GOVERNOR SIGNS TAX INCREMENT FINANCING BILL; GIVES COMMISSION MORE AUTHORITY

ST. CHARLES COUNTY, MO – Gov. Jay Nixon today signed legislation that significantly changes who will make the final decision on projects requesting Tax Increment Financing (TIF) in St. Louis, St. Charles and Jefferson counties. The bill passed unanimously in the Senate and 114-37 in the House and puts the final decision of TIF funding in the hands of a county-wide TIF Commission. The Commission then considers the benefit of the project to the entire county, not just a single municipality.

This bill was largely a result of research by the East-West Gateway Council of Governments that shows the ineffective use of tax dollars to subsidize retail development in the St. Louis region.

"Too often, we do studies only to put them on a shelf to gather dust," said St. Charles County Executive Steve Ehlmann. "This is an example of a study leading to significant reform and better public policy decisions."

Ehlmann, who has long been a proponent of TIF reform, is grateful to the Governor for signing the bill into law. "This has been a 16-year process," Ehlmann said, "and we are finally headed in the right direction. I want to thank Gov. Nixon for signing this legislation."

TIFs were first authorized by statute in 1982 to spur economic development by allowing a developer to keep the additional property taxes that his development generated. Eight years later, the legislature also allowed the developer to keep one-half of additional sales tax generated by the development. Quickly, the main use of TIF became retail development. In the next 25 years, cities in the region approved more than $2.8 billion dollars for the retail development. Yet, in that period, the number of new retail jobs created was a mere 1,300, an increase of .08 percent, one-tenth the increase in population over the same period. When one new TIF-funded mall opened, another TIF-funded mall closed. Small businesses, with no tax subsidy, could not compete and went out of business. Maryland Heights is presently considering a TIF for developer Stan Kroenke to use money that would otherwise go for education and services to build yet another retail development, while the number of shoppers and the dollars they spend remains flat.

"The process has gone from economic development to economic relocation," said Ehlmann. "While new shopping areas have been subsidized, older shopping centers have declined or closed. Companies have simply relocated to more desirable areas with the assistance of TIFs."

County Executive Ehlmann said TIFs are legal because the drafter of our state constitution wanted to allow the clearance of slums in the inner city. Under the bill, cities would still be able to approve a TIF on their own, but only to clear blighted areas for redevelopment. All TIFs on vacant land in the flood plain will have to be approved by the County TIF Commission.

###