carolina, and whether the tax cut was the impetus, remained unclear Friday.

A Kraft spokesman confirmed he talked to Trump about the tax bill, but would not say if Kraft planned to open a factory. The Kraft Group operates manufacturing plants in 14 states, including North Carolina. A spokesman for the North Carolina Department of Commerce was equally evasive, saying the agency does not comment on its discussions with companies about site decisions before they are announced.

The impact of the Republicans’ legislation remains a matter of much debate. Other big companies, such as AT&T and Bank of America, have attributed corporate investments or employee bonuses to the new tax cut.

John Boyd, a New Jersey-based relocation consultant, said the lower corporate rate would encourage more multinationals to move cash back to this country, and invest in operations here. The Trump administration’s nationalistic approach to trade, Boyd said, also helps.

“There’s no question that a lot of planned moves offshore were put on hold when Trump was elected,” Boyd said. “Most analysts do expect the cut in corporate income tax to enhance our ability to keep more jobs in this country.”

But Tufts University economist Michael Klein remained skeptical the tax bill will live up to the hype.

“No credible economist looking at this says it will generate the kind of growth that the administration is claiming,” said Klein, executive editor of EconoFact, which publishes analyses of public policy issues. “The deficit and debt are going to get much higher. The increase in interest rates that will be caused ... is going to put a damper on incentives for investment.”

In Massachusetts, big employers also have to worry about three ballot questions that will go before voters in November 2018 that would increase the minimum wage, require paid family and medical leave, and raise taxes on million-dollar earners.

“Our sense is that while employers generally appreciate the tax reductions in the federal tax plan, there’s still much uncertainty swirling around,” said Christopher Geehern, an executive at Associated Industries of Massachusetts. “There’s still a little bit of reticence until employers see the outcome of those ballot questions.”