

M. WINTER & R. SHANKER V. CITY OF COLUMBIA

Backgrounder

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Executive Summary

Taxpayers should not be forced to guarantee a private airline's profits.

But that is exactly what the City of Columbia, Missouri, has agreed to do. Under a new agreement with American Airlines, Columbia has promised to guarantee the airline's monthly revenue goals for a new route between Columbia Regional Airport and Charlotte, North Carolina. If the route does not generate enough money in a given month, American can look to the City to cover the shortfall.

The total revenue guarantee is \$1.5 million. Half of that amount comes from private businesses and organizations that voluntarily chose to support the route. There is nothing wrong with that. Private entities that believe they will benefit from the new route are free to risk their own money.

But the other half—\$750,000—comes from Columbia's Transportation Sales Tax fund. That means public money is being used as a safety net for a private corporation.

The Goldwater Institute is representing Columbia taxpayers to stop the City from using public money to subsidize American Airlines' bottom line. Tax dollars should be spent on direct public benefits. They may not be used to protect a multi-billion-dollar airline from disappointing ticket sales.

Background

Under a recent Agreement with American Airlines, the City of Columbia has chosen a path of active market distortion, using public funds to insulate a private business from the natural risks of the marketplace. The Agreement commits up to \$750,000 from Columbia's Transportation Sales Tax fund to guarantee a private company's monthly revenue targets for a new route between Columbia and Charlotte. This represents one of the largest revenue guarantees the City has entered into, putting tax dollars at risk in violation of the Missouri Constitution.

The structural design of this deal is entirely one-sided. If the route does not generate at least \$600,000 each month for American Airlines, Columbia's taxpayers are on the hook to make up the revenue shortfall. Yet, if the route thrives and proves highly profitable, the private business keeps 100% of the upside. The public receives zero ownership interest, no share of the profits, and no mechanism to recover the tax dollars spent if the route becomes lucrative later on.

In a healthy, functioning market, businesses decide where to expand based on cost, demand, and expected profit. Private entities may agree to work together to share that risk in exchange for whatever benefits they deem necessary, but cities in Missouri are prohibited from using taxpayer money for those same purposes.

To be clear, regional business groups or private entities might believe a new flight route will boost local commerce and tourism, and those groups are entirely free to pool and risk their own

private capital. The Goldwater Institute has no objection to voluntary private investments. In fact, it appears that half of the \$1.5 million revenue guarantee is being funded through such private means. But government operates under a completely different mandate. Taxpayers cannot opt out of this deal, and the City has no authority to speculate with public funds by guaranteeing the revenue goals of a private corporation.

The Law

The Missouri Constitution protects taxpayers from corporate welfare and government favoritism. Specifically, the Missouri Gift Clause prevents cities from using public resources to prop up private businesses.

No county, city or other political corporation or subdivision of the state shall own or subscribe for stock in any corporation or association, or lend its credit or grant public money or thing of value to or in aid of any corporation, association or individual, except as provided in this constitution.

Mo. Const. art. VI, § 23.

Columbia's Agreement violates the Gift Clause in two ways.

First, the Agreement obligates the city to grant public money to American Airlines under certain conditions. The City has put \$750,000 in public Transportation Sales Tax funds behind American's private revenue guarantee. If American's route misses its monthly targets, that public money can be drawn on and paid directly to the airline.

Second, the agreement lends the City's credit in aid of American. Even before any payment is made, the City's promise has value. American can operate the route knowing that Columbia has promised to help cover revenue shortfalls. That government-backed guarantee reduces American's business risk and shifts part of that risk to taxpayers.

The Missouri Supreme Court recently reaffirmed the force of the Gift Clause in *Salamun v. Camden County Clerk*. In that case, the Court struck down a scheme that transferred public tax money to a private entity, even though the money was supposed to be used to promote tourism.

That matters here. Columbia may argue that the Charlotte route will help the local economy. But asserting that the public will indirectly benefit from its unconstitutional actions does not allow the City to subsidize a private corporation. The Missouri Constitution does not let government officials turn tax dollars into a private risk pool just because they believe doing so might be useful.

Corporate subsidies are often sold as economic development. But behind the talking points, the result is usually the same: politicians get credit for a project, a favored company gets protection, and taxpayers get the bill.

Cities may not risk public money to protect a corporation's bottom line.

Case Logistics

The plaintiffs are Mark Winter and Richard Shanker, individual Columbia taxpayers who bear a share of the tax burden and are liable for replenishing the public coffers for unlawful government subsidies. Mr. Winter and Mr. Shanker both previously served on Columbia's Airport Advisory Board.

The defendant is the City of Columbia, Missouri.

American Airlines is not a defendant. The Gift Clause places its restrictions on governmental entities.

The case was filed in the Circuit Court of Boone County, Missouri, on June 17, 2026.

The Legal Team

Tony Napolitano is a Senior Attorney at the Goldwater Institute's Scharf-Norton Center for Constitutional Litigation.

Dave Roland is Director of Allied Litigation at the Goldwater Institute's Scharf-Norton Center for Constitutional Litigation.