



SHOW-ME newsletter

VOLUME 7 | 2011

COMBATING A JOB-KILLING TAX

Call it “the smoker’s dilemma.” Everyone knows that smoking kills, but a habitual smoker may be convinced that he requires the steadying effect of cigarettes. He tells himself that he could lose his job, or worse, if he were to quit cold turkey. When voters in Saint Louis (and Kansas City) go to the polls on April 5, they will confront a similar dilemma in deciding whether they wish to maintain the current earning taxes in their (cities).



David Stokes
Policy Analyst

So wrote Show-Me Institute policy analyst David Stokes in op-eds that appeared in the *St. Louis Post-Dispatch* and the *Kansas City Star* two weeks before the voters went to

the polls to vote on whether to retain or rescind their earnings taxes.

Officials in both cities were counting on thousands of city employees to throw their energy and support behind retaining a tax that accounts for about 40% of general revenues. To city employees — and their political bosses — the thought of quitting cold turkey was understandably frightening. It came as no surprise, therefore, that a large majority of voters in both cities rejected the opportunity to repeal the tax.



Saint Louis Mayor Francis Slay and other city leaders have acknowledged the importance of eliminating the earnings tax.

More importantly, however, our policy analysts and scholars succeeded in focusing public attention and debate on the negative effects of the earnings tax. They presented clear and convincing evidence of how the tax has caused employers in both cities to vote with their feet in moving to outlying suburban areas.

Saint Louis Mayor Francis Slay and other city leaders have acknowledged the importance of eliminating the earnings tax. They have recognized the need for change.

The path to more jobs, more revenue, and a better tax system begins by shifting reliance away from the earnings tax. The institute intends to keep this truth before people at every opportunity.

ADVANCING LIBERTY WITH RESPONSIBILITY
BY PROMOTING MARKET SOLUTIONS
FOR MISSOURI PUBLIC POLICY

A MESSAGE FROM BRENDA TALENT



Brenda Talent
Executive Director

It was a strong endorsement from an unexpected source — from the man who literally wrote the book that popularized the concept of an Aerotropolis, or airport-centered city of the future.

In early July, the Show-Me Institute published a 5,000-word case study titled “Aerotropolis: A Raw Deal for Missouri.” One of the first people to applaud this report (which institute Policy Analysts Audrey Spalding and Patrick Ishmael researched and wrote) was none other than Greg Lindsay, co-author of *Aerotropolis: The Way We’ll Live Next*, and the only person to go undefeated against IBM’s Jeopardy!-playing super computer. Lindsay’s book is the foundational text for Aerotropolis proponents everywhere — so he certainly is one of the people who can comment intelligently on proposed legislation that would dole out \$360 million in tax credits to support a “Midwest China Hub,” or Aerotropolis, at Lambert-St. Louis International Airport.

Citing our report, Lindsay tweeted to his followers: “Will this convince everyone in Missouri to please stop abusing this word?”

Then: “Calling some cargo flights and warehouses an Aerotropolis doesn’t make it one.”

And then: “Well, nobody asked me, but as the guy who wrote the book on the subject, I don’t think it will work there.”

Lindsay later reiterated the same views when interviewed for an article in the *St. Louis Business Journal*.

Over the years, the Show-Me Institute has consistently opposed the use of tax credits to support politically-favored ventures. We have cited numerous instances, from around the state, where targeted tax credits have failed to produce promised economic results. The list includes failed shopping centers, a stalled “Ballpark Village” in downtown St. Louis, and other greatly touted economic wonders that have turned sour.

As we have argued in many commentaries, policy studies, and other documents and media appearances, targeted tax credits are similar to earmarks — narrow public subsidies handed out to powerful special interests. In the case of the Aerotropolis legislation, we have shown that several of the likely applicants for these saleable or transferable tax credits (i.e., recipients can turn the credits into cash even if they don’t make any money) are warehouse and real estate developers already eligible to receive millions of dollars in state and local tax incentives.

As this newsletter went to press, Missouri lawmakers were still considering the proposed Aerotropolis tax credits in a special session of the legislature. Whatever the outcome, I am proud of the hard-hitting and well-researched work that our policy analysts and writers have produced on this and other public policy issues.

Since the beginning of the year, we have had a record number of media appearances, both in print and over the airways.

Now in our sixth full year of operation, the Show-Me Institute has become the go-to source in Missouri for policymakers, media, and concerned citizens in demonstrating the power of market-based solutions across a broad range of public policy issues. Your support has made this growth possible.



The full case study titled “Aerotropolis: A Raw Deal for Missouri” can be viewed at www.SMIinfo.org/rawdeal

LRA: Failure of a Mission

Saint Louis' Land Reutilization Authority (LRA) — the oldest land bank in the 50 states, set up in 1971 by the city of Saint Louis via enabling state legislation — has the stated mission of putting abandoned, tax-delinquent properties back into productive use. But as a Show-Me Institute policy study released in February demonstrates, it has failed miserably in that mission.

The sad fact is that the LRA has done more to thwart development than to encourage it. Over the past four decades, the LRA has accumulated a larger and larger inventory of vacant properties — making it the largest landowner in the city of Saint Louis — while rejecting many offers from private individuals and small businesses to purchase selected properties. In the apparent hope of assembling large packages of land for sale to major developers (what institute Policy Analyst Audrey Spalding calls “waiting for large-scale miracles”), the LRA has prevented people from taking small but meaningful actions to improve their immediate surroundings.

In doing so, the agency has been digging a deeper and deeper hole — contributing to the very problem it was set up to solve. The LRA now holds more than 9,000 parcels, up from 2,000 in the early 1970s and 6,000 in the early 1990s. It has turned the derelict status of much of Saint Louis'

housing stock into an unchanging and seemingly permanent condition. Remarkably, more than half of the parcels that the LRA now owns have been in its possession for more than a decade.

One of those parcels — 1252 Academy — illustrates how the LRA has frustrated development. During the last 10 years, no fewer than nine different people and businesses attempted to purchase this 1-story property, which remained vacant the entire time.

Until Spalding trained a spotlight upon it with a meticulously detailed 13,000-word policy study, the LRA worked in relative obscurity, seldom attracting much attention. Nevertheless, as Spalding wrote, it continues to wield extraordinary powers with “every hallmark of the mid-20th century urban planner's ideal regime for land use regulation.”

The broad powers that were granted to the LRA under the Municipal Land Reutilization Act of 1971 allow it to handle property in almost any way it sees fit, including holding parcels indefinitely. With that kind of mandate, the LRA springs from the same kind of thinking that has led to abuse of eminent domain law: a lack of regard for the rights and interests of small landowners and the assumption that the government knows better than the free market how best to dispose of property.

To better serve the public interest, the LRA should stop waiting for miracles and accelerate the sale of tax-delinquent properties to private individuals and businesses.

Believe it or not, over the past couple of years, cities in several other states have been setting up similar land banks of their own, using federal stimulus money to help fund their operations and acquire property.

Other cities should consider Saint Louis' failures before creating land banks. The LRA indeed is a study in how not to do it.



The full policy study titled “Standstill: Is Saint Louis Hinder Development by Waiting for Large-Scale Miracles?” can be viewed at www.SMInfo.org/standstill

SMI WELCOMES NEW DIRECTOR OF DEVELOPMENT



Elizabeth Lanier-Shipp
Director of Development

Elizabeth Lanier-Shipp, who joined the Show-Me Institute as our new director of development in August, exemplifies those two unbeatable qualities — energy and persistence. And like Franklin, she has learned how individuals working together can fight for liberty — and win!

“Energy and persistence conquer all things.” So said Ben Franklin.

A native of Tennessee, Elizabeth earned a bachelor's degree in business administration from the University of Tennessee in 2003. Working as an intern in the summer and fall before her sophomore year, she witnessed and participated in the success of Tennesseans who fought against a Republican governor to oppose the implementation of a state income tax. As part of the Show-Me Institute, Elizabeth is eager to join in the battle to repeal the state income tax in Missouri.

Elizabeth earned a master's degree in history at Ohio University in 2007 — an experience that gave her a deeper appreciation for the entrepreneurial spirit exemplified by Franklin and

other early Americans. That spirit was indeed one of the things that made independence from Britain not only possible but inevitable.

Prior to joining the Show-Me Institute, Elizabeth worked for three years in the Alumni & Development Programs at Washington University in St. Louis. Her husband, Matthew, is a lab technician at the Donald Danforth Plant Science Center in Saint Louis.

As director of development at the institute, she will reach out to individuals, companies, and foundations to support the Show-Me Institute in promoting market solutions for Missouri public policy.

Discuss Free-Market Ideas at the **SHOW-ME INSTITUTE BOOK CLUB!**



For more information:
tinyurl.com/showmebooks



The Show-Me Institute sponsors book clubs in both Saint Louis and Columbia for those who are interested in exploring and discussing the ideas of liberty.

Show-Me Institute Book Club — **SAINT LOUIS**

The Saint Louis club meets the **SECOND** Wednesday of every month from 7:00 – 8:30 p.m.

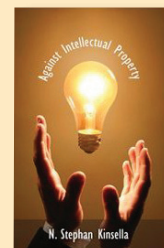


On September 14, we started with: Alexander Hamilton, John Jay, James Madison, *The Federalist Papers*

Questions: Contact Greg at
bookclub@showmeinstitute.org

Show-Me Institute Book Club — **COLUMBIA**

The Columbia club meets the **FIRST** Wednesday of every month from 6:00 – 7:00 p.m.



On September 7, we started with: Norman Stephan Kinsella, *Against Intellectual Property*

Questions: Contact
Katie at Katie.
[Sinquefield@
showmeinstitute.org](mailto:Sinquefield@showmeinstitute.org)



SMI INTERNSHIPS

An Enterprising Group Of Future Thought Leaders

Every summer we welcome a new batch of summer interns eager to promote the causes of liberty and free enterprise in Missouri. Out of dozens of impressive applicants, this summer we selected five incredibly talented young people and put them to work immediately on a variety of challenging assignments.

Chad Carson wrote an op-ed that appeared in the *Springfield Business Journal* arguing against construction of a publicly-funded community center that would compete against private recreation centers. He did valuable research work for several of our policy analysts and writers, including providing some of the information in commentaries and op-eds on the Aerotropolis legislation. Capping off his efforts — before his departure at the end of the summer to begin his sophomore year at Georgetown University — Chad gave an excellent hour-long presentation to institute staffers on the seldom-used third runway at Lambert-St. Louis International Airport — which required the demolition of nearly 2,000 homes and the displacement of 5,000 people. This is a prime example of a publicly-funded project that has miserably failed

to live up to its supporters' promises. Today's traffic levels at Lambert are less than one-third of what the airport's planners anticipated back in the mid- to late-1990s.

Turner Trapp, our youngest intern — joining us shortly after graduating from John Burroughs High School — filed numerous Sunshine Law requests while researching teacher termination and promotion policies. Institute Policy Analyst Audrey Spalding will draw upon this information in an upcoming policy paper on the difficulty of firing under-performing teachers in many of our public schools. Turner is a freshman at Hamilton College in Clinton, N.Y.

Bruce Stahl, a recent graduate of Grove City College in Pennsylvania, used geo-spatial software analysis to determine which counties in Missouri heavily use tax abatement. He continues at the institute as one of our fall interns and is working on a case study on tax abatement in the Kansas City area. He also is working with institute Policy Analyst Patrick Ishmael on two pending case studies looking into the use of tax credits to fund politically-favored projects. In college, Bruce majored in economics and was active in Students

for Liberty, a campus organization promoting laissez-faire economics and individual liberty. He is contemplating a career in public policy.

Alex Bluestone — an avid writer of both fiction and non-fiction, with a keen interest in environmental and health care issues — gave an hour-long presentation to institute staff on the crazy-quilt of subsidies supporting the ethanol industry. He worked on several commentaries and blog posts, including one on the economic as well as medical advantages of a greater concentration on preventative medicine. Alex is attending Washington University.

Finally, **Abhi Sivasailam** — a University of Missouri student who has worked with Joe Haslag, our chief economist, on institute projects for the past two years — is pursuing a major research project into governmental entities lobbying other, larger government entities in the pursuit of government handouts. Abhi received a prestigious Koch Fellowship this summer, and split his time between working with us in Missouri and participating in events with other Koch Fellows in Washington, D.C.

2011 EVENTS

An investment in the Show-Me Institute does much more than just support quality research about Missouri public policy, it opens doors to unparalleled networking opportunities with scholars of national renown.

May 3, 2011 - ECONOMIC POLICY SPEAKER SERIES

Guest Speaker: Heritage Foundation's lead budget analyst Brian Riedl

What Washington Won't Tell You About The Next Economic Crisis

A crowd of Show-Me Institute supporters turned out for a reception at the Show-Me Institute and an economic policy presentation at Saint Louis University John Cook School of Business with guest speaker Brian Riedl, lead budget analyst for the Heritage Foundation.



July 29, 2011 - FRIEDMAN LEGACY FOR FREEDOM

Guest Speaker: Award-winning journalist John Fund

Ronald Reagan and Milton Friedman: An Enduring Relationship

The Show-Me Institute and The Kansas City Public Library celebrated freedom by honoring the legacy and ideas of Milton Friedman on what would have been his 99th birthday. Special guest John Fund, award-winning journalist and columnist for the *Wall Street Journal*, joined Show-Me Institute enthusiasts for a breakfast presentation at the Kansas City Public Library.



UPCOMING EVENTS

Guest Speaker: Andrew F. Puzder, CEO, CKE Restaurants, Inc.

Job Creation: How it Really Works and Why the Government Doesn't Understand It

ECONOMIC POLICY SPEAKER SERIES

Presented by: Saint Louis University John Cook School of Business, Show-Me Institute and Sinquefeld Charitable Foundation

When: Tuesday, October 18, 2011

Time: 5:30 p.m.

Where: Saint Louis University John Cook School of Business Anheuser-Busch Auditorium

ECONOMIC POLICY LECTURE

Presented by: Kansas City Public Library, Show-Me Institute and Sinquefeld Charitable Foundation

When: Wednesday, October 19, 2011

Time: 6:00 p.m.

Where: Kansas City Public Library - Central branch

For more information on our events visit showmeinstitute.org/events or contact Jennifer Bumb at 314-454-0647.



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SHARING OUR MESSAGE WITH A WIDER AUDIENCE



Rick Edlund
Communications Director

As soon as he was big enough to pick up a bat, Rick Edlund wanted to be a big league baseball player. Upon growing up, his interests shifted to news broadcasting — in part, he says, because he “couldn’t hit a curveball.” The rest, as they say, is history — for anyone who has followed television news in the Saint Louis region over the past few decades.

Rick anchored number one rated newscasts at KSDK-TV in Saint Louis from 1985 to 1998, and was a four-time Emmy award winner. From 2003 to 2008, he served as managing editor and lead anchor at KPLR-TV, where he is credited with leading a major upgrade in the quality and impact of the station’s newscasts.

Sheldon Ripson, his boss at KPLR, describes Rick as an outstanding journalist and a gifted coach and mentor: “He could find the holes in stories and draw the extra digging or needed changes out of a reporter so it would seem like a light going off

in his head. He also made a big point out of orienting stories around people and making them very understandable and relevant to the lives of the people watching the news.”

Rick has made good use of those considerable talents since becoming the Show-Me Institute’s communications director in January.

The institute’s policy analysts and writers frequently appear on radio and television and churn out continuous streams of newspaper commentaries, case studies, and other written documents. In addition to honing their interviewing and presentation skills, and making video a regular part of the institute’s mix of communication tools, Rick has worked to demystify economic discussion and humanize the benefits of market-based policy change by making these both understandable and engaging on a basic human level.

A graduate of Northwestern University’s Medill School of Journalism, Rick remains a passionate baseball fan and is a keen tennis player. He is the father of two grown children.

He tells us that he feels as comfortable where he is today in the think tank world as he once was in showing up in your living room on a nightly basis to deliver the latest news in his smooth baritone voice. “Freedom and liberty aren’t just words. They are every day goals here at Show-Me. By constantly pushing for good, responsible government, we help ensure a better future for our children and all Missourians.”

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ON THE LIGHTER SIDE

Earlier this year, Brenda Talent, the Show-Me Institute's executive director, was surprised to discover that she had been cited for running a red light. She had been caught in the act — or so the letter from Kansas City's photo enforcement division said — on a red light camera. The letter advised her that she could see the photographic evidence by consulting online sources.

Brenda disagreed with the charge and objected to the \$100 fine. As David Stokes wrote in a post on Show-Me Daily, she had four reasons for doing so:

1) She tries very hard not to run red lights, and to obey other traffic laws;

2) Neither she, nor any member of her family, was in Kansas City on the date of the alleged violation;

3) The car in the video was not her car; and

4) The license plate in the photo was not her plate.

For the record, the red light camera system came up with Brenda's license plate number as a result of misreading the plate of the real offender.

Brenda called the customer service line of the red light camera company and pointed out all of this to a customer service representative. The company agreed to rescind the ticket.



It should be noted the institute opposes (and previously opposed) red light cameras as a poor public policy. There always is the possibility of error and there is a problem with existing procedures that place the onus on citizens for proving their innocence. In Brenda's case, it took her two phone calls and about 45 minutes of her time to resolve the situation.

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