



FISHING FOR TAXPAYER CASH

Bass Pro's Record of Big-League
Subsidies, Failed Promises, and the
Consequences for Cities Across America

by Andrew Stecker and Kevin Connor
Public Accountability Initiative



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CITY HALL

The Public Accountability Initiative (PAI) is a non-profit, non-partisan research and educational organization focused on corporate and government accountability. It is based in Buffalo, NY.

Andrew Stecker is an analyst at the Public Accountability Initiative. He can be reached at andrew@public-accountability.org.

Kevin Connor is co-director of the Public Accountability Initiative. He can be reached at kevin@public-accountability.org.

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Executive Summary

This report offers an in-depth look at Bass Pro's record as an economic development anchor in cities across the country. Bass Pro, an outdoor sporting goods store, has won hundreds of millions of dollars in taxpayer subsidies from cities and states by promising retail tourism, development, and economic revitalization. A review of Bass Pro-anchored projects shows that while Bass Pro itself tends to attract shoppers, it frequently fails to deliver on promises of economic benefits.

The Public Accountability Initiative's initial interest in this subject was prompted by a Bass Pro proposal in Buffalo, NY. The report has a special focus on that proposal, which is typical of Bass Pro projects around the country.

Key findings:

- Bass Pro-anchored projects throughout the country have won over \$500 million dollars in taxpayer subsidies.
- Bass Pro often fails to deliver on its promises as an economic development anchor and major tourist destination – promises which were used to reel in government subsidies. Its stores successfully attract shoppers, but often do not produce sought-after economic benefits associated with major tourist destinations.
- A Mesa, AZ development anchored by a Bass Pro has been described as a "ghost town" and "dead" and spurred the state to pass a ban on retail subsidies.
- A taxpayer-subsidized Harrisburg, PA Bass Pro is struggling to attract tenants to the mall it anchors, leading to lawsuits, stalled renovations, and increasing stigma. Though the Bass Pro was expected to hire 300-400 employees according to initial projections, it had hired only 101 employees three years after opening.
- A Bass Pro-anchored mall in Cincinnati, OH, is only 35% leased and has been described as "positively post-apocalyptic" and "pretty much on life support" by visitors.
- Taxpayers in cities across the country have been left with high levels of debt and fiscal stress as a result of Bass Pro projects.
- The Bakersfield, CA Bass Pro site – still in development - is home to a waterless ditch that was intended to serve as the store's canal. The site has sat vacant for ten years.
- Bass Pro has gone on a building spree over the past ten years that significantly undermines its claims that each new store is a major tourist destination. Bass Pro sometimes builds stores in close proximity to each other, despite having promised to maintain a store's attraction as a retail destination that will draw visitors from hundreds of miles away.

Key findings about the Canal Side Project in Buffalo, NY:

- A proposed Bass Pro store is the cornerstone of Erie Canal Harbor Development Corporation (ECHDC) plans for revitalizing Buffalo's waterfront, and the project includes \$35 million in direct public subsidies for Bass Pro.
 - Although the ECHDC has justified subsidies allocated to Bass Pro by arguing that the store would serve as an anchor tenant, the prospect of a Bass Pro at Canal Side has so far failed to attract additional tenants.
 - The ECHDC's estimates of Bass Pro's tourist destination potential are significantly inflated. Its geographic market would barely extend beyond the limits of Western New York, due to the presence of stores in Auburn, NY, Toledo, OH, Toronto, and Harrisburg, PA. Bass Pro canceled plans for a store in Akron, OH due to a lack of perceived demand in Northeastern Ohio.
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"As the economy rebounds, it may be tempting for cities to one-up each other for revenue. But let's not forget Riverview's most important lesson: Retail is no panacea."

- *The Arizona Republic* in a May 2010 editorial on lessons drawn from a Bass Pro-anchored development project. The paper had editorialized in favor of subsidies for the project in 2005.¹

Introduction

In regions dealing with economic hardship and diminishing tax bases, promises of jobs, development, tourism and revitalization can prove extremely difficult for political leaders to turn down, regardless of the substance underlying such claims.

Bass Pro Shops, an outdoor sporting goods company, has perfected the art of making these promises to cities across the country. In location after location, the company and its proponents have claimed that a new Bass Pro store will be a panacea for the region's economic ills. The same talking points are recycled in each market the store enters: Bass Pro will draw 2 to 3 million visitors a year from as much as 100 to 200 miles away, revitalizing downtown and waterfront areas, spurring further development, and garnering status as a major regional attraction.

These claims have convinced political leaders in cities and towns across the country to give Bass Pro-anchored projects over \$500 million in taxpayer funds, according to this report's estimates, even as experts of all political stripes discourage subsidies for retail development.

Despite the amount of taxpayer money at stake, the claims that have justified these public outlays have gone largely unexamined. The following report does the long overdue work of investigating Bass Pro's claims by piecing together information from interviews, newspaper articles, and public records on Bass Pro projects across the country.



A Bass Pro-anchored mall in Harrisburg has struggled to overcome vacancy and blight.

The report shows that in cities ranging from Harrisburg, PA to Mesa, AZ, Bass Pro often falls short on its promises as an economic development anchor and major tourist destination. Bass Pro stores do draw shoppers, but economic development and revitalization often do not follow, and cities are left to deal with consequences of the sort that they were trying to avoid when they subsidized Bass Pro's entrance, such as vacancy, blight, and fiscal duress. Furthermore, initial projections of the store's draw and its potential as a tax revenue generator are often inflated.

Bass Pro has also gone on a building spree over the past ten years that undermines its claims that each new store is a major regional tourist destination. In 2000, Bass Pro operated 14 stores. In 2010, that number was 51. Even as stores are built in close proximity, the company continues to claim that each store draws regional tourists from hundreds of miles away.

The Public Accountability Initiative's initial interest in this subject was prompted by a Bass Pro proposal in Buffalo, NY. It brings a special focus to that proposed store, which would anchor a larger waterfront development project being overseen by the Erie Canal Harbor Development Corporation (ECHDC). Like cities across the country where Bass Pro has located stores, Buffalo and the ECHDC have largely accepted the company's promises about its potential as a boon to growth.

Upon investigating these claims, we found significant cause for concern. This report is intended to help inform the choices of cities like Buffalo which are considering taxpayer subsidies for Bass Pro.

"They're on a very aggressive nationwide campaign, where they're promising towns the world."

- Marty Ward, a Little Rock, AR businessman, to the *Baton Rouge Advocate*.²

Bass Pro's Big Promises

Bass Pro has repeatedly succeeded in securing generous offers of public subsidies from state and local governments throughout the country. Over the past 10 years, Bass Pro-anchored projects have won over \$500 million in public subsidies, according to data compiled for this report (see chart in the next section).

These subsidies have come in a variety of forms, including:

- direct subsidizing of building costs
- property tax breaks
- sales tax breaks
- construction of adjacent parking garages and parking lots
- renovation of buildings to accommodate a Bass Pro store
- street repair, realignment, and expansion
- expansion of utility grids
- docks and wharfs to house and display Bass Pro products

Economists and public policy experts from a wide range of political and academic backgrounds have condemned the use of public subsidies for retail development.³ Bass Pro and its development partners address such criticisms by arguing that Bass Pro stores promote community benefits through economic development.

To make its case, Bass Pro portrays the addition of a Bass Pro store to a community's retail offerings as a transformative event, the economic benefits of which far exceed the opening of similar big-box retailers, as well as all alternative development proposals.

The following are the core promises Bass Pro makes as part of this public relations strategy. Example quotes provided are typically used repeatedly by Bass Pro and its press team.

1. Bass Pro is a destination for regional tourists. Bass Pro touts its stores as "destinations" that incite consumers to travel further to visit their locations than they would to shop at other big-box retailers. Additionally, Bass Pro attempts to further distinguish itself from other retail stores by marketing itself as a tourist attraction, rather than a mere sporting goods store.

USA Today, July 2008: "Bass Pro Shop stores have assumed the status of a tourist destination, the company says, and some people are spending vacations driving from store to store."⁴

2. Bass Pro is an exceptional anchor for economic development projects. Bass Pro markets itself as an anchor tenant that will attract other businesses to the areas and malls in which it locates.

Bass Pro spokesperson Larry Whiteley, on developers seeking Bass Pro as an anchor tenant: "And they do that because they know that Bass Pro Shops is a draw and if they can get a Bass Pro Shops, they can also sign other tenants."⁵

3. Bass Pro is a boon to local business and tax rolls. Bass Pro makes a point of arguing that pre-existing businesses in each area where it locates will experience a surge in business, and that tax revenue will increase as a result.

Bass Pro spokesperson Larry Whiteley on a new store in Alabama: "The other businesses in the area will be glad we're coming. They won't believe what it does for traffic, and they will benefit very much from it, as will the city and state taxes."⁶

4. Bass Pro brings hundreds of jobs to areas where it locates. Bass Pro promises that it will employ 300 employees in each location where it opens a store, in addition to spurring further job-creating development.⁷

Each of these promises helps Bass Pro secure taxpayer subsidies from the cities and towns where it wishes to locate stores.

Ultimately, they all add up to one important promise: that a Bass Pro store is the first step on the road towards a renewed economy and expanded tax base, and that taxpayer subsidies pay for themselves as a result.

Chart: The Taxpayer Money that Fuels Bass Pro

The following chart catalogues subsidies for Bass Pro-anchored projects around the country. Subsidies can include sales tax breaks, construction costs, infrastructure improvements, and other aid. Note that subsidies don't necessarily go directly to Bass Pro, but rather to projects that are Bass Pro-anchored (and in some cases, there are multiple anchors). The average Bass Pro-anchored project receives \$29 million in taxpayer subsidies. Counting subsidies is an inexact science – this is not a comprehensive list.

Taxpayer Subsidies to Bass Pro-Anchored Projects in Cities Across the Country			
City	Subsidy (millions)	Excerpt	Status
Mesa, AZ	84	"In 2005, voters approved an \$84 million tax incentive package for the development of the Mesa Riverview retail complex, hoping the development would represent an eventual sales tax generator for the city and help recapture Mesa's status as a major shopping mecca." ("Clash of the sporting...", <i>East Valley Tribune</i> , 11/5/2006)	completed
Manteca, CA	61	"The mall's potential status as a regional attraction led Manteca to make a deal with developers under which the city will pay \$61 million for road and facilities improvements and lease 1,900 parking spaces for use as a park-and-ride and emergency-preparedness staging area over 35 years." ("Ground broken for huge outdoor mall in Manteca", <i>The Record</i>)	completed
Altoona, IA	57	"Those tax increment finance (TIF) revenue bonds, which will generate \$56.47 million for the city to develop a Bass Pro Shop building and surrounding infrastructure, represent the largest bond issue the city has ever made, said Jeff Mark, Altoona's city administrator." ("Bond financing 'a challenge'...", <i>Business Record</i> , 12/20/2008)	completed
Denham Springs, LA	50	"...and in Denham Springs, La., where critics tried unsuccessfully to stop a \$50 million package aimed at Bass Pro." ("Bass Pro fishing for incentives nationwide," <i>AP</i> , 5/24/2004)	completed
Decatur, AL	50	"In return for the estimated \$200 million investment, the city would pay \$14 million for infrastructure and land at the site, and it would grant an estimated \$36 million in sales-tax abatements to aid in constructing the Bass Pro." ("Contracts Win Unanimous Approval," <i>US Fed News</i> , 7/29/2008)	proposed
Buffalo, NY	35	"The public tab for the proposed Canal Side project is \$154 million, including \$46 million to build four parking ramps and \$35 million to build a Bass Pro store." ("Canal Side project's public costs are put at \$154 million," <i>Buffalo News</i> , 1/27/2010)	proposed
Birmingham, AL	33	"Local governments agreed to about \$33 million in bonds that will be paid off through sales tax revenue collected from a development district that will include the store." ("Bass Pro Shops store...", <i>AP</i> , 11/18/2008)	completed
Bossier City, LA	32	"When Bossier City leaders near Baton Rouge wanted to land Bass Pro for their Louisiana Riverwalk complex, they put up \$32 million for a parking garage, road and parking upgrades, and seawall improvements." ("Bass Pro's Mystique," <i>Buffalo News</i> , 2/15/2004)	completed
Spanish Fort, AL	30	"In Spanish Fort, near Mobile, the city set up a cooperative improvement district that allowed it to increase sales taxes by 1.5 percent within the district over its existing citywide 1.5 percent sales tax...The increased tax supported \$30 million in bonds that Spanish Fort is using for infrastructure improvements within the development." ("Spanish Fort reels in cheap Bass Pro," <i>Decatur Daily</i> , 5/3/2008)	completed
Hanover County, VA	28.5	"The authority would be able to issue up to \$28.5 million in tax-free bonds to pay to build a four-lane road from the end of Lakeridge Parkway to Lewistown Road; to put in water and sewer lines; to acquire about 40 acres for a public park; and to construct parking lots." ("Bass Pro Eyes Site in Hanover," <i>Times-Dispatch</i> , 10/24/2006.)	completed
Harlingen, TX	28	"Martin said the EDC would issue between \$26 million and \$28 million in sales tax revenue bonds to pay for construction costs. The debt will be paid using the half-cent sales tax already allocated for economic development." ("EDC explains Bass Pro Shops Deal," <i>Valley Morning Star</i> , 5/7/2010)	proposed

Independence, MO	25	"Cabela's rival Bass Pro received \$25 million in STIF financing in 2006 for a \$70 million project in Independence, Missouri that included a 160,000-square-foot store as well as a hotel and restaurant." ("Skimming the Sales Tax", Good Jobs First)	completed
Augusta, GA	25	"Bass Pro has secured local assistance for the project, including about \$25 million in tax-exempt financing arranged by the Richmond County Development Authority." ("Bass Pro Shop construction delayed," <i>Augusta Chronicle</i> , 5/27/2009)	proposed
Broken Arrow, OK	24	"Officials in Broken Arrow, Okla., last week disclosed an incentives package totaling \$24 million to lure a store from the Springfield, Mo.-based company to anchor a 65-acre development in the Tulsa suburb."	completed
Garland, TX	23.7	"Last week, voters in Garland, Texas, approved up to \$23.7 million in general obligation bonds to lure a Bass Pro." ("Bass Pro fishing for incentives nationwide," <i>AP</i> , 5/24/2004)	completed
Prattville, AL	23.4	"The majority of the city's portion of the sales tax collections, up to \$23.37 million, is being rebated to the company to help pay for the construction of the store." ("Incentives Lure Retailers, but at what cost?", <i>Montgomery Advertiser</i> , 10/20/2008)	completed
Portage, IN	20	"Construction of a 130,000-square-foot Bass Pro store started last month in the city of Portage in northwest Indiana after an incentive package was worked out that included \$17.5 million from the city and \$2.5 million in state incentives." ("Likely Bass Pro in Rossford Raises Issues of Incentives", <i>The Blade</i> , 5/9/2006)	completed
Bakersfield, CA	19	"Back in spring 2007, when news broke of the city's plans to fast-track the Hosking Avenue interchange, cost was estimated at \$35 million...The city's share would be about \$19 million with the balance paid by Bakersfield Gateway's developer." ("Real estate column: Is interchange on a fast track or a cold freeze?", <i>Bakersfield.com</i> , published 2/28/2009.)	proposed
Oklahoma City, OK	17.2	"When Oklahoma City leaders sought a way to attract visitors to the city's emerging Bricktown entertainment district, they offered \$17.2 million to Bass Pro Shops." ("Bass Pro's Mystique," <i>Buffalo News</i> ,	completed
Council Bluffs, IA	20	"Bass Pro, based in Springfield, Mo., got an incentive package worth more than \$20 million to come to the Bluffs." ("Cabela's sees lure in Iowa incentives," <i>Omaha World Herald</i> , 6/3/2005)	completed
Hampton, VA	10.8	"And when community leaders near Norfolk, Va., wanted to attract Bass Pro to their development at Hampton Roads, they pledged \$10.8 million." ("Bass Pro's Mystique," <i>Buffalo News</i> , 2/15/2004)	completed
Pearl, MS	8.2	"Under an agreement finalized last week, the Bloomfield Development will be eligible to receive about \$5.2 million in sales tax rebates under the Mississippi Tourism Incentive Program, said Mississippi Development Authority spokeswoman Sherry Vance....MDA also awarded \$3 million for road improvements around the project." ("Outdoor equipment store developer receive \$8.1 million from state", <i>AP</i> , 1/30/2004)	completed
Macon, GA	7.7	"The county lured Bass Pro Shops' distribution center, and beat out competing sites in Alabama and South Carolina, with a \$7.7 million state and local incentive package, Topping said." ("Macon reels in Bass Pro," <i>Atlanta Journal Constitution</i> , 1/15/2005)	completed
Harrisburg, PA	7	"The Bass Pro Shops project is getting \$ 7 million from the state, most of which will go to local municipalities and authorities for infrastructure improvements, according to Brian Ross, a development specialist with the Governor's Action Team." ("Outdoor outfitters join hunt...", <i>Patriot News</i> , 11/14/2004)	completed
Rossford, OH	5	"Bass Pro President James Hagale publicly acknowledged plans for the Rossford store Oct. 17 after Wood County commissioners agreed to refund to Bass Pro 75 percent of the county's 1 percent sales tax on sales at the store for 10 years or until the company had recouped its construction costs...In addition to the sales tax rebate, Bass Pro also is to receive \$1 million from the Ohio Division of Wildlife for an outdoor education center." ("Bass Pro Commits...", <i>The Blade</i> , 11/16/2006)	completed
Proposed	\$157 million in taxpayer subsidies		
Completed	\$567.5 million in taxpayer subsidies		
Average	\$29 million in taxpayer subsidies per project		

Cases: Bass Pro's Record Across the Country

The following is a series of case studies of Bass Pro-anchored projects in cities across the country. Since Bass Pro is a privately-held company, reliable data on its stores and sales is not readily available; the below information is pieced together from press reports, interviews, and other publicly-available documents. Rather than focusing solely on store performance, the case studies take a broader view of the economic development and public financing involved in each Bass Pro-anchored project. Several case studies take a close look at proposed projects that illustrate common patterns in Bass Pro's marketing strategy and campaigns to win taxpayer subsidies.

Mesa, AZ

The city of Mesa offered \$84 million of incentives for the Riverview waterfront development project, anchored by Bass Pro and Walmart. The proposal promised that Bass Pro and Walmart would act as magnets for mixed-use development.⁸ However, most tenants that did move into the new development simply relocated from nearby malls. These tenants included multiple car dealerships, and chain stores Office Max, Bed Bath and Beyond, Radio Shack, and Taco Bell. The anchor tenant Walmart was also a relocation rather than an additional store. The development therefore did not produce the increased sales tax revenues promised by the developers, as the tenants it did attract had already been generating tax revenue.

The Arizona Republic recently editorialized that "critics were right when they said that Riverview would cannibalize retail from the struggling Fiesta Mall area."⁹ This process created blight in areas of Mesa where businesses left their previous locations in favor of Riverview's incentives (see photo below).¹⁰



The former site of Scott Toyota after it moved to the Mesa Riverview.

(Jim Poulin/Phoenix Business Journal)

Despite the relocation of these pre-existing businesses, the development has experienced difficulty attracting new tenants, as the claims that new business would spring up in the area surrounding a Bass Pro proved false. A year after the opening of Bass Pro, the Riverview development was described as "a ghost town" and "dead."¹¹ Instead of producing a projected \$5.7 million in annual sales tax revenue for the city, it has produced an average of \$1.7 million over four years.

The Bass Pro-anchored Riverview development was among several disappointing large-scale publicly-subsidized retail developments that prompted consumer and business groups to lobby for a ban on public subsidies for retail stores, which was eventually passed into law by a bipartisan coalition of Arizona state representatives.¹² Politicians from all levels of government have defended the ban against challenges from developers. The mayors of three Arizona municipalities articulated the harm caused to taxpayers and small businesses by subsidies for retail development in an Op-Ed entitled "Subsidy money for retailers is absurd":

When government gives taxpayer money to a favored business, it must tax the rest of the public with that missing share. Small businesses, or those less connected to government leaders, or those who cannot hire lawyers and lobbyists to fight for their own subsidies, are left holding the bag.¹³



*Vacant and unfinished stores at the Bass Pro-anchored Harrisburg Mall.
(John C. Whitehead/The Patriot-News)*

Harrisburg, PA¹⁴

Seven million dollars of state money was used to attract Bass Pro to the Harrisburg Mall, which was supposed to create hundreds of jobs and draw visitors from five states. However, the publicly-subsidized addition of Bass Pro failed to ensure the mall's success, and continuing difficulty in attracting tenants led to lawsuits against the developer, stalled renovations, and an unfinished streetscape that have stigmatized the mall. The Bass Pro shop itself was supposed to employ 300-400 people, according to the store manager, but an *Associated Press* exclusive revealed that the Bass Pro employed only 101 in 2007, three years after it had opened. The Bass Pro store's manager recently told the *Patriot Ledger* that the store was doing well, despite problems with the rest of the mall.¹⁵

Springfield, MO

The first Bass Pro store opened in the company's hometown of Springfield, MO. While the store originally served as a showcase for what was then a catalog business, the store was expanded into a retail destination in the 1980's through the addition of gun and archery ranges, indoor waterfalls and fish tanks, and a taxidermy museum. The store quickly proved popular and attracted millions of shoppers, and nearby hotels began advertising their proximity to the store to attract tourists and other travelers.¹⁶ The 300,000 square foot store continues to serve as the company's flagship outlet, attracting 4 million visitors each year, according to the company.

The company's hometown reputation has been damaged by the struggles of the adjacent Wonders of Wildlife, a large non-profit museum, zoo, and aquarium that has struggled despite receiving millions of dollars from city-wide hotel tax revenue, as well as from Bass Pro CEO Johnny Morris. Wonders of Wildlife closed in 2007 citing low attendance, and as of 2010 had begun a renovation that will include connecting the museum directly to the Bass Pro store in a second effort to draw some of the store's visitors to the adjacent publicly-funded attraction.¹⁷



Vacant storefronts in the Cincinnati Mall, a Bass Pro-anchored mall in Greater Cincinnati. The mall is struggling with a 65% vacancy rate. See <http://queencitydiscovery.blogspot.com/2009/03/portrait-of-dead-mall.html>

Cincinnati, OH

Bass Pro has been an anchor tenant in the Cincinnati Mall, located 14 miles north of downtown Cincinnati, since 2000 (the mall first opened in 1989). Despite receiving some public subsidies over the years, the mall has struggled to attract shoppers. Two years after Bass Pro arrived, the mall was 27% vacant, and its owner sold it to Mills Corp, a large mall developer. Today, the mall is 65% vacant and its newest owner has pledged \$10 million in incentives to lure shops to the mall.¹⁸ Though the surrounding mall has been described as "positively post-apocalyptic" by one visitor, and "pretty much on life support" by another, the Bass Pro does draw shoppers.¹⁹

Oklahoma City, OK²⁰

Oklahoma City agreed to spend \$19 million dollars to build a Bass Pro store to anchor the downtown canal side Bricktown redevelopment project. The city struck a deal to fund the store in exchange for quarterly sales reports, 1.5% of the store's annual sales over \$45 million, and a guarantee of no competing Bass Pro store within 75 miles. The conditions of this binding agreement, however, were significantly less stringent than what had been demanded by many citizens and some policymakers. The agreement was a negotiated response to intense political pressure surrounding the taxpayer handout to Bass Pro, which included lawsuits brought by concerned citizens and local businessmen.

The store was constructed after multiple delays and requests for additional subsidies by Bass Pro.

The store's sales have fallen short of the projected \$38.5 million, and have not approached the \$45 million milestone beyond which a portion would have been used to help the city repay the debt incurred to build the store.

The Bricktown development – which the city expanded on by building the Bass Pro – receives positive reviews as a shopping attraction. Oklahoma City's assistant city manager, Cathy O'Connor, has credited the Bass Pro with attracting some retailers and offices to the area south of the Bricktown canal.²¹ However, due to declining sales tax revenues, Oklahoma City is considering not granting retail subsidies in the future.

Broken Arrow, OK²²

The city of Broken Arrow, a suburb of Tulsa, agreed to pay \$24 million for infrastructure improvements requested by Bass Pro and its development partner. In justifying the construction of the Broken Arrow store, Bass Pro advocates argued explicitly that the store would attract business away from the Oklahoma City store, the same store that just a few years before they had trumpeted as a state-wide attraction. The store is outside of the 75-mile no-competing-store radius required by Oklahoma City but still less than two hours away. As at the Oklahoma City store, sales at the Broken Arrow store came in below projections at first, though sales tax rolls increased after the store opened.

The leasing agent for one new mall development in Broken Arrow told the *Tulsa World* in 2009 that the Bass Pro had helped trigger the construction of the mall and several other projects, including restaurants and a hotel.²³

Pearl, MS

Bass Pro's development partner received \$8 million in state subsidies to open a store in Pearl, a small city outside of Jackson.²⁴ Construction of the Bass Pro store, along with an adjacent minor league Baseball Stadium,

proved successful in generating increased sales tax revenue for the city, and in attracting additional businesses to the vicinity, including franchises Starbucks Coffee, Pizza Hut, and McDonald's.²⁵

Hampton Roads, VA

Bass Pro announced plans to open a store in Hampton Roads, outside of Norfolk, with \$10.8 million in public subsidies in 2002. The store joined Lowe's as an anchor tenant in the Power Plant development, replacing a planned Super Kmart.²⁶ The use of taxpayer subsidies to attract Bass Pro drew criticism from concerned citizens and local businessman, and became a major issue in the 2002 municipal elections. However, based on projections of increased tax revenue, the city struck a deal with Bass Pro.

The Power Plant development subsequently attracted additional tenants, helped spur additional development in the vicinity, and likely contributed to increased sales and property tax revenues in Hampton Roads in the following years.²⁷



Bass Pro anchors a successful development in Hampton, VA.

Garland, TX

The Dallas area suburb of Garland took on \$24 million of debt to secure Bass Pro as the anchor tenant of its mixed-use Harbor Point waterfront development project. The development was built, but several lots remain vacant, and the planned hotel was delayed. Additionally, the sales tax revenue generated by the development is less than the debt payments owed on the bonds issued to construct the project, threatening the municipality's fiscal situation.²⁸ Residents have complained about the development's failure to complete promised landscape improvements,²⁹ and businesses have complained that their locations' visibility is restricted by the large Bass Pro store.³⁰ The original developer is now seeking to sell its portion of the development for \$29 million.³¹

Mobile, AL³²

Bass Pro opened as the anchor tenant of a publicly-subsidized development in the suburb of Spanish Fort. The proposal called for the municipality to use increased sales tax revenues from Bass Pro and the businesses it would attract to pay the debt incurred for construction. One year after opening, the mall was struggling to attract additional tenants, and expected annual sales tax revenues of \$1.2 million came in at only \$700,000. The lackluster economy likely contributed to the poor showing; Spanish Fort's mayor, as well as store managers at the complex, attributed the problems to the economy.³³



The publicly-financed Spanish Fort Town Center has struggled financially, despite being anchored by Bass Pro. (Press-Register/John David Mercer)

Rossford, OH

This suburb of Toledo spent 14 years attempting to reel in a Bass Pro before the store finally opened at a highway interchange known as the "Crossroads of America" in 2008. The deal took so long because the county had to lobby the state legislature to change state tax law so that Bass Pro could receive sales tax rebates. Under the deal, 75% of sales tax collected at the store will be returned to Bass Pro over ten years (an estimated \$4 million).

In 2009, after the store had been open for a year, a *Toledo Blade* article titled "Bass Pro's Allure Falls Short" noted that additional retail development had failed to follow the megastore's opening, though it had been predicted by local officials that the area around the Bass Pro would "bustle with development." The lack of commercial real estate activity was attributed to the presence of big box retail stores not far from the site, though the poor economy may have also contributed to the lack of additional development.

Council Bluffs, IA

This Iowa city across the state border from Omaha, Nebraska entered a complex financing arrangement to support a Bass Pro project near the Mid-America Center, a local sports arena, in 2004. The deal involved a local community foundation taking out a \$20 million loan to build the store, then deeding it to the city, which was slated to repay the foundation with \$17 million in urban renewal notes and a grant from Iowa West, a local casino-backed foundation.³⁴ Two years after it entered the arrangement to build the Bass Pro, the city was unable to repay \$12 million in debt incurred during the building of the Mid-America Center, due to a lack of anticipated development and subsequent tax revenue.³⁵ The city was forced to negotiate new terms with Iowa West, the area foundation that had made the loan.

The Bass Pro was built to help the city attract retail to the area around the sports arena; according to the *Omaha World-Herald*, the store was "expected to bring restaurants and shops to The Plaza, a proposed retail area next to the Mid-America Center." Its record has been mixed. On the one hand, at least one developer, Continental Real Estate, decided to build an outlet mall nearby in part because of the Bass Pro. But one Council Bluffs councilwoman, Lynne Branigan, was hesitant to authorize that developer's letter of intent because much of The Plaza remained vacant. She told the developer that "What I don't want to see is another shell of a building sitting there empty."³⁶ Bass Pro itself appears to have done well; another Council Bluffs councilman noted that the store was "packed with shoppers" on a recent weekend in March, 2010.



It was hoped that the Bass Pro in Council Bluffs, IA would attract tenants to this outlet mall, called "The Plaza." As of 2008, a Council Bluffs councilwoman referred to it as a vacant "shell of a building."

Wichita, KS (proposed, not completed)

Bass Pro proposed opening a store as the anchor tenant of the Waterwalk waterfront redevelopment project in downtown Wichita. Bass Pro asked for generous subsidies and public assistance in addition to a \$33 million package that had been granted to the developer during the initial planning of the development. Bass Pro requested that the city finance the construction of its parking garage, and stated that it would build its store in Oklahoma City if Wichita would not grant these concessions. Bass Pro simultaneously courted the city of Topeka, which eventually granted subsidies to Bass Pro's competitor Cabela's.³⁷

The Bass Pro and Waterwalk development issue became politically contentious as a newly elected mayor, Carlos Mayans, resisted Bass Pro and the developer's demands, and turned down Bass Pro's offer to fly him to their headquarters in Springfield, MO. Bass Pro eventually abandoned plans for a Wichita store and built in Oklahoma City.³⁸

North Little Rock, AR (proposed)

Bass Pro spent several years discussing opening a store as the anchor tenant in a massive open-air shopping development, the construction of which would partially cover a wetlands basin. Bass Pro was offered \$20 million in public subsidies, but the development became stalled in court when a judge revoked the building permit approved by the U.S. Army Corps of Engineers because they did not require an environmental impact statement before issuing the permit.³⁹

Bakersfield, CA (proposed)

Bass Pro proposed opening a store as the anchor tenant of the Venetian-themed Grand Canal, a planned mixed-use development adjacent to a derelict canal. A groundbreaking ceremony was held in 1999, but the development fizzled.⁴⁰



Pro-anchored Grand Canal development in 1999. Neither the store nor the development was ever built. (Sarah Weingewirtz/The Californian)

The project was revived several years later in the form of the Bakersfield Gateway, and called for the city to spend \$19 million on the construction of a new highway interchange for the Bass Pro store. The project has collapsed once again, although Bass Pro insists that plans are ongoing. The site, including a waterless ditch that was supposed to serve as the retail destination's canal, sat vacant for ten years after the initial Bass Pro proposal.⁴¹

Beauty Queens ride a gondola through a waterless ditch at the groundbreaking ceremony of the Bass

Memphis, TN (proposed)

Bass Pro first expressed interest in opening a store in the Pyramid, an abandoned sports arena, in 2005. The store would act as an anchor for commercial redevelopment of the downtown waterfront.⁴² Bass Pro's plans for the arena seem reminiscent of those proposed for Buffalo's Memorial Auditorium, which was eventually demolished. As in that case, Bass Pro has expressed some concerns regarding the feasibility of renovating the Pyramid.⁴³ City of Memphis officials gained state approval to finance the arena's renovation with sales tax revenue in early 2010, after years of repeated delays and missed deadlines.⁴⁴

In April 2010, Bass Pro announced an opening date of November 2011 for the store. Memphis mayor A. C. Wharton stated that the city had begun discussing a lease agreement with Bass Pro,⁴⁵ and that a team of city officials would travel to Bass Pro headquarters for further talks.⁴⁶ After that meeting, it was revealed that communications between the city and Bass Pro had broken down.⁴⁷ The process was revived in early May when the city announced that it would spend all \$42 million of its federal stimulus bonds to finance the Bass Pro project. A lease has not been signed.⁴⁸

Bass Pro currently has one store in Memphis, ten miles from the store planned for the Pyramid.⁴⁹



Bass Pro has proposed opening a Bass Pro store in the abandoned Pyramid Arena in Memphis, similar to its proposal for rehabilitation of the Memorial Auditorium in Buffalo.

Pittsburgh, PA (proposed)

Governor Ed Rendell offered Bass Pro a subsidy package of \$25 million in 2005 to build a store in suburban Washington County,⁵⁰ but stalling by Bass Pro, the opening of a Cabela's in nearby Wheeling, WV, as well as legal action by concerned citizens and businessmen delayed the project repeatedly.⁵¹ Several developers have attempted to revive the project, but none have moved beyond the planning phase. Bass Pro claims that it is still planning to build a store at the site, and the state is spending \$30 million to expand a nearby thruway interchange in hopes of luring the store.⁵²

Greenville, SC⁵³ (proposed)

In 2007, the South Carolina state legislature tried to craft a \$9 million public incentive package to attract Bass Pro to Greenville. Governor Mark Sanford opposes public assistance for retail and vetoed the bill, but his veto was overridden. Still without a Bass Pro, upstate legislators have crafted a bill that would pave the way for more tax breaks and public incentives of \$50 million. Governor Sanford has maintained his opposition to retail subsidies, setting up another possible showdown over the issue.

Augusta, GA (proposed)

In April 2008, Bass Pro announced it would build a store in Augusta after securing \$25 million of public financing.⁵⁴ The opening was set for fall 2009, but Bass Pro delayed construction citing the economy, and the site has since sat vacant.⁵⁵

Glen Carbon, IL⁵⁶ (proposed)

Developers have mentioned luring Bass Pro as an anchor tenant of a massive shopping center across the Mississippi river from St. Louis, which already has a Bass Pro store. However, the legislation that would allow sales tax revenue bonds to be issued to pay for the project has been delayed in the Illinois General Assembly after multiple studies showed that the public funding of retail projects in the area would drive down property values and sales tax revenue.

West Palm Beach, FL (proposed)

Bass Pro has floated the idea of building a store somewhere around West Palm Beach for over ten years.⁵⁷ The company claims a store there would attract 3 million visitors per year, even though another Bass Pro currently stands less than one hour away by car in Ft. Lauderdale.⁵⁸ The company has yet to decide on a site, and the project has had trouble securing financing, as the city is facing a budget shortfall of up to \$117 million and would likely be unable to meet Bass Pro's standard demand for public subsidies.⁵⁹

Harlingen, TX (proposed)

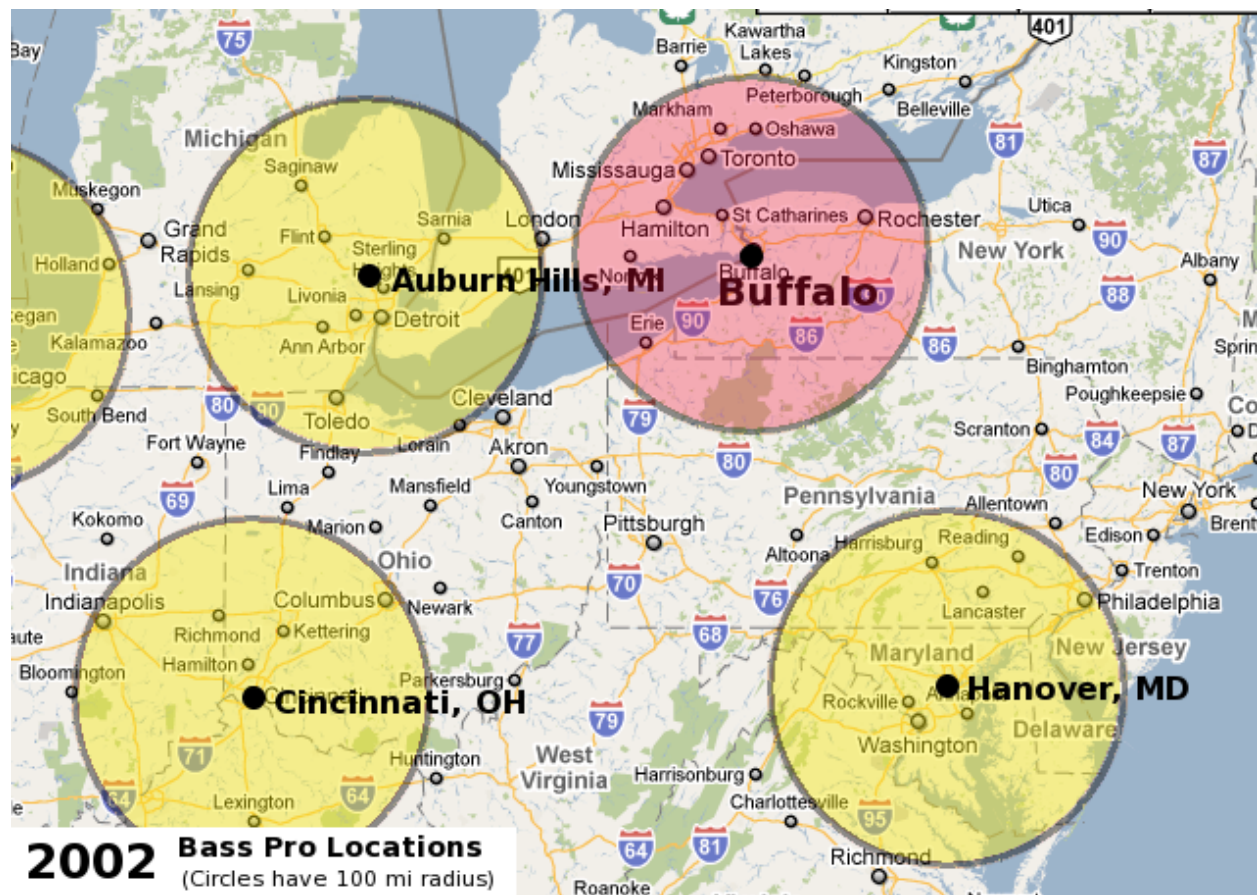
In April 2010, Harlingen's Economic Development Corporation announced it would finance the construction of a Bass Pro store with \$26 million of sales tax revenue bonds. Bass Pro and its development partners claim the store will generate 2,000 jobs.⁶⁰ They also claim that that the project will generate over \$26 million dollars in sales tax revenue, although they do not emphasize the fact that sales tax revenue would need to be used to help pay the debt incurred through the construction of the store.⁶¹

Maps: A Taxpayer-Funded Building Spree

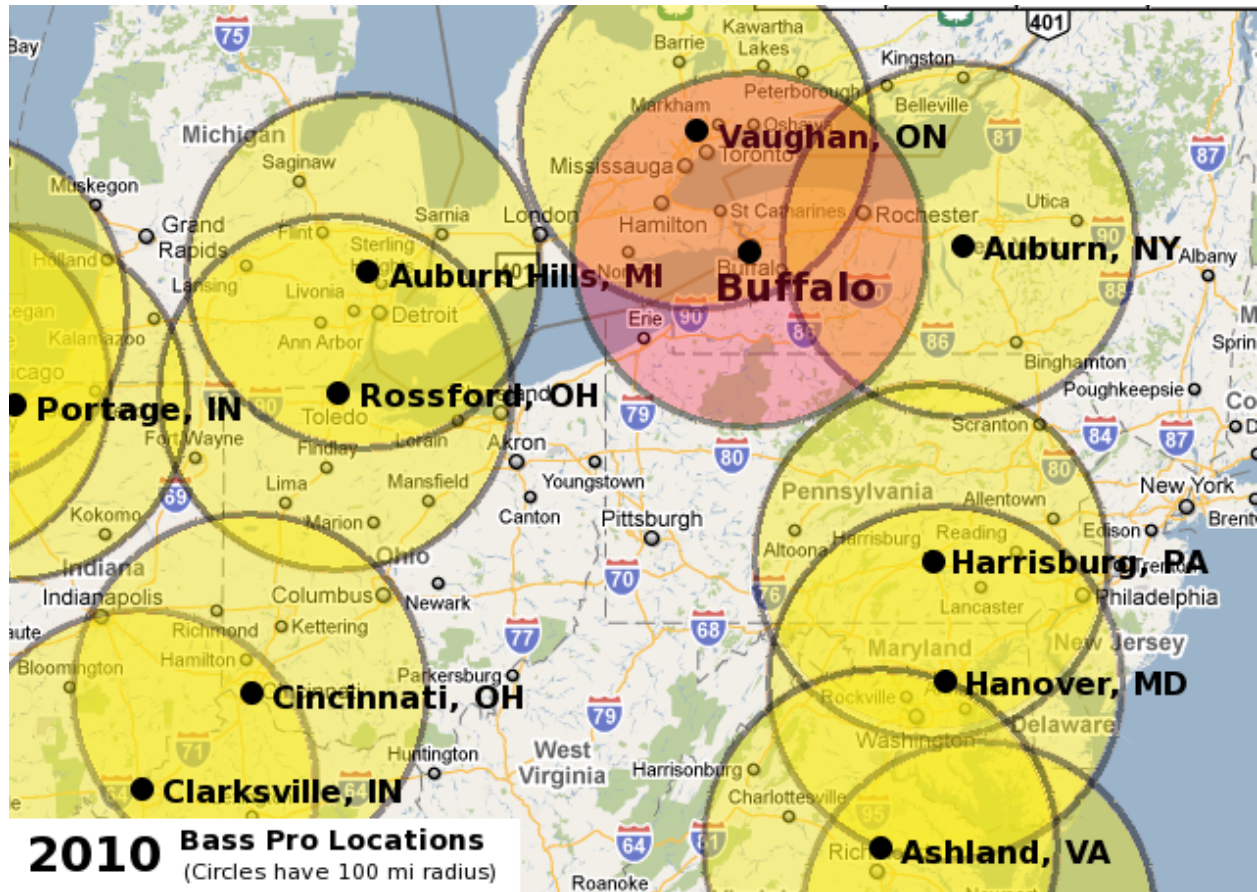
Bass Pro markets itself as a regional destination that will draw tourists from as far away as 100-200 miles. While this may have been true ten years ago, the company has gone on a building spree over the past decade that appears to undermine this claim: Bass Pro operated 14 stores in 2000, spread throughout the country; today, that number is 56, and many of the stores are in close proximity.⁶²

The following two maps illustrate Bass Pro's rapid growth in the region surrounding Buffalo, NY, where the company is currently slated to build a store. The first map shows Bass Pro locations in 2002, around the time when the company's plans to come to Buffalo were first floated publicly. Each circle has a radius of 100 miles, at the short end of the range of driving distance claimed by Bass Pro stores. Bass Pro's proposed location in Buffalo is also shown.

Bass Pro Locations in the Great Lakes–Mid-Atlantic Region, 2002



Bass Pro Locations in the Great Lakes–Mid-Atlantic Region, 2010



This map shows Bass Pro locations in the same region in 2010. The close proximity of the stores means that the 100-200 mile driving range claimed by company officials actually overlaps for many stores. This would appear to undercut Bass Pro's status as a regional attraction.

"We have a [five-acre] listing over there, and I can tell you it has seen very little activity. There is nothing going on with it, no action on it at all."

- Germano Bressan, commercial real estate agent, about the area around the new Bass Pro in Rossford, OH⁶³

Evaluating Bass Pro's Promises, Counting the Consequences

The case studies of Bass Pro projects in the previous chapter demonstrate that Bass Pro has consistently employed the same arguments in justifying its receipt of taxpayer handouts, yet has often failed to deliver the results it promises. Far from being surefire, Disney World-type attractions, Bass Pro stores often fail to spur growth and do not produce outsize economic advantages for the cities that subsidize their arrival. Furthermore, many cities are dealing with high debt loads and declining fiscal situations as a result of spending on Bass Pro projects.

Promises

The following is a review of Bass Pro's promises – what the store is able to deliver on, and where it falls short.

1. Bass Pro is a destination for regional tourists. The notion that Bass Pro stores are major regional attractions is a crucial plank in the company's marketing strategy. Bass Pro stores appear to consistently attract high numbers of shoppers, many of whom are willing to go the extra mile to enjoy the unique experience of a Bass Pro, and the company's stores appear to have put cities such as Hampton, VA and Pearl, MS on the map as regional retail destinations, as well as its hometown of Springfield, MO. In general, however, Bass Pro's status as a surefire regional attraction does not stand up to scrutiny.

For one, the premise underlying the company's claims about its potential to attract regional tourists appears to be flawed. By marketing itself as a tourist attraction, rather than a big-box store, Bass Pro is able to make inflated claims about the number of "tourists" its stores attract, including claims that several of its stores are the largest tourist destinations in their respective states.⁶⁴ The typical Bass Pro store has been described as attracting 2 to 6 million visitors annually.⁶⁵ If true, such tourist visitation figures would put a Bass Pro store on par with the Statue of Liberty and the Grand Canyon.⁶⁶ In evaluating the accuracy these claims, it is worth noting that shopping visits do not equal tourists. Many malls claim tens of millions of visitors, but many of these are repeat visitors.⁶⁷

Bass Pro's tourism claims are also undermined by the company's own recent business strategy, which has involved the construction of many stores in close proximity (see map in previous section). The case of Oklahoma City and Tulsa, detailed in the previous section, illustrates that Bass Pro sometimes does not uphold its promises of its stores becoming "state-wide" or "regional" tourist or shopping attractions.⁶⁸ In that case, the Oklahoma City Council agreed to limit the no-competing-store clause in their agreement to a 75-mile radius, allowing construction of the store in Tulsa, and shrinking the geographic draw of each store.

While it has helped put several towns on the map, generally Bass Pro's transformational effect as a tourist destination appears to be limited.

2. Bass Pro is an exceptional anchor for economic development projects. As an anchor tenant in larger development projects, Bass Pro's performance in attracting tenants and further development has often fallen short of its projections. Bass Pro stores in cities like Broken Arrow, OK and Hampton Roads, VA have helped attract commercial development and tenants, but Bass Pro-anchored development projects in Rossford, OH, Mesa, AZ, and Spanish Fort, AL have experienced varying levels of failure in this respect.

While Bass Pro argues that it will attract other businesses, Bass Pro's design and placement of its stores often inhibits development in the area. Bass Pro's self-contained stores generally include large parking garages or lots directly adjacent to the store, as well as one or more restaurants/bars within the store building. By limiting foot traffic to the area between parking and the store entrance, Bass Pro's design discourages shoppers from visiting competing businesses located in the immediate vicinity.

When it does attract additional tenants, Bass Pro can sometimes attract existing businesses away from nearby locations – leaving cities like Mesa to deal with problems of vacancy and blight outside of the subsidized area.



Vacant wing at a Bass Pro-anchored mall in Greater Cincinnati.

3. Bass Pro is a boon to local business and tax rolls. Cities that lure Bass Pro stores frequently fail to experience the increased traffic at existing businesses and additional tax revenue predicted by the company.

This problem is especially evident at Bass Pro's store in Greater Cincinnati. Vacancy rates at the Bass Pro-anchored mall there have increased 38% since 2002 (Bass Pro opened in 2000).⁶⁹ Even as Bass Pro attracts shoppers, commercial property in close proximity has been all but abandoned.

Some Bass Pro stores succeed in generating increased tax revenue for the cities where they locate, however. Manteca, CA saw its sales tax revenue increase in 2009, despite the poor economy. This has been attributed to a Bass Pro store there.⁷⁰

4. Jobs. Bass Pro promises to deliver 300 jobs in most locations where it plans stores. Bass Pro job fairs sometimes turn out thousands, and it appears that the company does follow through in hiring employees (though data is largely unavailable). The Harrisburg, PA store hired fewer employees than expected, however: Bass Pro had only hired 101 people three years after opening, despite its receipt of public subsidies.⁷¹

Most jobs at Bass Pro are sub-par and likely to increase social safety net costs. According to glassdoor.com, a typical sales associate at Bass Pro makes \$8.67 per hour.⁷² These kinds of wages, typical of big box stores, coupled with a lack of (or poor) benefits, often add to the social safety net costs of the communities where these stores are located, according to an analysis by Greg Leroy, a subsidy expert at Good Jobs First.⁷³

Consequences: Leaving Taxpayers on the Hook

Bass Pro's business strategy of taxpayer-funded growth has left some cities struggling with the problems they sought to address by landing a Bass Pro store: lackluster development, fiscal distress, and in some cases, vacancy and blight.

Rather than leveraging taxpayer dollars, Bass Pro-anchored projects can multiply costs associated with development projects. By failing to attract additional tenants, these projects leave cities dealing with lower-than-expected tax revenues, as well as vacancy and blight that may not have existed before. High levels of public debt associated with financing the projects leave towns struggling to deal with negative fiscal situations, as has been the case in Garland, TX. And because Bass Pro tends to offer poor wages, taxpayers are likely forced to reckon with hidden social safety net costs.

Bass Pro itself continues to fare well – in part, no doubt, due to its success in winning subsidies – but taxpayers are sometimes left holding the bag when promised benefits of development, tourism, and increased tax revenue fail to materialize.

Focus Case: Proposed Bass Pro in Buffalo, NY

Bass Pro has discussed opening a store near the downtown waterfront of Buffalo, NY since at least 2002. The current plan has been developed and advanced by the Erie Canal Harbor Development Corporation (ECHDC), a subsidiary of New York State's economic development corporation. The ECHDC was created in 2005 with a mission to "revitalize Buffalo's inner and outer harbor areas and restore economic growth to Western New York, based on the region's legacy of pride, urban significance and natural beauty." The ECHDC has selected Bass Pro as the anchor tenant of its Canal Side project, with plans to redevelop over twenty acres of waterfront land at a cost of \$300 million.



Though the Canal Side project is being built out in multiple phases, the Bass Pro-centered phase is the cornerstone of the ECHDC's efforts to develop Buffalo's waterfront. ECHDC chair Jordan Levy conveyed the importance of Bass Pro to the project in a public forum on May 25, 2010:

"We created this image that it's all about Bass Pro, but it is. We need them. We need them to be here because they bring other tenants, private sector tenants who want to be a part of this. Without them we have to find another anchor. Without an anchor we will have a very difficult time building this project..."

I'd love to tell you that there is a Plan B, but I frankly would be lying. We don't have a Plan B. Why don't we have a Plan B? Because there is not another major tenant opportunity in this country willing to come to Buffalo. I want you to understand that. With all the subsidies that people claim we're throwing at them, no one else wants to come to downtown Buffalo. Think about the demographics. Think about the issues. There's lots of places to go. It's a big world. It's a big country. It's a big state."⁷⁴

Of the projected \$295 million budget for the Canal Side project, \$140 million is allocated for private development. The cost of the publicly-funded phase of the project is approximately \$155 million, of which 23%, or \$35 million, would pay for the construction of the building housing the Bass Pro store, and \$41.5 million would pay for parking infrastructure that supports the Bass Pro store.⁷⁵

In defending their decision to center the Canal Side development on a subsidized Bass Pro store, the ECHDC has adopted talking points used by Bass Pro and cities across the country to justify the company's receipt of public funds. Examination of ECHDC's planning process for Canal Side, including the designs and

environmental impact statements for the project, as well as the analysis of the case studies above, suggests that the Bass Pro-anchored Canal Side project is unlikely to meet expectations.

Anchor Tenancy and Economic Development

The ECHDC has justified the subsidy to Bass Pro by arguing that as an anchor tenant the Bass Pro store will help attract additional tenants to the development, and will promote the overall economic development of the area by increasing retail traffic. The ECHDC claims that the project, if fully completed, will lead directly to the creation of over 1,600 jobs, and will generate over \$180 million in state and local tax revenues over a thirty year period.⁷⁶ However, an examination of the Canal Side plans and planning process suggests that Canal Side could be left underdeveloped, with sales tax revenue and job growth failing to meet ECHDC's projections.

The Canal Side plan calls for a phased build-out of the project. This means that while the publicly-funded Bass Pro and its supporting infrastructure would be built as part of the initial phase, most of the promised development of additional retail stores, restaurants, offices, hotels, and residences would occur at the discretion of a private company, Benderson Development, with no guarantee that it will take place.⁷⁷

Just as Bass Pro has failed to fulfill its promised role as an anchor tenant in cities like Mesa, Harrisburg, and Garland, the proposed Bass Pro for Canal Side has proved a disappointment even before construction has begun. After the ECHDC spent years arguing that a Bass Pro at Canal Side would necessarily cause other businesses to open there, the President of ECHDC stated in May 2010 that the prospect of Bass Pro as an anchor tenant had not helped attract additional tenants, and that the announcement of a Bass Pro store opening provides no immediate business benefit.⁷⁸

This reluctance on the part of other prospective tenants may be partially explained by the physical arrangement of the Bass Pro store, which would discourage Bass Pro shoppers from walking the neighborhood. A taxpayer-funded parking garage will be built underneath the Bass Pro store,⁷⁹ and the company's standard restaurant would be located within the store, allowing shoppers to park, shop, and dine without leaving the Bass Pro complex.⁸⁰ This design suggests that proximity to a Bass Pro store may not prove attractive to other prospective tenants of Canal Side, and that the presence of a Bass Pro store downtown will not necessarily lead to increases in sales tax revenue or jobs based on greater traffic to the area. But the Canal Side development could potentially have a negative impact on sales tax revenue, as taxpayers will be subsidizing a big-box retailer and chain restaurant to compete with pre-existing businesses that are already generating tax revenue. It remains unclear whether the ECHDC's economic projections account for sales tax revenue and jobs lost by pre-existing businesses that will be forced to compete with the subsidized Bass Pro and restaurant.

Retail Tourism

The presence of dozens of Bass Pro stores and other outdoor retailers within close proximity of the proposed Buffalo store casts some doubt on the suggestion that a Bass Pro store would attract tourists. Bass Pro stores are currently located in cities near Buffalo, including Auburn, Toronto, Harrisburg, and Toledo.

The Canal Side store would likely draw shoppers from Erie or St. Catherines, but even that situation would remain insecure, as Bass Pro could build an additional store close to Buffalo. Another cause for concern is Bass Pro's 2007 decision to abandon plans for a Bass Pro in Akron, OH due to a perceived lack of demand in Northeast Ohio.⁸¹ ECHDC claims that Bass Pro is sure to draw regional tourists should be greeted with healthy

skepticism.

Educational, Cultural, and Museum Components

Many local citizens, whose interests the ECHDC is supposed to serve, have called for a development that recognizes the history of the Erie Canal and provides an educational venue for students to study local history and ecology.⁸² Bass Pro's claim that its stores possess a cultural and educational value based on their inclusion of taxidermy displays and fish tanks has therefore proved especially critical in securing subsidies through the ECHDC. The ECHDC's position that a Bass Pro store will provide sufficient cultural and educational value to the Canal Side development allows it to funnel taxpayer money to this private retailer while ignoring alternative proposals from organizations and individuals more familiar with cultural and educational development.

Waterfront Redevelopment

Bass Pro's involvement in the Canal Side project has allowed it to gain access to public money allocated for the redevelopment of Buffalo's inner harbor. Although the proposed decorative canal system for the development will not allow boat access to the waterfront, it will allow the company to display boats and fishing equipment for sale, and to hold demonstrations promoting these goods. The Canal Side plan also calls for the publicly-subsidized construction of waterfront docks to display and store Bass Pro sale items.⁸³

Conclusion

While Bass Pro delivers a desirable shopping and entertainment experience to many consumers, its track record in delivering results to the taxpayers that have supported its growth is decidedly mixed. The promises the company makes to the cities and towns which have subsidized its growth are certainly alluring, but this report shows that numerous Bass Pro stores have failed to fulfill the company's promises as a growth engine.

Before handing taxpayer money to Bass Pro projects, public officials should consider what some other cities are going through as a result of Bass Pro-anchored projects that have fallen short: high levels of debt and fiscal duress, lackluster development, vacancy and blight, and lower-than-expected tax revenues.

Considering the potential consequences, it is imperative for public officials and taxpayers to take the proper steps to ensure that they are not subsidizing an underperforming development: ask straightforward questions of Bass Pro and project developers, demand transparency and data, secure contractual guarantees that limit cannibalization, and, above all, consider alternatives. There is no good reason to subsidize development that sells cities short and leaves taxpayers on the hook.

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