H&R Block once claimed to have created more than 2,000 new jobs by moving employees to a different building, courtesy of tax-increment financing (TIF). This is a perfect example of why Missouri’s TIF reporting is untrustworthy. Counting the number of jobs created is a mystery, as the number is solely dependent on what developers claim with no additional verification. A company with 100 employees could move across the street into a TIF district and claim those as new jobs. This is what H&R Block did when it moved into a new building built with more than $290 million of abated taxes through TIF.

But even if these inflated jobs claims were accurate, would they be worth celebrating?

The state of Missouri publishes an annual report cataloging every existing TIF project. While the job projection numbers are squishy (as mentioned above), we can still compare the promised benefits with reported reality.

The spike in the graph at the top of this post could be attributed to a larger number of projects granted TIF benefits in 2015. The Missouri Department of Revenue has not responded for comment on how the numbers are calculated. However, even without that blip, the highest number of claimed jobs in any of the six years has not reached the lowest number of promised
jobs.

Even though some projects meet or exceed projections, most do not. In all, the job shortfall from these six years is over half a million jobs, counting promised new and retained jobs.

Further, taxpayers are on the hook for almost a quarter of the total costs for these projects:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Project Costs</th>
<th>Total Anticipated TIF Reimbursable Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$24,181,041,121</td>
<td>$4,919,658,493</td>
</tr>
<tr>
<td>2014</td>
<td>$24,558,363,481</td>
<td>$4,255,772,786</td>
</tr>
<tr>
<td>2015</td>
<td>$36,736,538,004</td>
<td>$7,054,673,240</td>
</tr>
<tr>
<td>2016</td>
<td>$43,393,299,405</td>
<td>$9,045,087,943</td>
</tr>
<tr>
<td>2018</td>
<td>$39,205,508,672</td>
<td>$15,445,602,846</td>
</tr>
<tr>
<td>Total</td>
<td>$207,562,326,062</td>
<td>$48,409,159,809</td>
</tr>
</tbody>
</table>

TIF % of Total: 23.32%

 Source: Missouri Department of Revenue Tax Increment Financing in Missouri reports, 2013-2018. Table created by author.

If these projects routinely produce fewer jobs than expected at a large expense to the taxpayer, what is the public benefit? We have reported several cases of companies using TIF for private benefit, and this appears to be a consistent trend. In many cases, for up to 23 years, developers in a TIF district receive a refund of some portion of the local sales taxes, utility taxes, and earnings taxes (if applicable) generated by the project and only pay property taxes on the value of their property before the improvement was made.

While the public return may be questionable, the private benefit seems clear. TIF-related property values came a little shy of tripling in value between 2013 and 2018. What business would not want its property to increase in value, especially when it has received a 23-year tax abatement?

People with good intentions can differ on economic development policy, but it should be plain to everyone that Missouri’s current TIF policy isn’t working.

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Mission Statement

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

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