



Kansas City's Christmas Tree

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If you've lived in Kansas City for a while, you've heard all about building new things.

We've built a new entertainment district along with several luxury apartment high-rises, corporate headquarters buildings, and hotels—including an 800-room convention hotel. We're trying to build a new single-terminal airport, revive the 18th and Vine Jazz District, and expand the streetcar. There is also talk of building along the riverfront, possibly including a new sports stadium!

But along with building structures, we're also building a reputation—and not a good one.

Perhaps you have also heard about a years-long, nation-leading spike in homicides, an underperforming Kansas City Public School District, and a nonexistent affordable housing policy. Maybe you've read about blighted structures on the East Side collapsing under their own weight. You may be aware that the police department has about 10 percent fewer uniformed officers than it did before the homicide rate jumped.

These things are related. Our leaders are falling over themselves to offer generous tax incentives to everyone from Amazon to Burns & McDonnell to Cerner while city services are being starved of tax revenue because those companies are no longer paying. Recently, both the Kansas City Library and Mid-Continent Public Library turned to taxpayers to make up for funds

lost to such subsidies. Sometimes service providers like the Community Mental Health Fund are less able to help those in need.

Like a crazed Christmas shopper, we've paid for much of this development spree armed with credit and questionable judgment. Kansas City's leaders were warned about high levels of debt in 2012 in the Citizen's Commission on Municipal Revenue. But since then our debt per capita has only risen, and last year city leaders sought and were granted 40 more years of debt.

If you're looking for a metaphor from the season, it might be that we're hanging a lot of shiny ornaments on a dry, dying Christmas tree.

Proponents argue that without generous subsidies, wealthy corporations could not afford to build their luxurious headquarters buildings. Beyond the question of why taxpayers should support such things, the research from around the country tells quite another story. A 2018 study from The Upjohn Institute for Employment Research concludes in part, "for at least 75 percent of incented firms, the firm would have made a similar location/expansion/retention decision without the incentive."

Another cost of these burdensome baubles on our community Christmas tree is they make it harder for us to keep the tree itself alive and healthy. Consider the time and attention spent on the new airport terminal or the convention hotel that might have been used addressing housing policy or the homicide rate.

We are diverting money and seeing no real gain. So why do city leaders keep doing it?

One reason might be explained by another Christmas metaphor: gift giving. A Show-Me Institute study of tax-increment financing (TIF) projects in Kansas City from 2002 through 2018 found that developers' campaign contributions to city council and mayoral candidates increased in the years leading up to their TIF applications and then dropped off in the years after TIF was awarded. This finding suggests a TIF-for-tat arrangement between developers and city leaders, and it could help explain why an economic development policy universally decried as suspect remains popular—and increasingly so—in Kansas City.

The final days of a year are often a time to take stock and reflect. As Kansas City prepares for local elections, we need to focus more on the real issues affecting our municipal tree—crime, infrastructure, education, and debt—and less on the distracting and ultimately unsuccessful policies of economic development subsidies.

About the Author



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