



NEWS RELEASE

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PASSAGE OF BILL MEANS SIGNIFICANT CHANGE FOR TAX INCREMENT FINANCING PROCESS

ST. CHARLES COUNTY, MO – The passage today of House Bill 1434 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, which passed unanimously in the Senate and 114-37 in the House, puts the final decision of TIF funding in the hands of a county-wide TIF Commission, which will consider the benefit of the project to the entire county, not just a single municipality.

“This has been a long process,” said County Executive Steve Ehlmann. “We have been trying to bring meaningful TIF reform to the area for 16 years, so today is a great day. I want to thank Senator Bob Onder and Representative Andrew Koenig for filing the legislation and seeing this issue through to passage.”

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 the land and make it available for redevelopment. Ehlmann says he is not against the use of Tax Increment Financing as it was originally intended as long as it benefits the region as a whole.

“Today is a definite step in the right direction.” Ehlmann said.

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