Serious TIF Reform May Be in the Cards in 2020, With A Tweak

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As we've often noted, tax-increment financing (TIF) in Missouri drains millions of dollars from legitimate government uses every year, often benefiting developers by pushing off their tax burdens onto other taxpayers. It’s why we were happy to testify on Senate Bill 570—a TIF reform bill—when it came up for a hearing in January. As amended, the bill would tighten the definition of “blight,” limit the kind of TIF development that could happen in flood plains, and allow for school districts to opt out of having their tax revenues diverted to TIF projects. After passing out of committee, an amended version of the bill proceeded to pass out of the senate unanimously. Unfortunately, that unanimous result may have been due to the fact that several other sections of the bill were amended. These amendments work against the reform purposes of the original bill, including a cavalcade of TIF carveouts for certain cities.

But is there something for reformers to work with here? I think so.

The amended bill includes in the definition of blight certain impoverished census tracts in St. Louis, which forms the kernel of a good idea. Well-maintained parking lots in wealthy neighborhoods hardly meet a rational definition for “blight,” and yet, public officials regularly tumble through the usual legal gymnastics to provide taxpayer support for such projects.

By: Patrick Ishmael
Instead, binding “blight” to some objective definition of local poverty would return the state’s TIF programs to their original purpose—aiding areas faced with intractable poverty and enormous barriers to development.

Herein lies the opportunity: **Make “blight” contingent on two factors.** The first factor would be based on the common definition of blight, including unsafe and unsanitary buildings. The second factor, however, would require the property to be in an impoverished census tract. A “blighted” parking lot in the Central West End doesn’t need a tax benefit to see redevelopment, but a blighted block in the poorest sections of North St. Louis very well might. **If tax benefits are going to be meted out, they should be helping poor areas pull themselves up by their bootstraps, not helping wealthy areas polish their wingtips.**

Whether SB 570 makes it into law is anyone’s guess; its rapid progress this early in the session would seem to bode well for it. But if TIF reform is going to pass this year, it really should include changes in where TIF support is legally proper. Fix “blight,” and you are taking an important step in the direction of fixing TIF. Hopefully, the political will exists to do that before the end of the legislative session.

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**About the Author**

*Patrick Ishmael  
Director of Government Accountability*

*Patrick Ishmael is the director of government accountability at the Show-Me Institute.*

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