



TESTIMONY

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BEST PRACTICES AND THE USE OF PUBLIC FUNDING FOR AN ICE FACILITY IN CHESTERFIELD

By Graham Renz

Testimony Before the Chesterfield Valley Transportation Development
District Board of Directors

TO THE HONORABLE MEMBERS OF THIS BOARD

My name is Graham Renz, and I am a policy researcher for the Show-Me Institute, a nonprofit, nonpartisan Missouri-based think tank that supports free-market solutions for state and local policy. The ideas presented here are my own. The purpose of this testimony is twofold. First, I hope to briefly revisit themes from testimony given before the Chesterfield City Council by my colleague Michael Highsmith regarding the economic viability of a hypothetical new ice complex in Chesterfield and the use of public funds in its construction. Second, I would like to propose best practices of boards like this when presenting and discussing projects such as the aforementioned ice complex with the public.

Let me acknowledge that there is currently no proposal for the use of public funds for the construction of an ice complex in Chesterfield. However, considering that such a proposal is likely forthcoming from this board, I would like to revisit comments previously made before the Chesterfield City Council by my colleague Michael Highsmith.

Earlier this year, Ballard*King & Associates performed a cursory market analysis for the Staenberg Group to explore whether the current economic conditions are conducive to the construction of a new ice complex. The primary goal of the study was to explore the community need and demand for an ice-skating facility in Chesterfield. A number of the findings from the analysis appear to undermine the justification for using public funds for the project. Let me briefly touch on one of those findings.

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

Local ice rink operators report that the current demand for ice time has not exceeded the supply which has resulted in creating a 'buyer's market.'

In short, the market analysis found that there is not a substantial unmet demand for ice time in the St. Louis region. Increased competition is always a good thing from a consumer standpoint, as it leads to lower prices and more attractive products. But if supply is currently outstripping demand, why should the public provide funding to subsidize another entrant into the market?

Let me now suggest two best practices I believe this board should consider implementing.

1. Make clear the difference between proposals that *do not* in fact increase or continue tax burdens and those that *do* in fact increase (relative to current or past rates) or continue tax burdens.

Public projects are often described as requiring “no increased taxes” or “no new taxes.” Unfortunately, these labels can be misleading. When describing a project as a “no tax increase” project, what policymakers often mean is that an existing tax, *scheduled to expire*, will be continued to fund the project. In other words, the project may only be funded if taxpayers elect to keep their taxes higher than they otherwise would be. The difference between a project that does in fact require increased/new taxes and one which is deemed a “no increased tax” project in the sense above is rhetorical. In reality, a “no increased tax” project *is* an increased tax project.

Let me illustrate with an example. Imagine you are about to make the last monthly payment on your car. Your teenaged daughter, with her newly minted driver's license, then attempts to convince you to buy her a new car. She argues that buying a new car will not increase your monthly costs. Thus, she dubs the car a “no increased cost” purchase. Purchasing a new car will not increase your monthly costs *compared to how they stand now*, but it *will increase your total costs*. Just as you would dismiss your hypothetical daughter's argument for a new car as nonsense, taxpayers may do the same with talk of “no new tax” projects. The public deserves straight talk.

2. If and when a list of projects is brought before the voters, grant voters the flexibility to pick and choose the projects they wish to fund and those they do not wish to fund.

Many proposals brought before voters are what we might call “lumps.” A lump is a single ballot question that commits taxpayers to many different, sometimes unrelated, projects. Rather than keep funding decisions separate, lumps make funding decisions “all-or-nothing” propositions. There is no need to make any future proposals of this board or the district it governs lumps. Separating projects by presenting them to voters in separate questions allows for the most flexibility, and will likely lead to the most democratic results possible. From a public policy perspective, voter flexibility is something that should be enhanced, not curtailed.

I do not intend for this testimony to appear in opposition to an ice facility being constructed in Chesterfield. If a private entity feels an ice facility is a worthwhile endeavor and constructs it with private funds, I would have no objection. However, policymakers should ask themselves if subsidizing such a venture is a proper use of taxpayer funds. In all cases, however, I believe policymakers should implement the two best practices I have presented above when engaging taxpayers. This is not to say this board has not properly engaged taxpayers in the past.

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for the Show-Me Institute.*

NOTES



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