



# You Gotta Spend Money to... Spend Money?

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We've all heard the phrase, "you have to spend money to make money." Thanks to some reporting by Brian Robbins and Jacob Kirn of the *St. Louis Business Journal*, we know that in Missouri we spend money just to spend money.

According to their November 29 piece, St. Louis and Kansas City spend a combined \$99 million annually just in staff and overhead of various organizations to promote their respective regions. Not all of this is taxpayer money; some of it is from chambers of commerce, regional councils, and economic development corporations. But much of the effort probably results in publicly financed incentives such as abatements, tax-increment financing, tax credits, and the like. In short, we spend money to give away money.

For example, these were the organizations that put together the infamous taxpayer giveaways meant to lure the second Amazon headquarters to the Show-Me State. The bids were unsuccessful, but someone had to foot the bill for putting together the proposals.

To add insult to injury, Robbins and Kirn point to a study of economic growth in 200 U.S. cities by the Milken Institute. It shows that we appear to be getting little return on our investment. In the areas of job growth, wage growth, and high-tech GDP, St. Louis ranks 152nd, 142nd, and 99th, respectively. Kansas City does little better at 91st, 83rd and 96th, respectively.

Missouri needs to reform its tax credit and economic development incentive policies to make sure that over-eager cities aren't handicapping themselves with expensive and apparently fruitless efforts. We're spending money just to spend money, and we have little to show for it.

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

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