Fixing a Blight on Missouri Statutes

Published on *Show-Me Institute* (https://showmeinstitute.org)

Lee / Creative Commons 2.0

By: Patrick Tuohey

We've written for years about the failure of Missouri municipalities to focus their development efforts on reviving the moribund parts of their inner cities. Across the state, it seems, leaders in Kansas City and Saint Louis are eager to throw taxpayer cash at developers only to have them build in already-viable neighborhoods. What's more, studies in Missouri and across the country have noted that these programs do not help create jobs or spur neighborhood investment in the aggregate. Often they simply enrich political cronies. It is time for that to change.

One reform that might make a great deal of difference is in the state's legislative definition of blight. For the purposes of tax-increment financing, the blight definition is so broad as to be meaningless. One library executive said that under the existing definition, the governor's mansion could be blighted. There are opportunities for improvement, and we need not look far.

The easiest option is to look at previously considered reforms. In 2002, Missouri Senator Wayne Goode introduced a bill that would have gone a long way in curbing abuses in blight findings. Specifically, Goode's bill would require that any area subject to a redevelopment plan could only qualify if:

1. The host municipality—or, for unincorporated areas, the host school district—has low

fiscal capacity; or
2. The census block group or groups (as defined in the most recent decennial census) containing the proposed redevelopment area had high unemployment; or
3. The municipality, census block group or groups, as defined in the most recent decennial census, containing the proposed redevelopment area was characterized by moderate income.

Goode's bill defined such terms as "low fiscal capacity," "high unemployment," and "moderate income" in ways that were aimed at making sure that development projects only took place in the communities requiring taxpayer assistance and that effectively placed limits on crony capitalism.

Earlier, in January 1999, the Washington University Law Review published a piece by Julie A. Goshorn titled "In a TIF: Why Missouri Needs Tax Increment Financing Reform ." At the end Goshorn advocated for a new definition of blight that, like Goode's, incorporated requirements for unemployment and poverty. While Goshorn's reform dealt specifically with the definition of blight—a move favored by this author—she allowed wiggle room by permitting a blight finding if a building in the area was merely unsanitary. Given the lengths that developers, economic development staffers, TIF commissions, and city leaders have gone to broaden the standards of blight, it is likely that they will continue doing so in the future. Based on Goshorn's original suggestion, the following terms and definitions might be considered for use in statutes and regulations:

(1) "Blighted area," is an area that satisfies both (a) and (b) below:

(a) Buildings in the area are:

1. Unsanitary, unsafe for living or working;

2. Substantially vacant; or

3. Subject to a crime rate significantly higher than that in other surrounding areas; and

(b) The area in general is characterized by:

1. Pervasive poverty, unemployment, and general distress, as evidenced by

a. At least seventy-five percent of the residents living in the area have incomes below eighty percent of the median income of all residents within the state of Missouri; and,

b. The level of unemployment of persons within the area exceeds one and one-half times the average rate of unemployment for the state of Missouri over the previous twelve months.

Legislators will undoubtedly wrangle over definitions and thresholds for income and unemployment. That debate is welcome. But legislators, whether conservative or liberal, urban

or out-state, should recognize by now that the lax language in Missouri statutes regarding blight is draining municipalities of much-needed resources and providing little if any economic benefit.

Tags:

- TIF

About the Author

Patrick Tuohey
Director of Municipal Policy

Patrick Tuohey is the Director of Municipal Policy at the Show-Me Institute.

Read Online

https://showmeinstitute.org/blog/subsidies/fixing-blight-missouri-statutes

Links

[1] https://showmeinstitute.org/blog/subsidies/fixing-blight-missouri-statutes
[2] https://www.flickr.com/photos/lazzarello/5452551702/in/photolist-9iPKE7-4mLwRF-dqxwDd-qXZ9bx-e3Vm12-mnVZJa-2yK7d-ajjztv-5Gxpz9-5Gt4fe-5bLNrG-czsfnj-91xHtt-5GJqP5-6XyGQ8-k78yg-51frVt-q736g8-o2ALBA-a2fsy7-8HkYQ7-6yXdD-GqHYZQ-bJNrLz-JGHYBV-oYVsd1-qxhMkK-hqXmCL-kTM37c-GC4FLs-9qtVoL-dvRLLf-c1DdA-UGtCuD-drrwDx-mju2jT-prEVSL-MKS2-n9y9NB-pZRj5v-m9hFNk-ErmcFq-axr8vG-7Vn63u-4dXUCz-4bi1PW-kB6kjx-dzqwi7-8oFuan-4HSbGG
[3] https://showmeinstitute.org/sites/default/files/2014%2012%20-%20KC%20TIF%20Misuse%20-%20Tuohey_Rathbone_0.pdf
[4] https://showmeinstitute.org/sites/default/files/20170224%20-%20TIF%20in%20Saint%20Louis%20-%20Tuohey_Highsmith.pdf
[5] https://showmeinstitute.org/blog/subsidies/subsidies-saint-louis-part-1-0
[6] https://showmeinstitute.org/blog/subsidies/economic-development-policies-still-failing
[7] http://www.senate.mo.gov/03INFO/billtext/intro/SB172.htm
[8] http://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1485&context=law_lawreview
[9] https://showmeinstitute.org/tags/tif

Mission Statement

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

Show-Me Institute

5297 Washington Place
Saint Louis, MO 63108
Phone: (314) 454-0647
Fax: (314) 454-0667

3645 Troost Avenue
Kansas City, MO 64109
Phone: (816) 287-0370

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