Officials for the Joplin School District are admirably asking some tough questions about a proposed Tax Increment Financing (TIF) district. The boundaries of the proposed TIF district will encompass a substantial portion of the redevelopment area so severely damaged by the 2011 tornado. This subject is, obviously, difficult because we all want to help Joplin move forward any way we can. But, as the school district officials point out, how is freezing all the property taxes within the redevelopment area at a low post-tornado level for 23 years going to help Joplin move forward?

According to the Joplin Globe, the destruction from the tornado resulted in a decrease of $34 million in assessed valuation for the school district (and a similar number for the city, counties, etc.). According to the rules of TIF, a new TIF would freeze the property taxes paid to all districts at that number for 23 years. In the long run, that could be very damaging to public services. Fifteen years from now, how is the school district going to fund its services when a substantial part of the district has its taxes frozen at a 2012 post-tornado level? One way they will do it is by having very high taxes on the areas outside of the redevelopment zone. If this TIF passes, I could see tax differences between the areas in and out of the zone so large that people start making decisions to move based on that, and that will start to affect property values. (See pages 33-36 here for how this can happen in such situations.) It is one thing to pay more to live in a better school district. It is another thing to pay more for a house with lower taxes than other, similar homes within the same school district.
My general objections to TIF are laid out here. There are, no doubt, different circumstances in Joplin than just moving around big box stores in Saint Louis County.

The Joplin Globe editorial board is correct in stating that the community should step back before making such an enormous decision. Once the properties within the proposed district are redeveloped, they should be required to pay, at a minimum, the pre-tornado tax levels to partly reduce the discrepancy in future property taxes between property in and out of the TIF district. (Obviously, before and during the period they are being redeveloped, the much lower tax levels should be paid.)

About the Author

David Stokes
David Stokes was a policy analyst at the Show-Me Institute from 2007 to 2014 and was director of development from 2014 to 2016.

Read Online

https://showmeinstitute.org/blog/local-government/joplin-school-district-right-be-concerned-about-super-tif#comment-0

Links


Mission Statement

Advancing liberty with responsibility by promoting market solutions for Missouri public policy.

Show-Me Institute

5297 Washington Place 3645 Troost Avenue
Saint Louis, MO 63108 Kansas City, MO 64109
Phone: (314) 454-0647 Phone: (816) 287-0370
Fax: (314) 454-0667

Email: info@showmeinstitute.org
Support Our Work
The Show-Me Institute is a tax-exempt 501(c)(3) nonprofit organization. Make your tax deductible contribution today: http://ShowMeInstitute.org/donate