



# Does Tax-Increment Financing Pass the But-For Test in Missouri?

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Tax increment financing (TIF) does not drive job creation, neighborhood investment, or economic development. What TIF does do is divert tax dollars from schools and libraries into the pockets of developers. These are the findings from studies conducted by the [St. Louis Development Corporation](#), the [East West Gateway Council of Governments](#), the [Upjohn Institute of Employment Research](#), and the [University of Missouri–Kansas City](#).

Add one more study to that list. This week the Show-Me Institute unveils its own study of TIF in Missouri, specifically in Saint Louis and Kansas City. Authored by T. William Lester and A. Rachid El- Khattabi of the Department of City and Regional Planning at the University of North Carolina–Chapel Hill, the study focused on the but-for analyses used in TIF findings; the argument that development would not happen at a particular site without taxpayer subsidies. According to the authors,

*Overall, the analysis conducted in this study finds no support for the claim that TIF generated tangible economic development benefits in either Kansas City or Saint Louis.*

Specific to each city studied, the study offers that there is zero—or perhaps even a negative—relationship between TIF and economic development:

*In Kansas City, the estimated impact of TIF designation across all categories is very close to zero with relatively small standard errors, which suggests that the TIF program in Kansas City*

*has been ineffective in promoting business development. In Saint Louis, the results are slightly negative and, for the most part, statistically significant.*

Policymakers, developers, and many in the media will likely continue to [eschew research](#) and point to new buildings as proof of the effectiveness of development subsidies. But the question that studies like this one this answers is not whether development occurs, but whether *it would have happened without the subsidy*. The roar of research on the matter is deafening—economic development subsidies do not deliver their promised economic benefits.

*The full Policy Study, as well as a shorter Policy Brief, are available at the links below.*

### Read More:

 [Download 20170920 - Does Tax-Increment Financing Pass the “But-for test” in Missouri - Lester\\_Khattabi.pdf](#) (3 MB)  [Download Policy Brief - TIF in STL and KC.pdf](#) (706.67 KB)

### Tags:

- [TIF](#)

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