The MLS Deal Keeps Getting Better for Taxpayers

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Recent news that the owners of a new Major League Soccer franchise in St. Louis will not be getting $40 million in state tax credits is welcome. They may receive a smaller amount, perhaps as low as $5.7 million. While this is still an unnecessary amount of public participation in a private matter, it represents a better deal for statewide taxpayers.

Back in July, my colleague Graham Renz wasn't thrilled with the proposed deal, but conceded that it was better than what taxpayers had been offered in 2017. That deal involved public subsidies and set-asides worth $120 million; the current deal's public cost was about $40 million in local subsidies plus the $30 million in state-issued tax credits. If the tax credits are reduced as the St. Louis Post-Dispatch suggests, the total value of all the incentives may be closer to $52 million. That is a lot, but less than what has been considered previously.

Both deals were promoted at the time as the best deal taxpayers could get. We know now that wasn't true. The owners of the new franchise stand to make a lot of money from this deal. While city and state officials should welcome investment in the area, they don't need to put public funds at stake. Just ask Stan Kroenke, who is investing about $1.6 billion of his own money to build a sports complex in Los Angeles using only privately raised funds.
The lesson here for public officials at every level is that there is almost always a better deal to be had. In fact, if you want to protect taxpayers, the best deal might be no deal at all.

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

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