



# Funding the Foundry: Why Are Taxpayers Continually on the Hook?

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When [St. Louis public schools are underperforming](#) and the [water department is trying to get lead out of the water](#), one might think it isn't the best time for public officials to grant tax subsidies to wealthy developers. After all, couldn't the potential revenues from such taxes be spent in other, more effective ways—ways taxpayers [might actually see a return on](#)?

You might think so, but some city officials don't see it that way. The Saint Louis City Tax-Increment Financing Commission, a public body that awards tax subsidies, [recently granted \\$19.4 million to the developers](#) of a mixed-use project in midtown St. Louis. The development, dubbed the "City Foundry", would include office and retail space, residential buildings, and a food court. The Foundry would be a welcome addition to the area, but why should tax dollars go to fund it over, say, schools and basic infrastructure?

Officials haven't addressed that question. And what's worse is that even without the TIF subsidy, over 41% of the costs of the \$134 million project will be shouldered by taxpayers. The chart below depicts the proposed funding sources for the project. Is the \$19.4 million in tax increment financing, which represents forgone tax revenue, really necessary when so many other subsidies are funding the project? Especially when the developers are also seeking tax abatement on top of all these other handouts!



<b>City Foundry Funding by Source</b>		
Funding Source	Funding Amount	% of Total Project Cost
Federal Historic Tax Credit	\$14,917,000	11%
State Historic Tax Credit	\$17,384,000	13%
State Brownfields Tax Credit	\$5,075,000	4%
CID/TDD Sales Tax Revenue	\$18,100,000	13.5%
Tax-increment Financing (TIF)	\$19,400,000	14.5%
Loan & Developer Fee	\$59,290,000	44%
<b>TOTAL FUNDING</b>	<b>134,166,000</b>	<b>100%</b>

Source: [City Foundry Application for Tax Increment Financing](#) , assembled by author.

When our communities have so many needs but limited resources, leaders have an obligation to make every dollar count. Before the City signs off on this incentive package, they should think hard about whether this plan constitutes the most prudent use of public funds.

## About the Author



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[2] [http://www.stltoday.com/news/local/education/database-missouri-map-scores-by-district/html\\_23d18047-7505-585a-b116-7610c4b2f17b.html?appSession=29250323340203133546617281524831995204158091159465164398752092121355299851196620568409323277440723667202908922325098480560142111](http://www.stltoday.com/news/local/education/database-missouri-map-scores-by-district/html_23d18047-7505-585a-b116-7610c4b2f17b.html?appSession=29250323340203133546617281524831995204158091159465164398752092121355299851196620568409323277440723667202908922325098480560142111)

[3] [http://www.stltoday.com/news/local/education/replacing-st-louis-school-drinking-fountains-that-have-lead-contamination/article\\_9c8ebec2-0ee4-5d4a-9b36-07cee9058f18.html](http://www.stltoday.com/news/local/education/replacing-st-louis-school-drinking-fountains-that-have-lead-contamination/article_9c8ebec2-0ee4-5d4a-9b36-07cee9058f18.html)

[4] <http://showmeinstitute.org/blog/subsidies/subsidies-st-louis-part-2-economic-development-blunders>

[5] [http://www.stltoday.com/business/local/tif-commission-recommends-help-for-city-foundry-but-questions-additional/article\\_b3284dfa-ffc1-56fa-8ba2-4fb5e26e39ab.html](http://www.stltoday.com/business/local/tif-commission-recommends-help-for-city-foundry-but-questions-additional/article_b3284dfa-ffc1-56fa-8ba2-4fb5e26e39ab.html)

[6] <http://aldermanroddy.com/wp-content/uploads/2016/09/City-Foundry-TIF-Application-090916-COMP-1.pdf>

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