A Little Less Conversation, A Little More Action

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

Marina Linchevska / Shutterstock

By: Patrick Tuohey

A little less conversation, a little more action
All this aggravation ain't satisfactionin' me
A little more bite and a little less bark
A little less fight and a little more spark

Although Elvis Presley intended these words for a romantic interest, Missourians can be forgiven for thinking they sound an awful lot like a plaintive cry to the state legislature. As an interim committee of the Missouri State Senate considers tax credit reforms, we are reminded of other similar efforts that generated reports and recommendations, media stories, and precious little actual reform.

A 2017 Governor's Committee on Simple Fair and Low Taxes issued a report offering numerous reforms for all tax credits, and specific additional reforms for the Historic Preservation Tax Credit, the Low-Income Housing Tax Credit (LIHTC) and the Missouri Works program.

In 2010, then Governor Jay Nixon appointed the Missouri Tax Credit Review Commission, which
made recommendations on many tax credit programs, including the same three programs singled out in the 2017 report.

Each of these efforts made clear that Missouri’s generous and numerous tax credit programs are a drain on state resources and often fail to produce the desired results. There is plenty of research to support the claim that tax credit programs aren’t worth the cost. Missouri state auditors have been railing against wasteful tax credits for years. And it isn’t a partisan issue; governors and auditors, both Republican and Democrat, have called for substantive reform, yet substantive reform is elusive. Why?

It doesn’t take a cynic to see that the very reason why these tax credit programs are bad for taxpayers—they often offer a very low return on investment for taxpayers, but a very high return on investment for developers—is why they are so popular among developers. My colleague Elias Tsapelas has written recently on the relatively weak reforms considered for LIHTC and how the goal of providing low-income housing can be better achieved without the program. But those who benefit from buying and selling tax credits have every interest in stopping any changes. The claims regarding the necessity of these programs and their economic impact are often overstated—and often backed by no economic analysis or research at all!

The most recent legislative session failed its task of reforming LIHTC, saw overwhelming support for the creation of a new film tax credit program, and gave us self-styled conservatives advocating for tax credits targeted to General Motors. Elvis’s impatience is palpable. Any Missourian can quickly learn which reforms are necessary and why; what is in short supply is the will to actually enact them.

About the Author

Patrick Tuohey
Senior Fellow of Municipal Policy

Patrick Tuohey works with taxpayers, media, and policymakers to foster understanding of the conse

Read Online

https://showmeinstitute.org/blog/corporate-welfare/little-less-conversation-little-more-action

Links

[2] https://www.shutterstock.com/g/Linchevskiy
[3] https://www.youtube.com/watch?v=WWVMXLSS1cA
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