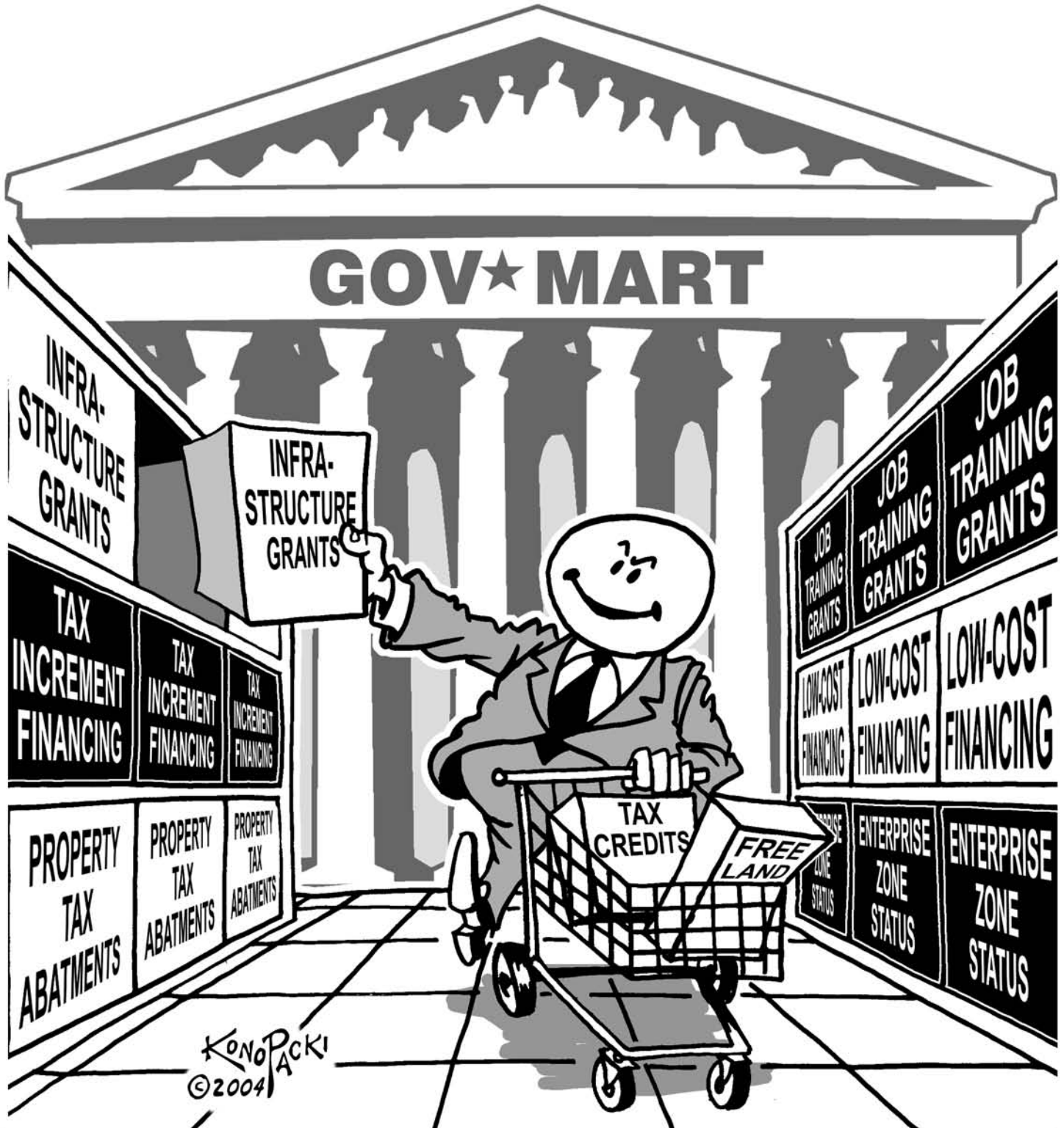


# Shopping for Subsidies:

How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth



Good Jobs First - May 2004

# **Shopping for Subsidies:**

## **How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth**

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## CORRECTION

May 27, 2004—After this report was completed and sent to press, Good Jobs First learned that the subsidy listed for one of the Wal-Mart facilities is incorrect. The report states that the distribution center in Olney, Illinois received a property tax abatement of \$46 million. Actually, the \$46 million figure was the cumulative *land value* over ten years on which taxes were to be abated. The actual abatement will be worth \$2.5 million, so that the total of the various subsidies given to the facility should be stated as \$4.6 million. We regret the error.

## Note to Readers

At the heart of this report is an effort to assess, for the first time, the extent to which Wal-Mart has been the recipient of economic development subsidies from state and local governments. As noted in the executive summary and Chapter 1, this is a difficult research challenge. In most states there are no disclosure requirements in connection with the subsidies, in states that do have disclosure it is incomplete, and there is no central information source for all the subsidies that have been made public.

We have made a good faith effort to collect information on subsidies using a variety of sources. In many cases, we first learned of a specific subsidy deal through our exhaustive searching in the online archives of local newspapers. However, not every deal gets covered, and many newspaper archives do not go back farther than the early 1990s. Where we found evidence of a subsidy deal, we then contacted local officials, who in most cases confirmed facts and provided additional details. In numerous cases, the officials provided documents as a means of further verification. Where available, we also consulted online public records on our own. In a limited number of instances (mainly older deals), public officials were unable or unwilling to confirm details—and records were not available—so we relied solely on the media reports, which are cited in the text.

We do not contend that our results represent a comprehensive inventory of the subsidies that Wal-Mart has received in connection with its retail stores. Given the limited disclosure requirements and the uncertainty or unavailability of media coverage, it is safe to assume that there have been many more subsidies that did not come to our attention. Ideally, we would have contacted local officials everywhere that Wal-Mart has a store, but with well over 3,000 outlets in the United States, that was simply not feasible. We did, however, take that approach with the company's distribution centers, which number under 100.

In numerous retail store projects, another complication was created by the fact that the subsidy was paid not to Wal-Mart but instead to a developer. We included these cases as part of the overall compilation of subsidies to Wal-Mart, since the developers were usually acting in conjunction with the giant retailer. Wal-Mart benefited from the subsidies at least indirectly, such as in the form of lower rents made possible by the reduced costs for land acquisition and site preparation brought about by the government assistance. In those projects that involved anchor stores in addition to Wal-Mart, we apportioned a share of the subsidies to Wal-Mart. We also highlight one developer in particular (see page 21) that has close business and family ties to Wal-Mart.

Even if one argues that we overestimated Wal-Mart's subsidies in projects that involved developers, the result was certainly much smaller than the unavoidable *underestimation* of retail subsidies due to the reasons cited above. Our results are also certainly understated because detailed information about some subsidies – especially state corporate income tax credits that many states give for job creation and/or capital investment – is largely unavailable, since individual corporate income tax returns are not disclosed by any state.

Finally, we are confident that the true total of Wal-Mart's retail subsidies is much higher based on the company's own words. A statement by a company official (quoted on page 14) that Wal-Mart commonly seeks subsidies in about one-third of its retail projects implies that more than 1,000 stores may have received public assistance—a number far greater than 160 instances we were able to determine from public sources. The \$1 billion figure we cite for total public assistance to Wal-Mart may very well be the tip of the iceberg.

## **Acknowledgments**

This report was funded in large part by the United Food and Commercial Workers International Union.

We would like to express our appreciation to the hundreds of local officials around the country who assisted us with our information gathering. We also received valuable help from Constance Beaumont, Carolyn Castore, Chris Conry, Geoff Coats, Buzz Davis, Jeff Fiedler, Tim Frank, David Goldberg, Betty Grdina, Jon Green, Terry Harris, Jim Henry, Steve Hertenberg, Brett Hulsey, Elizabeth Humphrey, Sarah Kite, Dick Lavine, Mara Lee, Lesly Messina, Dave Minshall, Chris Nevitt, Al Norman, Robert Puentes, Zach Schiller, Barry Schlaile, Chuck Sheketoff, Kennedy Smith, Kenneth Stone, Mike Vespoli, Rachel Weber, David West, Christa Westerberg and Steve White.

Special thanks to our colleagues at Good Jobs First, especially Executive Director Greg LeRoy, who played a vital role in planning and editing this report.

## Executive Summary

Over the past few decades, Wal-Mart Stores Inc. has grown from a regional discount store operator into the world's largest retailer. In fact, with annual revenues of \$256 billion, it is the world's largest corporation. It has more than 3,500 stores throughout the United States and another 1,600 abroad. Its profits last year were nearly \$9 billion.

What is not widely known is that this wealthy company's aggressive U.S. expansion has frequently been financed in part by taxpayers through economic development subsidies. This report, the first national study of the subject, documents more than \$1 billion in such subsidies from state and local governments to Wal-Mart; the actual total is certainly far higher, but the records are scattered in thousands of places and many subsidies are undisclosed.

The subsidies go not only to Wal-Mart's stores, but also to the network of nearly 100 distribution centers it has created to facilitate its rapid retail expansion. We found that more than 90 percent of the company's distribution centers have been subsidized.

Given the absence of any centralized information source on development subsidies, we began with the electronic archives of local newspapers to find cases of Wal-Mart stores that had received such assistance. We then contacted economic development officials in each area to confirm the facts and obtain additional details.

This method, which does not catch subsidy deals that failed to gain press coverage or those reported in papers whose archives are not available, brought to light 91 stores that have received public assistance. In total, these subsidies were worth about \$245 million to Wal-Mart and the developers of shopping centers in which a Wal-Mart store served as an anchor. Individual subsidy deals in those 91 stores ranged from less than \$1 million to about \$12 million, with an average of about \$2.8 million.

While it was not feasible to contact local officials in all 3,000-plus communities in which Wal-Mart's U.S. stores are located to find other subsidy deals, we did take this approach for all of the company's distribution centers that are in operation or are being developed. We found that 84 of the 91 centers have received subsidies totaling at least \$624 million. The deals, most of which involved a variety of subsidies, ranged as high as \$48 million, with an average of about \$7.4 million. As with the stores, a considerable amount of information on the size of the subsidies is not available, so the real total is certainly much higher.

We supplemented the approaches described above with searches in a database covering the one type of subsidy—industrial revenue bonds—for which some centralized information is available. This enabled us to identify another 69 stores that



received low-cost financing of approximately \$138 million. This brought the total number of subsidy deals we identified to 244. The total value of all the subsidies was \$1.008 billion.

The subsidies granted to Wal-Mart take many different forms, but the following are the most common:

*Free or reduced-price land.* Local officials can substantially reduce the cost of building new stores or distribution centers by providing land at no cost or at a reduced price. This type of subsidy, which is more common for Wal-Mart's distribution centers (some of which require more than 100 acres of land) than its stores, has been worth as much as \$10 million for a single project.

*Infrastructure assistance.* Apart from subsidizing land purchases, taxpayers may end up paying all or part of the costs necessary for making the land usable. This includes construction of access roads, water and sewer lines, and other forms of infrastructure. Many of the Wal-Mart stores on our list and a majority of the distribution centers have received infrastructure subsidies, ranging as high as \$22 million.

*Tax increment financing.* This is a popular way of subsidizing projects by diverting a portion of the increased property (and/or sales) tax expected to be generated by a new development. The "tax increment" may be transferred to the company as it is collected, or TIF bonds may be issued and then repaid with the revenue flow from the increment. In most cases, TIFs were originally intended to help revitalize blighted areas, but some states now have rules that are so loose that TIFs end up being used for projects involving big-box stores in newly-developing or even prosperous areas.

*Property tax breaks.* County and local governments frequently subsidize Wal-Mart projects by agreeing to forgo revenues that the company would be required to pay in property taxes. These abatements, which vary in percentages, often last for ten years. In numerous instances we found that Wal-Mart agreed to make a payment in lieu of taxes to make up for the portion of the revenue that would have gone to the school district. In some cases, Wal-Mart avoids property taxes indefinitely by letting ownership of the facility remain with public authorities, thus making it tax-exempt.

*State corporate income tax credits.* This is one of the more common subsidies for larger projects, but it is also one of the most difficult to research. Apart from a handful of states that require disclosure of the credits, the only way to find out the extent to which a company uses the credits and how much they are worth is to see the firm's state income tax return, which, of course, is not a public document. In some cases, the value of the credits was estimated for us by state officials.

*Sales tax rebates.* Apart from relief a company may get from paying some of its own tax liabilities, this subsidy allows a retailer to retain some of the sales tax it collects from customers on behalf of local government.

*Enterprise zone (and other zone) status.* Enterprise zones are special economic districts in which governments seek to encourage investment by providing a variety of subsidies, such as property tax abatements, state tax credits, sales tax exemptions, reduced utility rates, low-interest financing and/or job training grants.

*Job training and worker recruitment funds.* To facilitate the hiring of new workers on projects receiving development subsidies, states may provide grants to help a company pay for recruitment of workers and for training. We found such grants in connection with 15 distribution center deals but none for stores. This is not surprising, given the low-skill nature of most retail work.

*Tax-exempt bond financing.* The Internal Revenue Code enables state and local governments to issue tax-exempt industrial revenue bonds (IRBs) in their name to help finance private activities such as certain forms of commercial development. The fact that the interest on the bonds is tax-exempt for investors means that it can carry a lower interest rate. In the 1980s Wal-Mart received low-cost IRB financing for several of its distribution centers and several dozen of its stores. Federal restrictions later limited the use of such bonds for retail outlets. In some cases, the bonds are issued and then purchased by Wal-Mart itself as part of an arrangement that lets the company avoid paying property taxes by placing ownership of the facility in the hands of a public entity. In those cases, which are identified in the deal profiles in Appendix B, we calculate the value of the subsidy as the property tax savings rather than the face value of the bonds.

*General grants.* In cases where specific subsidies such as property tax abatements may not be permissible or desirable, economic development officials can simply arrange for an outright grant of public money to the company. Virginia, for example, has provided grants to several Wal-Mart distribution centers from the Governor's Opportunity Fund.

It is not unusual for companies to receive state and local economic development subsidies in the United States. Public officials justify them as necessary incentives to lure investment and thereby create jobs that will benefit local residents. In some cases they go through almost automatically, while in other instances they are the subject of local debate. The subsidies to Wal-Mart are especially controversial for several reasons:

**Wal-Mart is in an economic class by itself.** Given its size, the company has enormous economic power. It is forcing changes throughout the retail sector as competitors try desperately to survive; it is often accused of squeezing suppliers and thereby changing

the dynamics of the manufacturing sector. As the country's largest private employer, Wal-Mart has great influence over labor practices throughout the economy. Any policies that enrich or strengthen Wal-Mart intensify its role as a standard-setter.

**Wal-Mart is an exceptionally controversial company.** Every week seems to bring another report about investigations, lawsuits or general allegations about the company's labor practices, its lobbying activities, or its impact on the small communities where it sites most of its stores.

**Big-box retailing does not boost economic growth.** A key justification for using taxpayer dollars for corporate subsidies is the idea that a large project will expand overall business activity in an area. Many analysts argue, however, that new retail stores do little more than take revenues away from existing merchants and may put them out of business and leave their workers unemployed. It's quite possible that a new Wal-Mart store will destroy as many (or more) jobs than it creates—and the Wal-Mart jobs may pay less, meaning that they do less to stimulate the local economy.

**Big-box retailing is bad for the environment.** Critics of big-box stores point to their impact on the environment and on the quality of life. Such stores are seen as contributing to suburban sprawl, which increases traffic problems and worsens air quality. Big retailers such as Wal-Mart are accused of causing the decline of downtown business districts and weakening the unique identity of small towns.

These arguments are at the heart of efforts to block the growth of big-box stores, whether subsidized or not. One of the centers of this battle is California, where various counties and cities have been taking steps to stop the spread of giant retail outlets. Wal-Mart is fighting back, both through ballot initiatives and in the courts.

For all these reasons, the question of whether large sums of taxpayer funds should be used to subsidize the expansion of a company such as Wal-Mart is a serious public policy issue. While it was not feasible for us to study the economic impact of the many subsidized facilities we found, we do believe there is enough evidence about the general impact of Wal-Mart and other large chains to justify significant limitations on the use of subsidies for big-box retailing.

We argue that public assistance to retailers should be limited to projects designed for low-income areas that suffer from a demonstrable shortage of stores for necessities such as food and clothing. Subsidies should be barred to companies that have abandoned other retail sites in the area and left them vacant. We also believe that any retail subsidies should carry a requirement that the company provide a living wage to its workers. As with all other subsidies, we argue that there must be full disclosure of the costs and benefits.

## Introduction

One of Wal-Mart's recent image-burnishing TV commercials is set in Napa, California. In it, Mayor Ed Henderson speaks appreciatively of the tax revenue generated by the company's local store and its role in supporting public services.

Wal-Mart may very well be an important contributor to Napa's tax base, but in many parts of the country the giant retailer is known more for the way it minimizes its tax bill and often seeks public assistance for its new facilities. It does this by negotiating with state and local governments for a variety of tax exemptions, abatements and credits as well as other forms of economic development subsidies. Over the years, these negotiations have resulted in a huge transfer of funds from public coffers to the Arkansas-based company's bottom line. Indeed, given its size, Wal-Mart may well receive state and local subsidies from more jurisdictions than any corporation in the United States.

Although the subsidy issue has been a matter of contention in a number of Wal-Mart "site fights," almost no analysis has been done of this subject on a broader scale.<sup>1</sup> Good Jobs First set out to fill this void. This report is the first national study of state and local economic development subsidies received by the country's (and the world's) largest corporation. With annual revenues of more than \$250 billion, Wal-Mart is about five times the size of the next biggest general retailer in the United States, Target Corp.

Wal-Mart is also perhaps the country's most controversial corporation. Every week seems to bring another report of investigations, lawsuits and general allegations about the company's labor practices, its economic power, or its impact on the small communities where it sites most of its stores, which now number more than 3,000 in this country alone. Wal-Mart's extension of its product line from general merchandise to groceries (via huge Supercenters) is causing upheaval in the supermarket industry. Some 70,000 supermarket workers in Southern California went on strike (or were locked out) for more than 140 days in an effort to resist health insurance concessions that their employers said were necessary to compete with the Supercenters that Wal-Mart plans to open in the region. Apart from groceries, Wal-Mart has moved into fields such as automobile maintenance, vision care and travel services. It is even attempting to get into banking. These steps threaten a wider range of small and medium businesses.

Even if Wal-Mart had a more positive record on social responsibility and a less predatory reputation, there would still be questions about the wisdom of subsidizing it and other big-box retailers. One of the reasons is economic. A key justification for using taxpayer dollars for corporate subsidies is the idea that a large project will expand overall business activity in an area.

Yet retail does not have an impact comparable to a function such as manufacturing. Factories create new jobs and “export” their production outside the region. New retail stores, by contrast, do little more than take revenues away from existing merchants, since a store opening does not by itself increase the disposable income of shoppers. Indeed, a new big-box store may put other retailers out of business and leave their workers unemployed. Given Wal-Mart’s obsession with efficiency, its stores may end up destroying as many (or more) jobs among competitors than they create. Since many Wal-Mart jobs are lower-paying and part-time, they will do less to stimulate the economy.

Critics of big-box stores also complain about their impact on the environment and on the quality of life. Most stores are located in areas that are not served by public transportation. This contributes to the spread of suburban sprawl, which brings with it worsening traffic jams, storm-water and soil erosion problems, and deterioration of air quality. Giant retailers such as Wal-Mart are accused of causing the decline of downtown business districts and weakening the unique identity of small towns.

These arguments are at the heart of efforts to block the growth of big-box stores, whether subsidized or not. One of the centers of this battle is California, where various counties and cities have been taking steps to stop the spread of giant retail outlets. Wal-Mart is fighting back, both through ballot initiatives (such as the one it won earlier this year in Contra Costa County and the one it recently lost in Inglewood) and in the courts (including a lawsuit filed against an Alameda County ordinance).

For all these reasons, the question of whether large sums of taxpayer funds should be used to subsidize the expansion of a company such as Wal-Mart is a serious public policy issue. Our primary aim in this report is to inform taxpayers, policymakers and other interested parties about the extent to which such subsidies have already been provided to Wal-Mart, the biggest of the big-box merchants. We explain the evolution of the subsidies and the different forms they take. In addition, we recount some of the campaigns and legal challenges that have been mounted in opposition to various Wal-Mart subsidy deals. While it was not feasible for us to study the economic impact of the many subsidized facilities we found, we do believe there is enough evidence about the general impact of Wal-Mart and other large stores to justify significant limitations on the use of subsidies for big-box retailing. Our final chapter discusses the public policy issues and presents model legislation that would curtail their use.

## **Chapter I. Tracking Wal-Mart's Use of Public Money**

It must be admitted from the start that it is impossible to calculate the total value of the subsidies that Wal-Mart has received over the course of its 42-year history, or even in a given year. That's because there is no central source of information on economic development subsidies that are awarded at the state or local level. Public disclosure requirements are minimal. Nine states release some collated information, but in most of them the disclosure provisions do not cover all forms of subsidies, and there is no consistency in how the information is published.

This is not to say that all subsidy deals are closely held secrets. While most companies (including Wal-Mart) do not publicly discuss these deals, government officials sometimes do so, in the course of bragging about their success in luring new investment to their jurisdiction. Some subsidy packages become topics of debate when they are being considered by local officials and thus are reported by local newspapers. Local economic development officials, when contacted, are usually willing to describe their use of incentive packages, though in some cases it may require prodding or a formal freedom of information request.

In other words, once the existence of a subsidy deal is known, it is usually possible to determine many of the details. The trick is figuring out where the deals have been negotiated. This is especially challenging in the case of a company such as Wal-Mart, which has opened stores in 3,000-plus communities and continues to expand at a feverish pace. It was not feasible to contact local officials in every one of these communities, so we took a different approach.

We decided to assemble our list of subsidy deals by searching electronic newspaper archives available on leading commercial database services such as Nexis and Factiva.<sup>2</sup> We knew this would not provide a comprehensive list, given that: not every subsidy deal gets written about in the newspaper; not every newspaper has an electronic archive; not every electronic archive is available on the commercial databases; and few of the available archives extend back more than a decade. However, we felt this was the only practical way to begin identifying Wal-Mart subsidy deals and thereby determine whether the company has been a frequent recipient of public assistance. Using this technique, we identified 91 subsidy deals involving Wal-Mart retail outlets throughout the country.<sup>3</sup>

When we found a "hit" in the database searching, we contacted state and local economic development officials to confirm the newspaper account and to obtain additional details. Those details are summarized in the appendices to this report. Because some of the deals were more than a decade old, it was often not possible to get precise amounts for the value of the subsidies. Where possible, we obtained

documentation, but in many cases we needed to rely on the recollection and estimates of local officials. Using a database of bond prospectuses, we found an additional 69 cases in which a Wal-Mart store received industrial revenue bond financing (see below).

In doing our online searches, we came across many references to subsidy deals involving Wal-Mart's rapidly growing network of distribution centers. Because the number of distribution centers (under 100) is much more manageable than the number of retail stores, we decided to take a different approach for them. We contacted local economic development officials in *every* community in which a distribution center has been built or is being constructed, whether or not our online search turned up references to subsidies. This enables us to make definitive statements about the extent to which Wal-Mart's distribution centers are being subsidized. As noted in Chapter IV, we found subsidies in 84 of the company's 91 centers, a rate of more than 90 percent.

Altogether, we found 244 cases in which Wal-Mart retail stores or the distribution centers that service them have received state or local economic development subsidies. Although a definitive total is not possible because some facts are not available, these deals together amount to just over \$1 billion (\$1.008 billion, to be precise).<sup>4</sup> The actual total is no doubt much larger. In fact, in a rare reference to subsidies, a Wal-Mart official once stated that "it is common" for the company to request subsidies "in about one-third of all [retail] projects."<sup>5</sup> That would suggest that more than 1,000 Wal-Mart stores may have been subsidized, far more than the 160 we found from public sources.

The individual subsidy deals we found average about \$4 million (though some are much larger). This may seem small compared to incentive packages sometimes in excess of \$100 million that have been provided to individual auto plants and other large factories in recent years. The difference is in the *quantity* of the deals. Even a large manufacturer would be unlikely to open more than one or two major facilities in a given year; Wal-Mart has on occasion opened several dozen stores in *a single day*. Counting those we found and others that no doubt exist, Wal-Mart has probably enjoyed *hundreds* of these subsidy bequests. As in its retail sales, Wal-Mart makes it money through volume.

1. Olney, IL.....	distribution center .....	\$48.7 million
2. Sharon Springs, NY ....	distribution center .....	\$46.0 million
3. Opelousas, LA .....	distribution center .....	\$33.0 million
4. Pageland, SC.....	distribution center .....	\$28.2 million
5. Arcadia, FL.....	distribution center .....	\$23.8 million
6. Robert, LA.....	distribution center .....	\$21.0 million
7. New Braunfels, TX.....	distribution center .....	\$20.0 million
8. Ottawa, KS.....	distribution center .....	\$19.0 million
8. Grove City, OH.....	distribution center .....	\$19.0 million
8. Baytown, TX.....	distribution center .....	\$19.0 million

## Chapter II. A Wide Assortment of Subsidies

In doing this research we were struck by the wide variety of subsidies that Wal-Mart has negotiated around the country. To a certain extent, this is a reflection of the different approaches state and local governments take to the question of how businesses should be “incentivized.” Yet it is also a testament to Wal-Mart’s flexibility that it is willing to accept public assistance in so many forms. See Appendix C for a category listing of all the subsidies we found. The most common types are the following:

1. *Free or reduced-price land.* Local officials can substantially reduce the cost of building new stores or distribution centers by providing land at no cost or at a reduced price. This type of subsidy, which is more common for Wal-Mart’s distribution centers (some of which require more than 100 acres of land) than its stores, has been worth as much as \$10 million for a single project.

2. *Infrastructure assistance.* Apart from subsidizing land purchases, taxpayers may end up paying all or part of the costs necessary for making the land usable. This includes paying for the construction of access roads, water and sewer lines, and other forms of infrastructure. Many of the Wal-Mart stores on our list and a majority of the distribution centers have received infrastructure subsidies, ranging in value as high as \$22 million. We included only those infrastructure improvements that were designed exclusively for the Wal-Mart site, though in some ambiguous cases we had to make a judgment call. Some infrastructure assistance came via Community Development Block Grants, which are federal funds from the U.S. Department of Housing and Urban Development.

3. *Tax increment financing.* This is a popular way of subsidizing projects by diverting a portion of the increased property (and/or sales) tax expected to be generated by a new development. The “tax increment” may be transferred to the company as it is collected, or else TIF bonds may be issued and then repaid with the revenue flow from the increment. In most cases, TIFs were originally intended to help revitalize blighted areas, but some states now have rules that are so loose that TIFs end up being used for projects involving big-box stores in newly-developing or even prosperous areas.

4. *Property tax breaks.* County and local governments frequently subsidize Wal-Mart projects by agreeing to forgo revenues that the company would be required to pay in property taxes (both on real estate and on business “personal property” such as equipment) . These abatements, which vary in percentages, often last for ten years. In numerous instances we found that Wal-Mart agreed to make a payment in lieu of taxes to make up for the portion of the revenue that would have gone to the school district. On the other hand, in some cases (such as distribution centers in Opelousas, Louisiana



and Los Lunas, New Mexico) Wal-Mart avoids property taxes indefinitely by agreeing to let ownership of the facility remain in the hands of public authorities, thus making it tax-exempt.

*5. State corporate income tax credits.* This is one of the more common subsidies for larger projects, but it is also one of the most difficult to research. Apart from a handful of states that require disclosure, the only way to find out the extent to which a company uses the credits and how much they are worth is to see the firm's state income tax return, which, of course, is not a public document. In some cases, the value of the credits was estimated for us by state officials.

*6. Sales tax rebates.* Apart from relief a company may get from paying some of its own tax liabilities, this subsidy allows a retailer to retain some of the sales tax it collects from customers on behalf of local government.

*7. Enterprise zone (and other zone) status.* Enterprise zones are special economic districts in which governments seek to encourage investment by providing a variety of subsidies, such as property tax abatements, state tax credits, sales tax exemptions, reduced utility rates, low-interest financing and/or job training grants. Some states have special names for these districts, such as Empire Zones in New York and Renaissance Zones in Michigan.

*8. Job training and worker recruitment funds.* To facilitate the hiring of new workers on projects receiving development subsidies, states may provide grants to help a company pay for recruitment of workers and for training. We found such grants in connection with 15 distribution center deals but none for stores. This is not surprising, given the low-skill nature of most retail work.

*9. Tax-exempt bond financing.* The Internal Revenue Code enables state and local governments to issue tax-exempt industrial revenue bonds (IRBs) in their name to help finance private activities such as certain forms of commercial development. The fact that the interest on the bond is tax-exempt for investors means that it can carry a lower interest rate. In the 1980s Wal-Mart received low-cost IRB financing for several of its distribution centers and several dozen of its stores. Federal restrictions later limited the use of such bonds for retail outlets. In some cases, the bonds are issued and then purchased by Wal-Mart itself as part of an arrangement that lets the company avoid paying property taxes by placing ownership of the facility in the hands of a public entity. In those cases, which are identified in the deal profiles in Appendix B, we calculate the value of the subsidy as the property tax savings rather than the face value of the bonds.

*10. General grants.* In cases where specific subsidies such as property tax abatements may not be permissible or desirable, economic development officials can simply arrange for an outright grant of public money to the company. Virginia, for example, has provided grants to several Wal-Mart distribution centers from the Governor's Opportunity Fund.

The economic development officials we spoke to tended to be circumspect when speaking about the role of subsidies in their efforts to lure Wal-Mart. Many claimed that subsidies did not play a major role in the negotiations and that Wal-Mart did not seem to place great importance on them in making siting decisions.

Yet this was perhaps because subsidies have become an almost routine part of such negotiations. This was clear in a number of our interviews. When asked whether the availability of subsidies seemed to be important to Wal-Mart in negotiations involving a distribution center, an economic development official in Delaware said: "They expect it."<sup>6</sup> A local official who worked on a deal involving a Wal-Mart distribution center in Midway, Tennessee said: "I couldn't believe we were giving away all this money."<sup>7</sup>

## Chapter III. Retail Store Findings

Wal-Mart plans to open more than 300 new or expanded stores in the United States in 2004, the largest number of which will be supermarket-discount store hybrids it calls Supercenters. This is a continuation of the company's breakneck rate of expansion, which has seen its roster of U.S. stores roughly double since 1990. Wal-Mart's growth is being funded, in part, by taxpayers.

Using the newspaper-archive approach described above, we identified 91 store projects that have received economic development subsidies, with the largest number of deals found in California, Illinois, Missouri and Mississippi. Together, the 91 deals represent total savings to the company and its developers of about \$245 million, or an average of about \$2.8 million per store. Individual deals range in value from less than \$1 million to more than \$10 million. The largest we found is a deal in County Club Hills, Illinois involving a Supercenter that is getting both property tax and sales tax rebates that will ultimately be worth an estimated \$12.25 million.

We found subsidies for Wal-Mart retail projects dating back as far as the early 1990s (which, not coincidentally, is the starting point for many newspaper electronic archives). There are indications that the practice began even earlier. In his 1998 book *In Sam We Trust*, Bob Ortega writes that Wal-Mart's practice of playing towns against one another with demands for sales-tax rebates and other subsidies began early in the company's history but intensified after Tom Seay took charge of the company's site location operation in the mid-1970s.<sup>8</sup>

We included subsidies that were given directly to Wal-Mart as well as those that went to developers working on projects in which a Wal-Mart store was to serve as an anchor. Because Wal-Mart's expansion was dependent on the success of these projects—and because Wal-Mart probably ended up paying lower rent because of the reduction in land- acquisition and site-preparation costs brought about by the government assistance—we treated the subsidies as if they went to the retailer. Wal-Mart has close ties with various developers, but above all with THF Realty (see box below).

The most common type of subsidy was infrastructure assistance, which in many cases was worth more than \$1 million. These subsidies were frequently financed through tax-increment financing deals. For example, D'Iberville, Mississippi, provided a \$4 million TIF for a project anchored by a Supercenter and a Lowe's home improvement store (we attributed half of the total to Wal-Mart). This was one of numerous deals in which Lowe's appears as a participant in a development along with Wal-Mart.

## Wal-Mart Stores That Received Subsidies

TOWN	STATE	YEAR OPEN	STORE TYPE	ESTIMATED SUBSIDIES	MAIN SUBSIDY TYPES
Birmingham	AL	2004	Supercenter	\$10 million	reduced-price land
Gardendale	AL	2003	Supercenter	\$4 million	infrastructure
Leeds	AL	2000	Supercenter	> \$500,000	infrastructure
Mobile	AL	2001	Supercenter	\$992,000	infrastructure
Pell City	AL	2003	Supercenter	\$1.1 million	land bought with city bonds
Trussville	AL	2000	Supercenter	\$3 million	infrastructure
Bullhead City	AZ	2000	Supercenter	\$1.2 million	infrastructure
Prescott	AZ	2003	Supercenter	\$6 million	infrastructure
Show Low	AZ	1999	Supercenter	\$430,000	infrastructure
Cathedral City	CA	1992	discount	\$1.8 million	infrastructure
Colton	CA	1991	discount	\$2.6 million	reduced-price land
Corona	CA	1994	discount	\$2 million	sales tax rebate/parking lease
Covina	CA	1997	discount	\$5.3 million	reduced-price land
Duarte	CA	1995	discount	\$1.8 million	reduced-price land
Gilroy	CA	1993	discount	\$408,000	infrastructure
Hemet	CA	1992	discount	\$1.8 million	sales tax rebate, waived fees
Lake Elsinore	CA	1994	discount	\$2.2 million	infrastructure
Manteca	CA	1992	discount	\$1.7 million	site preparation
Perris	CA	1992	discount	\$2.7 million	infrastructure (via TIF)
Redlands	CA	1991	discount	\$1.3 million	sales tax rebate/parking lease
Rialto	CA	1992	discount	\$2.6 million	reduced-price land
Riverside	CA	1993	discount	> \$2.2 million	sales tax rebate/parking lease
San Diego	CA	2000	discount	\$6.1 million	infrastructure, parking lease
Commerce City	CO	1999	Supercenter	\$1.4 million	infrastructure (via sales TIF)
Palatka	FL	2002	Supercenter	\$1.1 million	infrastructure (via CDBG)
Zephyrhills	FL	2002	Supercenter	\$600,000	infrastructure (via CDBG)
Altoona	IA	2000	Supercenter	\$1.2 million	infrastructure (via TIF)
Addison	IL	2005*	discount	\$3.5 million	infrastructure
Belleville	IL	1994	discount	\$7 million	infrastructure (via TIF)
Bloomington	IL	2001	Supercenter	\$1.5 million	enterprise zone/infrastructure
Bridgeview	IL	1992	discount	\$6.7 million	infrastructure (via TIF)
Country Club Hills	IL	2005*	Supercenter	\$12.3 million	property and sales tax rebates
Evergreen Park	IL	2005*	discount	\$5.3 million	sales tax rebate
Moline	IL	1998	Supercenter	\$2.7 million	sales tax rebate
Niles	IL	1999	discount	\$2.9 million	infrastructure (via TIF)
Palatine	IL	2004*	discount	\$3.5 million	site preparation, infrastructure
Rolling Meadows	IL	2000	discount	\$5.3 million	site preparation
Vandalia	IL	2004*	Supercenter	\$1 million	infrastructure
Villa Park	IL	1991	discount	\$1.4 million	site preparation, infrastructure
Natchitoches	LA	1996	Supercenter	\$1.5 million	enterprise zone
New Orleans	LA	2004*	Supercenter	\$7 million	property tax breaks
Ouachita Parish	LA	1997	Supercenter	\$840,000	enterprise zone
Ruston	LA	1995	Supercenter	> \$947,000	enterprise zone, infrastructure
Augusta	ME	1993	Supercenter	\$5.7 million	infrastructure (via TIF)
Waterville	ME	1993	discount	\$500,000	infrastructure (via TIF)
Cameron	MO	1995	Supercenter	\$2.1 million	infrastructure (via TIF)
Chesterfield	MO	1997	discount	\$2.6 million	infrastructure (via TIF)
Eureka	MO	1995	Supercenter	\$5.3 million	site prep, infrastructure (via TIF)
Fenton	MO	2001	discount	\$10 million	infrastructure (via TIF)

Kansas City	MO	2001	Supercenter	\$9.1 million	infrastructure (via TIF)
Kirkwood	MO	1999	discount	\$5.7 million	infrastructure (via TIF)
Mexico	MO	2005*	Supercenter	\$500,000	infrastructure (via sales tax rebate)
Monett	MO	1999	Supercenter	\$1.8 million	infrastructure (via prop/sales TIF)
Ozark	MO	2004	Supercenter	\$3.5 million	infrastructure
Republic	MO	2002	Supercenter	\$500,000	infrastructure
Wentzville	MO	2002	discount	\$7.5 million	infrastructure
West Plains	MO	1994	Supercenter	\$250,000	infrastructure (via sales TIF)
Biloxi	MS	1988	discount	\$350,000	infrastructure (via TIF)
D'Iberville	MS	1999	Supercenter	\$2.3 million	infrastructure (via TIF/CDBG)
Fulton	MS	1999	Supercenter	\$900,000	infrastructure (via TIF/CDBG)
Greenville	MS	2002	Supercenter	\$1.2 million	infrastructure (via TIF)
Hattiesburg	MS	1999	Supercenter	\$900,000	infrastructure (via TIF)
Ocean Springs	MS	2000	Supercenter	not available	infrastructure (via CDBG)
Olive Branch	MS	2000	Supercenter	\$1.7 million	infrastructure (via sales TIF/CDBG)
Pascagoula	MS	2003	Supercenter	\$5 million	infrastructure (via TIF)
Petal	MS	2001	Supercenter	\$877,000	infrastructure (via TIF)
Richland	MS	2001	Supercenter	\$363,000	infrastructure (via TIF)
Waveland	MS	2003	Supercenter	\$500,000	infrastructure (via CDBG)
Audubon	NJ	2004*	Supercenter	\$1.2 million	infrastructure
Lumberton	NJ	2001	discount	\$534,000	property tax abatement
Millville	NJ	1994	discount	not available	urban enterprise zone
Oneida	NY	1997	Supercenter	\$850,000	property tax abatement
Moraine	OH	2003	Supercenter	> \$157,000	infrastructure
Ravenna	OH	1997	discount	\$1.3 million	enterprise zone
Streetsboro	OH	1996	discount	\$491,000	enterprise zone
West Chester	OH	2005*	Supercenter	\$3.4 million	infrastructure (via TIF)
Sand Springs	OK	2003	Supercenter	\$2.8 million	infrastructure (via TIF)
Indiana	PA	1996	Supercenter	\$1.1 million	infrastructure (via TIF)
Smithfield Twnshp	PA	2005*	Supercenter	\$4.8 million	infrastructure
Union Township	PA	1996	Supercenter	\$1.3 million	infrastructure
North Charleston	SC	2004*	Supercenter	\$10 million	infrastructure (via TIF)
Bastrop	TX	1995	Supercenter	\$125,000	property tax abatement
Dallas	TX	2003	Supercenter	\$630,000	property tax abatement
Garland	TX	2001	Supercenter	\$575,000	infrastructure (via waived fees)
American Fork	UT	2004*	Supercenter	\$1.2 million	infrastructure
Baraboo	WI	2001	Supercenter	\$2.2 million	infrastructure (via TIF)
Milwaukee	WI	2003	discount	\$4.5 million	infrastructure (via TIF)
Beckley	WV	1989	discount	\$1.3 million	state tax credits
Logan City	WV	1998	Supercenter	\$3.5 million	infrastructure
Nitro	WV	1998	Supercenter	\$4.9 million	infrastructure
Wayne	WV	1999	Supercenter	not available	infrastructure

\* scheduled or projected opening date

In other instances, Wal-Mart agreed to pay for infrastructure improvements on the condition that it would later be reimbursed out of public funds. Bullhead City, Arizona, for instance, agreed to reimburse \$1.2 million through sales tax rebates. Several projects also made use of federal Community Development Block Grants to finance infrastructure improvements.

Free or reduced-price land was an element of several subsidy deals, most notably the agreement by Birmingham, Alabama to pay \$10 million of the \$15 million purchase price for land for a Supercenter. Wal-Mart laid out the money and will be repaid through sales tax rebates over six years. Pell City, Alabama, paid \$1.6 million for land that was then leased to Wal-Mart for a Supercenter. The company will repay \$500,000 of that amount over ten years.

Several Wal-Mart retail projects have received enterprise zone status, two of them in Ohio that were approved just before the state made retailers ineligible for zone benefits in non-blighted areas. In one of those cases (Streetsboro), the city council reduced and later revoked the enterprise zone benefits because of Wal-Mart's chronic noncompliance with the hiring commitments set forth in the agreement.<sup>9</sup>

#### **All in the Family: THF Realty and Wal-Mart**

THF Realty, which specializes in developing shopping centers anchored by Wal-Mart stores, was founded in 1991 by E. Stanley Kroenke and Michael Staenberg, who continue to run the firm. Before THF was created, Staenberg worked as a real estate broker for Wal-Mart and other large retailers. Kroenke's links to Wal-Mart are not only financial. His wife Ann is a niece of Wal-Mart founder Sam Walton and daughter of Sam's younger brother James "Bud" Walton, who also helped build the company and served as a director.

The fact that Kroenke (both before and after the creation of THF) was doing a substantial amount of business with Wal-Mart did not come to light until 1991, when the Food and Allied Service Trades Department of the AFL-CIO sued the company to force it to disclose the ties it had with a relative of members of the board of directors.<sup>10</sup> In its proxy statement filed in 1992, Wal-Mart revealed to shareholders that 30 of its stores leased space from shopping centers in which Kroenke had an ownership interest. The total rent payments were then about \$8 million a year.<sup>11</sup>

Wal-Mart continued to disclose information about its dealings with Kroenke, especially after Kroenke joined the company's board of directors in 1995, a position he held for six years. In his final year on the board, Kroenke's real estate entities (including THF Realty) were renting space to 55 Wal-Mart stores and were collecting more than \$37 million a year in rent, of which Kroenke's share was \$23 million.<sup>12</sup>

Today Kroenke's net worth is estimated by Forbes magazine at \$1.5 billion (apart from his wife's estimated \$3 billion holdings of Wal-Mart stock). In addition to his real estate interests, Kroenke owns several professional sports franchises, including the Denver Nuggets basketball team.<sup>13</sup> So, when a locality subsidizes a Wal-Mart project proposed by THF Realty, it is subsidizing not only the world's largest corporation but also a billionaire developer.<sup>14</sup>

There were a variety of other forms of creative financing involving everything from parking lot leasebacks to tax increment financing for what Niles, Illinois called a “blighted improved area.” The affluent community of Villa Park, Illinois provided sales tax rebates granted through a business development district, a subsidy designed for use in poor areas.

Details can be found in the deal summaries in Appendix B.

### **Wal-Mart’s First Invasion of California**

Wal-Mart’s plan to open as many as 40 Supercenters in California is not the first time the retailer has targeted the state. In the early 1990s, Wal-Mart opened a series of discount stores, many of which received subsidies from local governments. In Riverside County alone, at least six subsidized stores opened between 1992 and 1994.

The subsidies took a variety of forms. Rialto provided a \$2.6 million land write-down through a sales tax rebate to the developer, and Duarte provided \$1.8 million for land in a similar arrangement with Wal-Mart. Gilroy provided the smallest subsidy, chipping in \$408,000 towards infrastructure improvements. Corona, Redlands, and Riverside gave subsidies through agreements in which the city leased Wal-Mart parking lots, making payments through sales tax rebates to Wal-Mart and/or the developer. These agreements last up to 20 years.

Several towns have already received word that their discount stores will be closed when the Supercenters open. Some stores will be replaced by a Supercenter in the same town, but not in all cases. Although a local official reported that Cathedral City “did everything to try to keep them,” Wal-Mart recently announced it would close the city’s discount store when a Supercenter opens in nearby Palm Desert.<sup>15</sup> Cathedral City gave Wal-Mart a 10-year, \$1.8 million sales tax rebate that ended only last year. Mayor Pro Tem Gregory Pettis of Cathedral City said that in hindsight, “The subsidies to Wal-Mart were not a good deal. There was not a significant sales tax generation and we lost a lot of mom and pop businesses.”<sup>16</sup>

### **Opposition to Subsidies**

Opposition to subsidies has played a role in some of the many site fights that tend to accompany new Wal-Mart retail projects. In some cases, Wal-Mart proceeded with a project even after failing to get a desired subsidy.

This occurred, for example, in Chula Vista, California, where a \$1.9 million subsidy deal was challenged in court. In 1998 the California Supreme Court affirmed a lower court

decision that struck down the subsidy because it violated a 1993 amendment to the state redevelopment law that prohibited taxpayer subsidies for retail projects on five or more acres of land previously undeveloped for urban use.<sup>17</sup> The amendment was a response to complaints that local redevelopment agencies were awarding state money to big-box retailers for projects with little benefit to the public. The Chula Vista Wal-Mart ended up being built without public assistance.

In April 2001 voters in Galena, Illinois rejected a \$1.5 million sales tax rebate sought by the company for a planned Supercenter. Immediately after the vote, Wal-Mart said it would drop the plan, but later the company decided to move forward after getting the private seller of the land to agree to a reduction in price.<sup>18</sup> Wal-Mart also proceeded with the construction of an unsubsidized Supercenter in Belvidere, Illinois after its request for a \$1.5 million sales tax rebate was opposed by local officials.<sup>19</sup>

That a project would continue without a proposed subsidy is especially controversial in tax-increment financing deals, since the governing law usually requires that the beneficiary of TIF money affirm that the project would not have been feasible “but for” the public funding. According to a report from 1000 Friends of Wisconsin, Wal-Mart admitted that the TIF funding provided to a project in Baraboo, Wisconsin did not meet that requirement. The report also noted that the supposedly blighted area chosen for the project consisted of a cornfield and an apple orchard.<sup>20</sup>

In other situations, opposition to subsidies has scuttled a planned project. For example, in February 2000 voters in Olivette, Missouri, rejected a \$36 million tax-increment financing proposal for an 80-acre shopping center that was to be anchored by a Wal-Mart and a Sam’s Club.<sup>21</sup> In 2002 Wal-Mart was rebuffed when it sought an \$18 million subsidy in connection with a project that was to be located on the Near South Side of Chicago. According to a press report, Mayor Richard Daley “guffawed” when presented with the request. The project was abandoned.<sup>22</sup>

In early 2004 officials in Denver appeared to have dropped plans for a Supercenter project that could have involved as much as \$25 million in public money. The plan generated considerable controversy, both because of the subsidy and because it would have involved the use of the power of eminent domain to displace a group of Asian-American small businesses from the site.<sup>23</sup>

Another Denver-area controversy about a Wal-Mart, subsidies and eminent domain has been taking place in the city of Arvada. Wal-Mart has been seeking \$7.5 million in tax-increment financing for a Supercenter. The project included a plan to condemn a lake so that it could be drained and partly filled with dirt and concrete to serve as part of the site.<sup>24</sup> The Colorado Supreme Court recently struck down this use of eminent domain, throwing the project into question.<sup>25</sup>



In March 2004 voters in Scottsdale, Arizona voted resoundingly against a plan that would have given a developer up to \$36 million in sales-tax rebates for a retail complex that was to include a Supercenter and a Sam's Club. It now appears that the project is defunct.<sup>26</sup>

A court in Alabama will be resolving a legal challenge to a \$10 million subsidy deal for a Supercenter that opened recently in Birmingham. A small company called Southeastern Meats brought suit against the subsidy plan, saying that it gives Wal-Mart an unfair competitive advantage. The suit was dismissed by a circuit court judge on procedural grounds, but the company filed an appeal (still pending) with the Alabama Supreme Court.<sup>27</sup>

### **Industrial Revenue Bond Financing**

Apart from the general subsidy packages described above, we found 69 instances in which a Wal-Mart store project benefited from industrial revenue bond financing. The total value of those bonds is \$138.6 million.

We assembled this list by searching the database of a website called Munistatements <[www.munistatements.com](http://www.munistatements.com)> that provides subscription access to prospectuses published in connection with the issuance of tax-exempt bonds.<sup>28</sup> We supplemented this with searches of the electronic archives of *The Bond Buyer* newspaper, the publication of record for bond issues.

These two sources are not necessarily comprehensive, since some bond deals (e.g., those involving private placements rather than public sales) may not be reported. Yet the sources do make it clear that Wal-Mart and its developers made frequent use of this form of low-cost financing in the 1980s and early 1990s. Restrictions on the use of revenue bond financing for retail projects accounts for the disappearance of Wal-Mart projects from the Munistatements list and *Bond Buyer* archives after the mid-1990s. The revenue bond deals were replaced in most cases by infrastructure subsidies, often funded with tax-increment financing.

The table on the following page lists the industrial revenue bond deals we were able to identify.

## Industrial Revenue Bond Issues Connected to Wal-Mart Retail Projects

CITY	STATE	YEAR	FACE VALUE	CITY	STATE	YEAR	FACE VALUE
Bartow	FL	1993	\$2,600,000	Bunkie	LA	1992	\$1,700,000
Americus	GA	1992	\$1,900,000	Crowley	LA	1981	\$1,815,000
Fitzgerald	GA	1992	\$1,520,000	East Baton Rouge	LA	1987	\$1,385,000
Walton	GA	1992	\$1,365,000	East Baton Rouge	LA	1992	\$1,280,000
Anamosa	IA	1992	\$1,300,000	Hammond	LA	1993	\$1,365,000
Grinnell	IA	1992	\$1,690,000	Leesville	LA	1981	\$2,530,000
Independence	IA	1994	\$1,340,000	Monroe	LA	1983	\$3,090,000
West Des Moines	IA	1985	\$1,200,000	Rapides Parish	LA	1992	\$2,500,000
Bethalto	IL	1983	\$5,000,000	Shreveport	LA	1981	\$6,300,000
Cahokia	IL	1994	\$2,765,000	St. Martin	LA	1981	\$3,725,000
Charleston	IL	1984	\$1,810,000	Sulphur	LA	1981	\$1,800,000
Collinsville	IL	1991	\$2,410,000	Vermilion Parish	LA	1981	\$1,665,000
Fairfield	IL	1995	\$1,105,000	Bloomfield	MO	1996	\$865,000
Herrin	IL	1982	\$2,000,000	Clayton	MO	1985	\$4,175,000
Kewanee	IL	1984	\$2,340,000	Hannibal	MO	1983	\$2,115,000
Lawrenceville	IL	1983	\$1,650,000	Lee's Summit	MO	1993	\$2,700,000
Mattoon	IL	1988	\$1,980,000	Lincoln	NE	1984	\$2,290,000
Pana	IL	1983	\$1,400,000	Bolivar	TN	1983	\$1,315,000
Pittsfield	IL	1988	\$1,465,000	Sullivan County	TN	1983	\$2,385,000
Robinson	IL	1991	\$2,180,000	Baytown	TX	1994	\$2,660,000
Taylorville	IL	1981	\$2,370,000	Benbrook	TX	1985	\$1,500,000
Vandalia	IL	1982	\$1,650,000	Galveston	TX	1983	\$3,440,000
Boonville	IN	1992	\$1,560,000	Harlingen	TX	1985	\$2,320,000
Vincennes	IN	1993	\$1,485,000	Jim Wells County	TX	1992	\$2,750,000
Bonner Springs	KS	1991	\$1,795,000	Longview	TX	1983	\$1,800,000
Hiawatha	KS	1991	\$1,040,000	Orange County	TX	1984	\$3,210,000
Holton	KS	1991	\$1,090,000	Pampa	TX	1983	\$1,765,000
Hutchinson	KS	1984	\$2,675,000	Pearsall	TX	1983	\$1,175,000
Marysville	KS	1981	\$1,150,000	Pleasanton	TX	1994	\$1,380,000
Olathe	KS	1993	\$2,580,000	Pleasanton	TX	1985	\$1,445,000
Ottawa	KS	1994	\$1,585,000	Randall County	TX	1984	\$1,965,000
Pratt	KS	1991	\$1,275,000	Seminole	TX	1984	\$1,210,000
Bossier Parish	LA	1987	\$1,700,000	Uvalde County	TX	1985	\$1,410,000
Bossier Parish	LA	1992	\$1,700,000	West Columbia	TX	1983	\$1,200,000
Bunkie	LA	1987	\$1,700,000				

## Chapter IV. Distribution Center Findings

Over the course of the past two decades, Wal-Mart has built an extensive network of distribution centers throughout the continental United States. In the early 1980s the company had but a handful of such facilities, all of them in Arkansas or nearby states. Today it has about 80 distribution centers in operation, with nearly a dozen more under construction or planned. They are located in 34 states. There are eleven centers in Texas alone, followed by Georgia with six. Most are in rural areas close to interstate highways.

Among these are some massive operations—with more than a million square feet of space and more than 1,000 workers on the payroll. Some are highly mechanized, with state-of-the-art logistics technology. A growing number of them handle grocery products to assist Wal-Mart’s rising involvement in the supermarket business.

Building these centers is expensive, and Wal-Mart has not hesitated to ask taxpayers to help shoulder the cost. We found that 84 of the company’s 91 distribution centers that are now open (or for which a definite agreement is in place) have received some sort of economic development subsidy. In other words, more than 90 percent of Wal-Mart’s major distribution facilities have benefited from public money.

Our best estimate of the subsidies that have been received and those the company is entitled to receive in the future under existing agreements is \$624 million. This represents a *conservative* estimate, since quantitative information on many specific subsidies is not publicly available. Because of this unknown information, we have not done calculations of subsidies per job. The following table provides a summary of the distribution center subsidies.

**Wal-Mart Distribution Centers That Have Received Subsidies**

TOWN	STATE	YEAR OPENED	SIZE OF WORKFORCE	ESTIMATED SUBSIDIES	MAIN SUBSIDY TYPES
Brundidge	AL	2004	600 projected	\$5 million	state site preparation grant
Cullman	AL	1983	1,000	> \$12 million	financing, infrastructure
Opelika	AL	2000	700	\$2.2 million	property tax abatement
Bentonville	AR	2000	1,000	not available	state tax credits
Clarksville	AR	1993	650	> \$100,000	infrastructure; state tax credits
Searcy	AR	1989	1,400	\$250,000	infrastructure
Casa Grande	AZ	2003	600	\$536,000	infrastructure
Porterville	CA	1992	1,400	\$14 million	enterprise zone tax credits
Loveland	CO	1990	1,000	\$300,000	state job training grant
Smyrna	DE	2004	1,000 projected	\$4.1 million	state grants, land, infrastructure

Arcadia	FL	2005*	700 projected	\$23.8 million	infrastructure, state tax credits
Hernando County	FL	1992	1,200	\$2.3 million	infrastructure
Macclenny	FL	2002	600	\$8.7 million	infrastructure, state tax credit
St. Lucie County	FL	2004*	1,200 projected	\$14.2 million	infrastructure, tax abatement
Winter Haven	FL	1996	300	\$774,000	infrastructure, waived fees
Carrollton	GA	2001	280	\$500,000	free land
Douglas	GA	1987	1,300	\$10 million	financing, property tax break
LaGrange	GA	2000	1,600	> \$1 million	infrastructure, property tax break
Monroe	GA	2000	600	\$1.2 million	infrastructure, property tax break
Statesboro	GA	1994	700	\$2 million	infrastructure
Mount Pleasant	IA	1985	900	\$10 million	industrial revenue bond financing
Olney	IL	1997	625	\$48.7 million	tax breaks, land, infrastructure
Spring Valley	IL	2001	1,000	\$7.3 million	infrastructure, training, tax credits
Sterling	IL	2006*	600 projected	\$6.6 million	property tax abatement
Garrett	IN	2001	250	\$1 million	property tax abatement
Greencastle	IN	1991	800	> \$630,000	infrastructure, property tax breaks
Seymour	IN	1989	1,000	> \$1.5 million	property tax breaks, infrastructure
Ottawa	KS	1995	1,300	\$19 million	infrastructure, property tax break
Hopkinsville	KY	2003	780	> \$15 million	tax rebates, property tax breaks
London	KY	1995	1,000	\$13.3 million	state tax credits, infrastructure
Opelousas	LA	1999	1,200	\$33 million	property tax breaks, infrastructure
Robert	LA	2001	600	> \$21 million	tax breaks, infrastructure
Lewiston	ME	2005*	450	\$16 million	tax reimbursement, infrastructure
Coldwater	MI	2001	800	\$2.4 million	infrastructure, free land
Harrisonville	MO	2001	550	> \$2.6 million	infrastructure, property tax break
Moberly	MO	2002	350	\$1.7 million	infrastructure, job training funds
St. James	MO	2001	600	> \$1.6 million	infrastructure, job training funds
Brookhaven	MS	1986	1,400	> \$1.5 million	infrastructure, tax breaks
New Albany	MS	1996	600	\$11.5 million	property tax exemption, free land
Henderson	NC	2002	350	\$1 million	infrastructure, reduced-price land
Hope Mills	NC	1997	1,000	\$2 million	land, infrastructure
Shelby	NC	2002	950	> \$2.1 million	grant, state tax credits
North Platte	NE	2003	600	> \$15.2 million	state tax credits, infrastructure
Los Lunas	NM	1999	700	\$6.7 million	property tax exemption
Johnstown	NY	2001	650	> \$1.9 million	infrastructure, state grants
Marcy	NY	1994	1,400	\$2.2 million	infrastructure
Sharon Springs	NY	1995	300	\$46 million	property tax abatement
Columbus	OH	2002	not available	\$2.6 million	state tax credit, job training grant
Grove City	OH	1992	1,200	\$19 million	property tax break, infrastructure
Island Creek Township	OH	2003	600	> \$9.2 million	enterprise zone, state tax breaks
Washington Court House	OH	2001	600	> \$8.3 million	enterprise zone, state tax breaks
Bartlesville	OK	2005*	650 projected	\$15.9 million	infrastructure, state tax breaks
Pauls Valley	OK	2000	700	\$6.5 million	infrastructure, land, tax breaks
Hermiston	OR	1998	1,000	\$2.5 million	enterprise zone, infrastructure
Cessna	PA	1998	615	\$6 million	tax breaks, grants, infrastructure

Minersville	PA	planned	450	> \$2.5 million	zone tax breaks, job training funds
Tobyhanna	PA	2002	900	\$2.3 million	state grants
Woodland	PA	1993	1,200	\$8 million	financing, infrastructure, tax breaks
Laurens	SC	1988	1,000	\$250,000	infrastructure
Pageland	SC	1997	700	\$28.2 million	state tax credits, infrastructure
Midway	TN	1997	1,300	\$5.4 million	infrastructure, tax breaks, training
Shelbyville	TN	2001	370	\$2.5 million	infrastructure
Baytown	TX	2005*	400	\$19 million	property tax exemption
Cleburne	TX	2002	800	\$7 million	infrastructure; tax abatement
Dallas	TX	2002	120	\$1.4 million	property tax break, infrastructure
New Braunfels	TX	1989	1,000	\$20 million	property tax abatement
New Caney	TX	2003	640	> \$3 million	land, infrastructure, tax abatement
Palestine (two centers)	TX	'80; '96	1,900 total	\$12.7 million	financing, property tax abatements
Plainview	TX	1987	1,500	> \$1 million	free land, property tax abatement
Sanger	TX	2001	1,000	\$3.8 million	land, property tax abatement
Temple	TX	1994	750	\$3.6 million	property tax abatements
Terrell	TX	2000	550	\$4.2 million	property tax abatements
Waco	TX	2004*	300	\$1.4 million	land, tax breaks, infrastructure
Grantsville	UT	2005*	600 projected	\$2.5 million	infrastructure, state grant
Hurricane	UT	1993	650	\$10 million	land, infrastructure
James City	VA	2000	450	> \$578,000	grants, state tax credits
Louisa County	VA	2003	500	\$500,000	state grant
Mount Crawford	VA	2005*	1,000 projected	\$2.5 million	state grant, infrastructure
Sutherland	VA	1991	700	\$700,000	infrastructure
Grandview	WA	2004	600 projected	\$1 million	infrastructure
Beaver Dam	WI	2005*	450 projected	\$7.7 million	infrastructure, land cost rebate
Menomonie	WI	1993	1,300	\$750,000	reduced price for land
Tomah	WI	2000	650	\$6.6 million	infrastructure, reduced-price land

\* scheduled or projected opening date

The estimated size of these subsidy deals ranges from less than \$1 million to nearly \$50 million in Olney, Illinois. The average amount is \$7.4 million. Subsidies have been present for Wal-Mart distribution centers as far back as the early 1980s and have been given to nearly all of the most recent projects. The most common types of subsidies were infrastructure assistance, free or discounted land, and property tax breaks, though there were also significant numbers of job training grants and state tax credits.

In many of the distribution deals, Wal-Mart made its initial approach to local or state officials using a company called Carter & Burgess Inc. Based in Fort Worth, Texas, Carter & Burgess calls itself an architectural and engineering firm, but for Wal-Mart it has also served as a site location consultant. The firm would typically negotiate with economic development officials without disclosing the name of its client. It presented

the requirements being sought by Wal-Mart and in effect encouraged officials to make offers that included subsidies.

Economic development officials tend to be enthusiastic about the distribution centers, because, unlike Wal-Mart's retail outlets, they generally create full-time jobs that pay well above the minimum wage, usually above \$10 an hour. In most instances, these jobs—which, like the retail positions, are all non-union—are considered well-paying by local standards. Given that nearly all the distribution centers are located in rural areas that may have high levels of unemployment, those standards are not very high. William Stewart, City Manager of Coldwater, Michigan, said that the wage rates for the jobs created by the Wal-Mart distribution center in his town are “a lot better than what you'd be making in their retail stores.”<sup>29</sup>

Yet some officials said their local Wal-Mart center was paying less than comparable warehouse-sector jobs. An official in Box Elder County, Utah said that when Wal-Mart first expressed interest in the area, “we weren't sure we wanted them,” because the company was planning to pay only \$7.50 an hour. The county declined to offer incentives, but Wal-Mart located there anyway, though it ended up having to increase wage rates to about \$10 an hour to attract workers.<sup>30</sup> This was far from typical. In many cases, the Wal-Mart distribution center becomes by far the largest employer in the area and thereby gains a lot of power to set wage rates.

The facility in Box Elder County is one of only seven Wal-Mart distribution centers that, to the best of our knowledge, have not been subsidized. The complete list of locations is the following:

- Buckeye, AZ (opened 1992)
- Apple Valley, CA (under construction)
- Red Bluff, CA (opened 1994)
- Macon, GA (opened 1992)
- Raymond, NH (opened 1996)
- Laredo, TX (opened 1992)
- Corinne, UT (opened 2000)

In some of these cases, subsidies were not available because of government rules or policies. A New Hampshire economic development official said the facility in Raymond was not subsidized by the state because “we don't give public money away.”<sup>31</sup> An official in Laredo said it was not necessary to offer incentives, given that the city was in such a strategic position with regard to the movement of goods between the United States and Mexico.<sup>32</sup>

In one case, Wal-Mart chose to forgo available subsidies. An official in Apple Valley, California said Wal-Mart decided not to accept incentives out of concern that doing so would trigger a requirement that it pay prevailing wage rates for construction work on the project.<sup>33</sup> Otherwise, we did not find a single case in which Wal-Mart turned down subsidies being offered for a distribution center project.

From all this it is reasonable to conclude that Wal-Mart will seek subsidies for its distribution centers whenever they are available, unless it has to pay a price to take advantage of those benefits.

Distribution center deals tend to generate less controversy than retail ones, probably because of the somewhat higher quality jobs they create and the fact that they are usually sited in remote areas in which the “eyesore” and traffic issues are less pronounced. There have, however, been a few challenges to Wal-Mart distribution center projects that focused at least in part on the subsidies being offered. A citizen’s group opposed to a center in Robert, Louisiana filed suit in state court but ultimately was unable to block a subsidy plan for the facility, which opened in 2001.<sup>34</sup>

There was a different outcome in Connecticut, where Wal-Mart was planning to build a \$60 million distribution center in the town of Killingly that the state was prepared to give about \$45 million in tax credits. A coalition backed by labor unions helped to galvanize opposition to the project, highlighting the subsidy as well as environmental considerations. The plan was abandoned in early 2003.<sup>35</sup>

## Chapter V. Public Policy Options

There are two fundamental questions raised by the information assembled in this report:

- Does it make sense to use taxpayer dollars to subsidize big-box retailers in general?
- Does it make sense to use those dollars to subsidize Wal-Mart in particular?

Let's take the second issue first. There is certainly a serious question about the wisdom of using public monies to subsidize a corporation that is so wealthy and powerful and that has such a controversial record on social responsibility. However, given the general absence of laws that disqualify companies from subsidies for reasons of size or reputation, state and local officials have no basis for denying statutory (or "as of right") subsidies to Wal-Mart or any other company. Such subsidies are known as "corporate entitlements" because any company that meets certain criteria is entitled to them.

However, when it comes to discretionary subsidies—i.e., those that require applications, hearings and approval—officials have more latitude. Economic development agencies can give more careful consideration as to whether it is wise to spend large sums of money to help the giant retailer and its developers. The question to ask is whether the arrival of a Wal-Mart store will actually have a substantial net economic benefit to the community, once the displacement of local businesses and workers is taken into account.

Another consideration, which we do not address in this report, are the hidden taxpayer costs associated with food stamps, Medicaid, the earned income tax credit and other social safety-net programs that Wal-Mart retail workers (and their families) may be eligible for because of the low wages and limited health insurance coverage they receive. A hint of the extent of these costs, which amount to another form of public subsidies for Wal-Mart, recently came to light in Georgia. A state survey found that 10,261 of the 166,000 participants in the PeachCare program, which provides health care coverage for youngsters in low-income uninsured families, were children of Wal-Mart employees. This was more than 10 times the number for any other employer.<sup>36</sup>

As for the issue of subsidies for big-box retailers in general, there is a case to be made for significant limitations on the practice. Noting the environmental effects of big-box-related sprawl, the poor economic "ripple effects" created by stores, and the growing number of abandoned malls, some observers argue that subsidies should not be available for retailers under any circumstances. Yet the fact remains that, while much of the country suffers from an overabundance of retail outlets, there are low-income areas that are underserved. Many inner-city neighborhoods have been overlooked by retail



chains, forcing residents to travel long distances to shop or to patronize small local stores with poor selection and inflated prices for necessities such as food and drugs.

It is in situations such as these that subsidies to retailers can serve a legitimate social purpose. We thus recommend that states consider legislation that limits the availability of retail subsidies to areas that are “blighted”—which could be defined as those in which the rate of unemployment is at least two percentage points above the state average or in which the poverty rate is 30 percent or more—and which are demonstrably underserved by retailers. We also recommend that subsidies be barred to a retailer that has abandoned a site in the same jurisdiction and left it vacant. See Appendix A for model legislative language for such reforms.

Apart from the location of the project, economic development officials should take into account the nature of the jobs being created. Except for the few whose employees are unionized, big-box retailers tend to create part-time, low-wage jobs with poor benefits. Public officials can discourage this practice by imposing wage standards. A suitable requirement would be that any jobs created by the subsidized facility pay a wage that allows workers to achieve economic self sufficiency.<sup>37</sup> We suggest this be defined as a wage equal to at least 115 percent of the local average for non-managerial workers.

The question of subsidies for distribution centers serving Wal-Mart or other big-box retailers is more complicated. Unlike the jobs created by stores, distribution center positions are generally full-time and higher paid. The Wal-Mart centers we studied tended to pay at least \$10 an hour to start. While above the minimum wage, this is barely above the poverty line and well below the level necessary for true self-sufficiency. If state and local officials decide there is a justification for subsidizing the distribution centers, especially in rural areas hungry for investment, they should apply the same wage standard cited above, if not a more rigorous one. Like all other subsidies, retail and distribution center deals should be subject to public disclosure.

Stepping back from the immediate interests of a community or workers seeking jobs, it should be asked whether it is in the broad public interest to provide subsidies to Wal-Mart distribution centers. After all, the reason for the existence of such facilities is to support the expansion of the company’s network of Supercenters and other stores. Even if the Wal-Mart distribution centers were to create living-wage jobs, they are making possible the creation of many more substandard ones in the retail outlets.

Ultimately, state and local officials have to consider whether it is an acceptable use of public resources to subsidize, directly or indirectly, the creation of jobs that leave workers in poverty and dependent on safety-net programs. They also need to ask whether, amid an ongoing fiscal crisis for states and localities around the country, public funds should be bestowed on the largest corporation on earth.

## Appendix A: Model Language on Restricting Retail Subsidies

### AN ACT TO PROHIBIT THE PROVISION OF ECONOMIC DEVELOPMENT SUBSIDIES TO CERTAIN RETAIL FACILITIES.

Be it Enacted by the State of \_\_\_\_\_:

#### Section 1. Definitions.

(1) “BASIC RETAIL SERVICES” MEANS THE PROVISION OF FOODSTUFFS, HOUSEHOLD SUPPLIES OR PHARMACEUTICALS BY A RETAIL FACILITY.

(2) “BLIGHTED AREA” MEANS A CENSUS TRACT WITHIN THE STATE WHERE THE UNEMPLOYMENT RATE EXCEEDS BY TWO PERCENTAGE POINTS THE STATE’S AVERAGE ANNUAL UNEMPLOYMENT RATE OR WHERE THE PERCENTAGE OF HOUSEHOLDS BELOW THE POVERTY RATE IS 30% OR MORE IN THE MOST RECENT CENSUS.

(3) “DEVELOPMENT SUBSIDY” MEANS ANY EXPENDITURE OF PUBLIC FUNDS WITH A VALUE OF AT LEAST \$25,000.00 INCLUDING BUT NOT LIMITED TO BONDS, FEE WAIVERS, GRANTS, LAND PRICE DISCOUNTS, LOANS, MATCHING FUNDS, PROPERTY TAX ABATEMENTS, TAX CREDITS, TAX EXEMPTIONS OR TAX INCREMENT FINANCING GIVEN AS AN INCENTIVE TO A BUSINESS FOR THE PURPOSE OF ECONOMIC DEVELOPMENT WITHIN THE STATE.

(4) “BUSINESS” MEANS A CORPORATION, PARENT CORPORATION OR SUBSIDIARY OF A CORPORATION THAT OWNS A RETAIL FACILITY.

(5) “GRANTING BODY” MEANS THE STATE OR A LOCAL PUBLIC ENTITY THAT PROVIDES A DEVELOPMENT SUBSIDY.

(6) “LOCAL GOVERNMENT UNIT” MEANS AN AGENCY, BOARD, COMMISSION, OFFICE, PUBLIC BENEFIT CORPORATION OR PUBLIC AUTHORITY OF A POLITICAL SUBDIVISION OF THE STATE.

(7) “NEW EMPLOYEE” MEANS ANY INDIVIDUAL WHO IS EMPLOYED AT THE RETAIL FACILITY ON A PART-TIME OR FULL-TIME BASIS, OR WHO PERFORMS CONSTRUCTION, ALTERATION OR RENOVATION WORK AT THE FACILITY SITE.

(8) "RETAIL FACILITY" MEANS A FACILITY USED IN WHOLE OR IN PART TO MAKE RETAIL SALES OF TANGIBLE PERSONAL PROPERTY.

Section 2. Prohibited Subsidies.

(1) A DEVELOPMENT SUBSIDY SHALL NOT BE PROVIDED BY THE STATE OR A LOCAL GOVERNMENT UNIT TO A RETAIL FACILITY UNLESS:

(a) THE FACILITY IS LOCATED IN A BLIGHTED AREA;

(b) THE DIRECTOR OF THE GRANTING BODY CERTIFIES IN WRITING THAT THE AREA LACKS BASIC RETAIL SERVICES AND BUT FOR THE DEVELOPMENT SUBSIDY, THE AREA WOULD NOT RECEIVE SUCH SERVICES; AND

(c) THE BUSINESS RECEIVING THE SUBSIDY SHALL PROVIDE EACH NEW EMPLOYEE WITH WAGES EQUAL TO 115 PERCENT OF THE AVERAGE HOURLY WAGE PAID TO NON-MANAGERIAL EMPLOYEES FOR ALL INDUSTRIES IN THE COUNTY OF THE PROJECT SITE.

(2) IN NO EVENT SHALL A SUBSIDY BE PROVIDED TO A RETAIL FACILITY THAT OTHERWISE MEETS THE CRITERIA UNDER PARAGRAPH (1) IF THE BUSINESS THAT OWNS THE FACILITY HAS VACATED ANOTHER RETAIL FACILITY LOCATED WITHIN THE COUNTY AND LEFT IT VACANT.

Section 3. Pre-emption.

NOTHING IN THIS ACT SHALL BE READ TO REQUIRE OR AUTHORIZE ANY BUSINESS TO REDUCE WAGES OR BENEFITS ESTABLISHED UNDER ANY COLLECTIVE BARGAINING AGREEMENT OR ANY STATE OR FEDERAL LAW.

Section 4. Effective date.

THIS ACT SHALL TAKE EFFECT SIXTY DAYS AFTER ITS ENACTMENT.

## Appendix B: Descriptions of Subsidy Deals

(arranged by state and city, with type of facility and year opened<sup>38</sup>)

### **Birmingham, AL (Supercenter, 2004)**

- total subsidy: \$10 million

The city provided \$10 million of the \$15 million purchase price of the land for a Wal-Mart Supercenter. Wal-Mart financed the city's portion and will be repaid through a sales tax abatement over approximately six years. The Supercenter replaced a discount store within the city limits.

### **Brundidge, AL (distribution center, 2004)**

- total subsidy: \$5 million

The state provided a site preparation grant of \$5 million for this distribution center.

### **Cullman, AL (distribution center, 1983)**

- total subsidy: more than \$12 million

The city issued \$12 million in industrial revenue bonds to help finance construction of the facility. It also provided infrastructure improvements, but local officials were unable to provide an estimate of the cost.

### **Gardendale, AL (Supercenter, 2003)**

- total subsidy: \$4 million

The developer of a Wal-Mart benefited from \$4 million in bonds issued by the city for infrastructure improvements. The Supercenter replaced a Wal-Mart discount store in the town.

### **Leeds, AL (Supercenter, 2000)**

- total subsidy: more than \$500,000

A local official disclosed that the city provided \$350,000 for road improvements, and the *Birmingham News* reported that St. Clair County presented the city with an additional \$150,000 for the work.<sup>39</sup> The city also purchased the land on which Wal-Mart built the store, providing a property tax

exemption, the value of which was not available. The Supercenter replaced a Wal-Mart discount store in the town.

### **Mobile, AL (Supercenter, 2001)**

- total subsidy: \$992,000

The city provided \$992,000 worth of road and drainage improvements at the site of a Supercenter that replaced a Wal-Mart discount store.

### **Opelika, AL (distribution center, 2000)**

- total subsidy: \$2.2 million

Wal-Mart received a ten-year tax abatement on local taxes, except the portion dedicated to schools. According to local officials, the annual savings is about \$222,000. Over ten years this will be worth about \$2.2 million. The city also waived review and permit fees and provided temporary office space for the company.

### **Pell City, AL (Supercenter, 2003)**

- total subsidy: \$1.1 million

The city purchased the land for \$1.6 million, then leased the site to Wal-Mart with an option to buy. Wal-Mart will pay a total of \$500,000 over ten years towards the city's bond payments, making the value of the subsidy \$1.1 million.

### **Trussville, AL (Supercenter, 2000)**

- total subsidy: \$3 million

The developer of a Wal-Mart benefited from \$3 million in infrastructure improvements (roads, drainage, traffic signals) paid for by the city through a sales tax rebate.

**Bentonville, AR (distribution center, 2000)**

- total subsidy: not available

In 2000 Wal-Mart opened a 1.2 million square-foot distribution center in its corporate headquarters city. It replaced an older warehouse in Bentonville. The state provided tax credits for the project, but the value of those credits is not available.

**Clarksville, AR (distribution center, 1993)**

- total subsidy: more than \$1.1 million

Local officials provided at least \$100,000 in infrastructure improvements for this facility, the first of Wal-Mart's food distribution centers. The state made the center eligible for tax credits under the Advantage Arkansas program. We estimate the value of these credits to be at least \$1 million.

**Searcy, AR (distribution center, 1989)**

- total subsidy: about \$250,000

The town, which already had a small Wal-Mart warehouse, spent roughly \$250,000 on infrastructure improvements on the site. State rules prevented the use of tax abatements.

**Bullhead City, AZ (Supercenter, 2000)**

- total subsidy: \$1.2 million

The city provided a sales tax rebate worth \$1.2 million to reimburse Wal-Mart for infrastructure improvements made to the site, including a highway turning lane, sidewalks, curbs, gutters, drainage, a sewage connection, and a traffic signal.

**Casa Grande, AZ (distribution center, 2003)**

- total subsidy: \$536,000

The city provided infrastructure improvements and fee waivers worth \$536,000, financed in part through a \$78,000 grant from the state.

**Prescott, AZ (Supercenter, 2003)**

- total subsidy: \$6 million

The city set up a \$6 million sales tax rebate to reimburse Wal-Mart for money spent on site preparation and road improvements. The Supercenter replaced a Wal-Mart discount store on the Yavapai Prescott Indian Reservation less than a mile away.

**Show Low, AZ (Supercenter, 1999)**

- total subsidy: \$430,000

The city provided infrastructure improvements, \$200,000 worth of which were paid for through a state grant for road improvements. The Supercenter replaced a discount store less than a mile away.

**Cathedral City, CA (discount store, 1992)**

- total subsidy: \$1.8 million

The city provided a ten-year sales tax rebate to the developer of a Wal-Mart discount store to pay for infrastructure improvements. Shortly after the rebate ended, Wal-Mart announced plans to close the store when a Supercenter opens in the neighboring town of Palm Desert.

**Colton, CA (discount store, 1991)**

- total subsidy: \$2.6 million

The city provided a \$2.6 million land subsidy to the developer of a Wal-Mart discount store.

**Corona, CA (discount store, 1994)**

- total subsidy: \$2 million

The city agreed to pay \$5.5 million (plus interest) over 20 years to lease the parking lot of a development that includes a Wal-Mart, grocery store, and many smaller stores and restaurants. Of that amount, \$2 million went to Wal-Mart and \$3.5 million went to the developer. The lease payments are made through sales tax diversions: Wal-Mart keeps 50% of the sales tax the store

generates and sends the rest to the city. Half of the sales tax generated by the entire shopping center also goes to Wal-Mart, and the other 50% is paid to the developer; the city will receive no sales tax revenue from the other stores until 2013 or until the full amount of the lease is paid.

**Covina, CA (discount store, 1997)**

- total subsidy: \$5.3 million

An article in the *Los Angeles Times* reported that the Covina city council approved plans for the redevelopment agency to borrow up to \$12 million from Wal-Mart to purchase the land, which would then be resold to Wal-Mart for \$6.7 million, making the subsidy equal to \$5.3 million.<sup>40</sup> City officials did not return calls for more information.

**Duarte, CA (discount store, 1995)**

- total subsidy: \$1.8 million

The city subsidized the purchase price of the land for this discount store. The landowner was selling the site for \$11 per square foot, but Wal-Mart was only willing to pay \$8. The city financed the gap, borrowing the money from Wal-Mart and repaying the debt through a sales tax rebate.

**Gilroy, CA (discount store, 1993)**

- total subsidy: \$408,000

The city funded infrastructure improvements around the site. Wal-Mart laid out the money and was reimbursed through a sales tax rebate.

**Hemet, CA (discount store, 1992)**

- total subsidy: \$1.8 million

A Riverside, California newspaper reported that Hemet agreed to give Wal-Mart a sales tax rebate of up to \$750,000 if the store could generate that amount in its first 30 months of business. The city waived

\$650,000 in developer fees for Wal-Mart and \$50,000 in building fees for the shopping center developer, and also provided \$330,000 in infrastructure improvements.<sup>41</sup> Local officials would not respond to requests for information.

**Lake Elsinore, CA (discount store, 1994)**

- total subsidy: \$2.2 million

The developer of a retail plaza anchored by a Wal-Mart received a tax rebate to pay for infrastructure costs. Articles in the *Riverside Press-Enterprise* reported that the benefit to Wal-Mart was \$2.2 million.<sup>42</sup> Local officials confirmed that the subsidy was provided but did not provide estimates or records of a dollar amount.

**Manteca, CA (discount store, 1992)**

- total subsidy: \$1.7 million

The city assisted the developer of a discount store with redevelopment funds for site preparation.

**Perris, CA (discount store, 1992)**

- total subsidy: about \$2.7 million

The city council provided more than \$8 million in infrastructure assistance through tax increment financing to the developer of a shopping center anchored by Wal-Mart, Albertsons, and Mervyn's. Public records did not specify and local officials did not know how the money was divided among the tenants, but we assume that one-third, or about \$2.7 million, of the improvements benefited each anchor store.

**Porterville, CA (distribution center, 1992)**

- total subsidy: estimated \$14 million

The center was located in an enterprise zone, which made it eligible for state tax credits of up to \$31,500 per employee. The exact value of the credits used was not available, but if we assume that credits were received for only one third of the

1,400 employees, the total would be about \$14 million.

**Redlands, CA (discount store, 1991)**

- total subsidy: \$1.25 million

The city rebated \$1 million in sales taxes through a parking lot leaseback arrangement. The city also made improvements to the roads around the discount store. A local official estimated the cost of the improvements to be approximately \$200,000-\$300,000.

**Rialto, CA (discount store, 1992)**

- total subsidy: \$2.6 million

The developer of a Wal-Mart discount store received a land-write down worth \$2,575,000. The city makes payments worth 50% of the sales tax revenue generated by Wal-Mart and the smaller stores at the site for up to 20 years or until the subsidy amount (plus 9% interest) is paid in full.

**Riverside, CA (discount store, 1993)**

- total subsidy: more than \$2.2 million

The city leased the parking lot from Wal-Mart, paying rent through a 20-year sales tax abatement in the amount of \$2.2 million plus interest. The city also made infrastructure improvements, but city officials would not provide a dollar amount.

**San Diego, CA (discount store, 2000)**

- total subsidy: \$6.1 million

Local officials did not respond to our requests for information, but we learned from a report published by the California Subsidies Project that the development received \$9.8 million in subsidies, including \$6.1 million that directly benefited Wal-Mart.<sup>43</sup> Wal-Mart received a \$1.3 million break on land costs through a \$958,000 write-down (repaid through tax increment financing) and a right-of-way purchased by

the city for \$350,000 to widen a road. Wal-Mart also benefited from \$2.6 million worth of infrastructure improvements and \$2.2 million from a city lease of Park-and-Ride parking spaces that are also used by Wal-Mart customers. Lease payments will be made with the sales tax generated by the development.<sup>44</sup>

**Commerce City, CO (Supercenter, 1999)**

- total subsidy: \$1.4 million

The city provided \$1.4 million for infrastructure improvements, which were financed through a sales-tax increment financing plan.

**Loveland, CO (distribution center, 1990)**

- total subsidy: \$300,000

The state provided \$300,000 in Colorado First job training funds.

**Smyrna, DE (distribution center, 2004)**

- total subsidy: \$4.1 million

In addition to spending about \$75,000 on infrastructure improvements, the city sold the land to Wal-Mart at a price that was about \$2.8 million less than the market value. The state agreed to give Wal-Mart grants of up to \$1.2 million tied to hiring levels.

**Arcadia, FL (distribution center)**

- total subsidy: more than \$23.8 million

DeSoto county is constructing a water and wastewater facility and extending utility service to the site at a cost of \$20 million. The improvements were financed with county, state, and USDA funds. The state provided a \$2 million Economic Development Transportation Fund grant for road construction. Wal-Mart will receive tax credits for locating in an enterprise zone, including a Jobs Tax Credit, a sales tax refund for construction material, and other tax incentives. Wal-Mart will qualify

for Qualified Target Industry credits, which include a minimum of \$3,000 for every job created, equal to at least \$1.8 million overall. No dollar estimate for the total value of the state credits is available. The center is expected to open in 2005.

**Hernando County, FL  
(distribution center, 1992)**

- total subsidy: \$2.3 million

Florida's Economic Development Transportation Fund awarded a \$2 million grant for road improvements. The money was divided between the county, which received about \$500,000 towards road upgrades, and the DOT, which used the remaining \$1.5 million to remove a bridge. The county and DOT chipped in an additional \$319,000 for the project.

**Macclenny, FL (distribution center, 2002)**

- total subsidy: \$8.7 million

The county provided free land worth \$1.54 million and waived about \$173,000 in fees. Florida's Economic Development Transportation Fund provided \$1.76 million for road improvements. The county installed \$1.9 million in water-related infrastructure, financed through a \$600,000 Community Development Block Grant, \$541,000 from the Rural Infrastructure Fund, and city and county dollars. Wal-Mart received \$61,000 in WorkSource assistance, \$360,000 in state Quick Response Training funds, and \$25,200 for recruiting and screening employees. The state awarded a Qualified Target Industry state tax refund worth \$2.9 million.

**Palatka, FL (Supercenter, 2002)**

- total subsidy: \$1.05 million

The city and county provided infrastructure improvements in the area around a Wal-Mart Supercenter through state and federal grants. Local officials could not confirm the

amount of the grants, but agreed that the information reported in an article in the *Palatka Daily News* sounded accurate: \$300,000 from Florida's Rural Infrastructure Fund and a \$750,000 small cities community development block grant.<sup>45</sup>

**St. Lucie County, FL (distribution center)**

- total subsidy: \$14.2 million

St. Lucie County spent \$8 million on road improvements and offered a \$1 million cash incentive from the Job Growth Incentive Fund for this center, which is scheduled to open this year. The county also provided \$200,000 worth of dirt, as well as office space during construction. The city of Fort Pierce granted a ten-year deferment of annexation, followed by five years of property tax exemptions valued at approximately \$5 million.

**Winter Haven, FL  
(distribution center, 1996)**

- total subsidy: \$774,000

The city provided \$429,000 in transportation improvements and \$169,000 in utility improvements to the area, and waived \$176,000 in impact and permit fees. The cost of a \$400,000 water tower serving the facility is not included in our subsidy estimate because it was already planned in the city budget.

**Zephyrhills, FL (Supercenter, 2002)**

- total subsidy: \$600,000

The city used Community Development Block Grant funds for road improvements and utility extensions for a Wal-Mart Supercenter. The store replaced a discount store.



**Carrollton, GA (distribution center, 2001)**

- total subsidy: about \$500,000

The county provided free land worth about \$500,000 for the facility, a fulfillment center for Wal-Mart's online sales.

**Douglas, GA (distribution center, 1987)**

- total subsidy: more than \$10 million

The county issued \$10 million in industrial revenue bonds to help finance the construction of the facility. The center also received property tax abatements, but local officials were unable to provide details.

**LaGrange, GA (distribution center, 2000)**

- total subsidy: more than \$1 million

The city and state spent at least \$1 million on infrastructure improvements, and the county provided property tax abatements. An estimate of the value of the abatement was not available.

**Monroe, GA (distribution center, 2000)**

- total subsidy: \$1.2 million

Walton County provided \$300,000 in infrastructure improvements and a five-year property tax abatement worth about \$900,000 (after allowing for the fact that Wal-Mart agreed to pay the full portion devoted to schools).

**Statesboro, GA (distribution center, 1994)**

- total subsidy: about \$2 million

The town and the state spent about \$2 million for infrastructure improvements, including a water tank. There were no tax abatements, though rates are low in the area.

**Altoona, IA (Supercenter, 2000)**

- total subsidy: \$1.2 million

The city assisted the developer with infrastructure improvements and utility extensions through a property-tax increment financing plan. The amount

quoted here is for the portion of the improvements for Wal-Mart's parcel.

**Mount Pleasant, IA**

**(distribution center, 1985)**

- total subsidy: \$10 million

The city issued \$10 million in industrial revenue bonds to help finance the facility.

**Addison, IL (discount store)**

- total subsidy: \$3.5 million

In November 2003, Addison approved the diversion of \$3.5 million in sales tax revenue to Wal-Mart over 15 years to offset costs of site preparation and construction of this store, which is expected to open in 2005.

**Belleville, IL (discount store, 1994)**

- total subsidy: \$7 million

The city gave THF Realty \$7 million towards the development of Carlyle Plaza, which was anchored by a Wal-Mart discount stores, through a sales- and property-tax increment financing plan. The money was used for land acquisition and infrastructure improvements.

**Bloomington, IL (Supercenter, 2002)**

- total subsidy: \$1.5 million

The developer of a Wal-Mart Supercenter will receive a sales tax rebate (through an enterprise zone) as reimbursement for infrastructure improvements.

**Bridgeview, IL (discount store, 1992)**

- total subsidy: \$6.7 million

The village issued \$6.7 million in bonds for improvements in the tax increment financing district, which benefited Wal-Mart as well as other stores and companies.

**Country Club Hills, IL (Supercenter)**

- total subsidy: \$12.25 million

Wal-Mart will receive a 50% property tax rebate and a 50% sales tax rebate through 2013. Based on local tax estimates, the property tax portion is likely worth \$6.25 million and the sales tax portion will be \$6 million. The store is expected to open in 2005.

**Evergreen Park, IL (discount store)**

- total subsidy: \$5.25 million

Wal-Mart will receive a 20-year sales tax rebate, taking effect five years after the store opens. All sales tax revenue above \$550,000 will be refunded annually until \$5.25 million has been rebated. The store is expected to open in 2005.

**Moline, IL (Supercenter, 1998)**

- total subsidy: \$2.7 million

The developer of a Wal-Mart Supercenter received a direct subsidy equal to 50% of the increase in sales tax revenues throughout the city. The amount turned out to be \$2.7 million.

**Niles, IL (discount store, 1999)**

- total subsidy: \$2.9 million

The village of Niles extended an existing tax increment financing district to include a new Wal-Mart, designating the property a “blighted improved area.” The ordinance does not include an estimate, but a consultant’s report calculated that \$2.9 million of improvements were needed.

**Olney, IL (distribution center, 1997)**

- total subsidy: \$48.7 million

The city provided property tax abatements worth an estimated \$46 million. It also paid \$630,000 of the \$693,000 land purchase price. The state provided \$940,000 for infrastructure improvements, to which the city added \$900,000 of its own money. The

state also provided \$250,000 for job training.

**Palatine, IL (discount store)**

- total subsidy: \$3.5 million

Palatine is giving property-tax increment financing worth \$3.5 million for land acquisition, demolition, and building costs for this new Wal-Mart in the Rand Road tax increment financing district. The funds will be distributed on a “pay as you go” basis. This store is expected to open this year.

**Rolling Meadows, IL (discount store, 2000)**

- total subsidy: \$5.3 million

This city gave a \$5.3 million sales tax rebate to the developer of a shopping area anchored by a Wal-Mart and Sam’s Club. Subsidies were for demolition costs.

**Spring Valley, IL (distribution center, 2001)**

- total subsidy: about \$7.3 million

The state provided \$1.5 million in Illinois FIRST funds for water storage tanks for the site, \$495,000 for road improvements and \$600,000 in Industrial Training Program funds. It also gave Wal-Mart EDGE tax credits, the value of which we estimate at \$4.7 million.

**Sterling IL (distribution center)**

- total subsidy: \$6.6 million

Whiteside County gave enterprise zone status to the site, which will make Wal-Mart eligible for an estimated \$6.6 million in property tax abatements over a ten-year period. The center is projected to open in 2006.

**Vandalia, IL (Supercenter)**

- total subsidy: \$1 million

Wal-Mart agreed to lay out \$1 million for infrastructure improvements for this Supercenter, which is expected to open later this year. The company will be repaid out of a portion of the sales tax it collects.

**Villa Park, IL (discount store, 1991)**

- total subsidy: \$1.4 million

The village gave Wal-Mart a \$1.4 million sales tax rebate over a period of 10-14 years for site preparation and infrastructure improvements. The funds were provided through a business development district, a subsidy designed to revive declining or poor areas. Villa Park is located in DuPage County, one of the nation's richest areas.

**Garrett, IN (distribution center, 2001)**

- total subsidy: estimated \$1 million

DeKalb County provided an eight-year property tax abatement, though Wal-Mart makes a payment in lieu of taxes for the school district. Local officials have not responded to a request for details on the value of the abatement and the size of the PILOT payment, but based on partial information we estimate that the savings to Wal-Mart will be at least \$1 million.

**Greencastle, IN (distribution center, 1991)**

- total subsidy: more than \$630,000

Local officials said that the company was given infrastructure assistance as well as property tax abatements on the original center and on an expansion, but they have not yet provided us with the details. According to an August 19, 1990 story by the Associated Press, the amount of the infrastructure assistance was \$630,000.

**Seymour, IN (distribution center, 1989)**

- total subsidy: more than \$1.5 million

The city provided a ten-year property tax abatement (averaging about 50% a year) and infrastructure improvements. The state provided job training funds. Local officials were unable to estimate the value of the infrastructure and training subsidies, but the tax abatement was worth about \$1.5 million.

**Ottawa, KS (distribution center, 1995)**

- total subsidy: \$19 million

The city and state spent more than \$1 million on infrastructure improvements, while the county provided a ten-year property tax exemption based on enterprise zone status. The exemption will be worth about \$18 million over the ten-year period.

**Hopkinsville, KY (distribution center, 2003)**

- total subsidy: more than \$15 million

The state provided up to \$15 million in sales tax rebates under the Kentucky Jobs Development Act. The city provided a property tax exemption (excluding the school portion), the value of which was not available.

**London, KY (distribution center, 1995)**

- total subsidy: estimated \$13.25 million

The state provided ten years of tax credits under the Kentucky Jobs Development Act. A local economic development official said the credits were worth at least \$13 million to the company. The city paid \$250,000 for fire protection facilities at the center.

**Natchitoches, LA (Supercenter, 1996)**

- total subsidy: \$1.5 million

An article in a Baton Rouge newspaper reported that the state Board of Commerce and Industry granted Wal-Mart enterprise zone tax breaks worth \$1.5 million. Some members of the board questioned whether the jobs created merited the subsidy.<sup>46</sup> Local officials did not return calls for more information.

**New Orleans, LA (Supercenter)**

- total subsidy: estimated \$7 million

This controversial store is now under construction in the city's Garden District, thanks to developer Historic Renovation Inc.'s innovative plan to link tax increment

financing to the construction of nearby low-income housing. Although Wal-Mart is not benefiting from the TIF money, the deal includes a provision for it to make payments in lieu of property taxes. According to an analysis done by Barry Schlaile while he was president of a local merchant's group, the PILOT is set well below the level at which Wal-Mart would otherwise be paying taxes. Using Schlaile's analysis, we estimate that the tax savings to Wal-Mart will be about \$7 million over the 20-year life of the agreement.

**Opelousas, LA (distribution center, 1999)**

- total subsidy: \$33 million

The Economic Development District of St. Landry Parish agreed to issue \$30 million in industrial revenue bonds, which were then purchased by Wal-Mart. The District held the title on the land and leased it to the company. This enabled Wal-Mart to avoid paying property taxes. Local officials estimate the savings at \$1 million the first year, for a total of at least \$30 million over the life of the bonds. The state provided \$3 million in infrastructure improvements.

**Ouachita Parish, LA (Supercenter, 1997)**

- total subsidy: \$840,000

An article from a Baton Rouge newspaper reported that the state Board of Commerce and Industry granted enterprise zone tax breaks worth \$840,000 to this Supercenter.<sup>47</sup> Local officials did not return calls for more information.

**Robert, LA (distribution center, 2001)**

- total subsidy: more than \$21 million

The state provided \$4.5 million in infrastructure funds for the project. Tangipahoa Parish acquired the entire facility (land, building and equipment) and leased it back to Wal-Mart, thus exempting it from most property taxes. A local official

estimated the tax savings for Wal-Mart at about \$500,000 per year; we included 30 years, or \$15 million, in the total subsidy. Wal-Mart is also receiving enterprise zone tax credits, including a one-time credit of about \$1.5 million (\$2,500 per job for 600 jobs), and a ten-year rebate on state sales tax on equipment and infrastructure purchases.

**Ruston, LA (Supercenter, 1995)**

- total subsidy: more than \$947,000

Wal-Mart received a \$647,000 enterprise zone tax break for this Supercenter. The city provided \$300,000 in infrastructure improvement around the site through a state grant. The city is also making \$12 million in road improvements throughout the area through a sales-tax increment financing district. Since the district also includes many neighboring developments and local officials could not estimate how much of the improvements went to Wal-Mart's access roads, we did not include TIF funds in the subsidy calculation.

**Augusta, ME (Supercenter, 1993)**

- total subsidy: \$5.7 million

The city issued assisted the developer of the first phase of Augusta Mall, which included a Supercenter and a Sam's Club, by issuing tax increment financing bonds to pay for infrastructure.

**Lewiston, ME (distribution center)**

- total subsidy: \$16 million

The city is providing infrastructure reimbursements worth \$5.9 million (through tax increment financing), land worth \$330,600 and infrastructure improvements valued at \$2.7 million. The state is providing a Business Equipment Tax reimbursement worth \$4.7 million and an employment-tax increment financing plan (through which Wal-Mart receives a

percentage of qualified employees' income tax withholdings) valued at \$2.4 million, assuming 450 jobs are created. The center is expected to open in 2005.

**Waterville, ME (discount store, 1993)**

- total subsidy: \$500,000

The city sold \$500,000 worth of tax increment financing bonds to make infrastructure improvements for Wal-Mart. The discount store will close in December when a Supercenter opens across town.

**Coldwater, MI (distribution center, 2001)**

- total subsidy: \$2.4 million

The city charged Wal-Mart \$1 for land it had purchased for \$500,000. It also made infrastructure improvements that were paid for with a Community Development Block Grant of \$1,875,000 provided by the state.

**Cameron, MO (Supercenter, 1995)**

- total subsidy: \$2.1 million

The city provided \$2.1 million in infrastructure improvements through sales and property-tax increment financing in the area of a Supercenter and surrounding industrial park. Wal-Mart served as the developer for the project.

**Chesterfield, MO (discount store, 1997)**

- total subsidy: about \$2.6 million

After a flood in 1993, the city created a tax increment financing district that encompassed the entire Chesterfield Valley. THF Realty approached the city with a plan for a massive retail complex anchored by a Wal-Mart, Target, Lowe's, Sam's Club, and Home Depot. TIF funds were used to put infrastructure in place around the site and to strengthen the levee. The total value of the TIF for road and drainage improvements near the site (not including levee work) was \$13 million. We divided

this amount among the five anchors to calculate the benefit to Wal-Mart.

**Eureka, MO (Supercenter, 1995)**

- total subsidy: \$5.3 million

The city used sales- and property-tax increment financing to provide \$5.3 million for site preparation and infrastructure at a retail site developed by THF Realty. The site includes several smaller stores in addition to the Supercenter, which replaced a nearby discount store.

**Fenton, MO (discount store, 2001)**

- total subsidy: \$10 million

The city used sales-tax increment financing for land preparation on two retail developments put together by the same developer. One includes a Wal-Mart and several smaller stores and restaurants; the other has a Lowe's, Target, Kohl's, and about 30 smaller outlets. We assumed that one quarter of the \$40 million total tax increment financing was attributed to the Wal-Mart development, since it was one of four large anchor stores. The Wal-Mart replaced a smaller store in the same town.

**Harrisonville, MO (distribution center, 2001)**

- total subsidy: more than \$2.6 million

The state made available a \$1 million Community Development Block Grant to enable the city to pay for infrastructure improvements at the site. The city also provided a property tax abatement that saves Wal-Mart about \$80,000 a year, or \$1.6 million over the 20-year life of the subsidy agreement. The state also provided tax credits, the value of which is not available.

**Kansas City, MO (Supercenter, 2001)**

- total subsidy: \$9.1 million

The city used a tax increment financing district to improve roads for a development

anchored by Wal-Mart and Lowe's, both of which were built by the same developer. The TIF district will eventually be used to make a total of \$90 million in infrastructure improvements within the district. A local official estimated that \$9.1 million of the funds were used for Wal-Mart's access roads.

**Kirkwood, MO (discount store, 1999)**

- total subsidy: \$5.7 million

The city provided \$21.4 million in tax increment financing to the developers of the Kirkwood Commons mall. Of that, \$4 million was used for neighborhood improvements and \$17 million went for commercial use, including acquiring land, demolishing and relocating over 100 homes, preparing the site and infrastructure improvements. The commercial project includes a Wal-Mart, a Target and a Lowe's. We divided the retail portion of the TIF among the three anchors to estimate the value to Wal-Mart.

**Mexico, MO (Supercenter)**

- total subsidy: \$500,000

The city will give Wal-Mart \$500,000 in sales tax rebates to reimburse the company for infrastructure costs. The Supercenter, which will replace a nearby Wal-Mart discount store, is expected to open in 2005.

**Moberly, MO (distribution center, 2002)**

- total subsidy: more than \$1.65 million

The Missouri Department of Economic Development provided a \$1.25 million infrastructure grant through the Community Development Block Grant program to pay for water and sewer improvements. The state also made available enterprise zone tax credits and \$400,000 in job training funds.

**Monett, MO (Supercenter, 1999)**

- total subsidy: \$1.75 million

The city and the two counties in which it is located provided infrastructure assistance to Wal-Mart through sales- and property-tax increment financing.

**Ozark, MO (Supercenter, 2004)**

- total subsidy: \$3.5 million

The city assisted the developer of a retail park anchored by Wal-Mart by spending roughly \$1.5 to extend water and sewer to the property. The city also set up a transportation development district to fund \$2 million worth of street improvements near the site.

**Republic, MO (Supercenter, 2002)**

- total subsidy: \$500,000

The city gave Wal-Mart \$500,000 towards site cleanup and infrastructure improvements for the construction of a Supercenter.

**St. James, MO (distribution center, 2001)**

- total subsidy: more than \$1.6 million

The Missouri Department of Economic Development provided a \$1 million infrastructure grant through the Community Development Block Grant program to pay for an access road. The state also made available Business Facility Tax Credits and \$600,000 in job training funds.

**Wentzville, MO (discount store, 2002)**

- total subsidy: \$7.5 million

The city used a transportation development district to provide \$2 million in road improvements to two developments: a Wal-Mart discount store developed by THF Realty, and a grocery store. The city also issued \$13 million in bonds to improve a road and overpass near the development. We assume half the amount of the

infrastructure improvements, or \$7.5 million, benefit each anchor store.

**West Plains, MO (Supercenter, 1994)**

- total subsidy: \$250,000

The city provided \$250,000 in infrastructure assistance through sales-tax increment financing. The Supercenter replaced a discount store in the same town.

**Biloxi, MS (discount store, 1988)**

- total subsidy: \$350,000

The city used tax increment financing bonds to extend an access road for the site.

**Brookhaven, MS (distribution center, 1986)**

- total subsidy: more than \$1.5 million

Local officials put together a package that included infrastructure improvements, including a rail spur, costing about \$1.5 million. In addition, there was a ten-year property tax exemption and an exemption for inventory taxes. The state provided tax credits. Estimates for the value of the tax subsidies are not available.

**D'Iberville, MS (Supercenter, 1999)**

- total subsidy: \$2.3 million

The development received infrastructure assistance worth \$4.6 million, of which \$4 million took the form of city and county tax increment financing. A city official estimated that \$3 million was diverted from city property and sales taxes and \$1 million was taken from Harrison County property taxes. The remaining funds were provided through a \$600,000 Community Development Block Grant. In addition to a Supercenter, the developer's project includes a Lowe's and several smaller stores and restaurants. We divided the subsidy between the two anchors to estimate the benefit to Wal-Mart.

**Fulton, MS (Supercenter, 1999)**

- total subsidy: \$900,000

The city provided \$600,000 through tax increment financing for infrastructure improvements in the area of a Supercenter. The Associated Press reported that the project received an additional \$300,000 Community Development Block Grant to help with the improvements, but state and local officials did not return calls for more information on this portion of the deal.<sup>48</sup>

**Greenville, MS (Supercenter, 2002)**

- total subsidy: \$1.2 million

The developer of a retail center anchored by Wal-Mart benefited from city-funded infrastructure improvements. The city issued \$1.2 million in tax increment financing bonds for infrastructure in the area of the Supercenter.

**Hattiesburg, MS (Supercenter, 1999)**

- total subsidy: \$900,000

The city issued \$900,000 in bonds for infrastructure, including an access road and drainage improvements. The city services the bond debt through property-tax increment financing. Forrest County contributes a fixed yearly amount towards the bond payments.

**New Albany, MS (distribution center, 1996)**

- total subsidy: about \$11.5 million

The state provided grants and loans to pay for about \$3 million in infrastructure improvements, including road and water/sewer lines. Free land worth about \$100,000 was provided by the county after it was donated by a local family. The facility was awarded a ten-year property tax exemption. Without the exemption, Wal-Mart would be paying about \$838,000 in local taxes, making the exemption worth about \$8.4 million.

**Ocean Springs, MS (Supercenter, 2000)**

- total subsidy: not available

An article in the *Coast Business-Gulfport MS* mentioned that the city received a Community Development Block Grant for drainage improvements at the site of a Wal-Mart Supercenter.<sup>49</sup> Local officials did not return calls for more information.

**Olive Branch, MS (Supercenter, 2000)**

- total subsidy: \$1.7 million

The city provided the developer of a Supercenter with \$1,175,000 for road, water, and sewer improvements through sales-tax increment financing. The state development authority chipped in an additional \$500,000 in Community Development Block Grant funding.

**Pascagoula, MS (Supercenter, 2003)**

- total subsidy: \$5 million

Using tax increment financing, the city spent about \$5 million on infrastructure improvements connected to a Supercenter project.

**Petal, MS (Supercenter, 2001)**

- total subsidy: \$877,000

The city and county provided money for infrastructure through tax increment financing. The county is providing \$277,000 over ten years through a diversion of real property taxes (excluding school taxes). City officials were unable to provide a dollar estimate, but an article in the *Hattiesburg American* reports the city's contribution to be worth \$600,000.<sup>50</sup>

**Richland, MS (Supercenter, 2001)**

- total subsidy: \$363,000

The city provided water, sewer, and road improvements through sales-tax increment financing. The development includes several smaller stores in addition to a Supercenter.

**Waveland, MS (Supercenter, 2003)**

- total subsidy: \$500,000

An article in *The Sun Herald* reported that the city planned to use a \$500,000 Community Development Block Grant to pay for infrastructure improvements around the site of a new Wal-Mart Supercenter.<sup>51</sup> Local officials did not respond to requests for information.

**Henderson, NC (distribution center, 2002)**

- total subsidy: more than \$1 million

Vance County provided reduced-price land and infrastructure improvements for a total cost of about \$1 million, some of which was paid by the state. Local officials were unable to provide a breakdown, so we assumed half went for each purpose. The facility was also made eligible for state tax credits.

**Hope Mills, NC (distribution center, 1997)**

- total subsidy: about \$2 million

The county spent \$1.22 million to purchase the land for the distribution center and another \$773,000 on sewer lines and other infrastructure improvements.

**Shelby, NC (distribution center, 2002)**

- total subsidy: at least \$2.1 million

The city and Cleveland County equally shared the cost of a \$2.1 million grant to Wal-Mart. The state provided corporate tax credits, the value of which is not available.

**North Platte, NE (distribution center, 2003)**

- total subsidy: more than \$15.2 million

The city used \$1 million in tax increment financing bonds to purchase land that was then granted to Wal-Mart. The company bought the bonds and will be repaid through a property tax abatement. The city used a \$1 million Community Development Block Grant and \$3.2 million in state funds to purchase the distribution center's racking system, which was granted to Wal-



Mart. The city waived \$170,000 in fees, provided office space worth \$6,000, and made infrastructure improvements, the cost of which was not available. The state provided \$400,000 from the Nebraska Customized Job Training Program and tax abatements through the Invest Nebraska Act and Employment and Investment Growth Act. State officials would not estimate the value of the abatements, but an AP article put them at \$2 million and \$7.45 million, respectively.<sup>52</sup>

**Audubon, NJ (Supercenter)**

- total subsidy: \$1.2 million

The Delaware River Port Authority provided \$1.2 million for road improvements to bring this Supercenter, scheduled to open this year, to the ailing Black Horse Pike shopping center (soon to be renamed Audubon Crossing).

**Lumberton, NJ (discount store, 2001)**

- total subsidy: \$534,000

Wal-Mart received a property tax abatement for a discount store built in a redevelopment zone. The abatement phased in the assessed value of the discount store building at 20% per year over a five-year period. A city official estimated that Wal-Mart would have paid \$246,000 per year in property taxes without the abatement, but instead paid only \$68,000 in property taxes on the value of the land. We estimate the five-year savings to Wal-Mart at \$534,000.

**Millville, NJ (discount store, 1994)**

- total subsidy: not available

For locating in an urban enterprise zone, Wal-Mart receives a 50% sales tax rebate and an exemption from state sales tax for capital improvements and construction materials. To qualify for the credits, Wal-Mart had to hire only one full-time

employee from the zone area. If the store maintains its current employment level, it can keep the benefits through 2019. State and local officials would not estimate the dollar value of the tax credits to Wal-Mart.

**Los Lunas, NM (distribution center, 1999)**

- total subsidy: about \$6.7 million

In addition to spending \$600,000 on infrastructure improvements, Los Lunas agreed to issue \$50 million in 30-year industrial revenue bonds to finance construction of the distribution center. Wal-Mart is responsible for payments on the bonds, but the village is technically owner of the facility. This means that Wal-Mart does not have to pay property taxes. According to local officials, the taxes that would be payable amount to \$204,464 this year. Over 30 years, this amounts to a savings of about \$6.1 million.

**Johnstown, NY (distribution center, 2001)**

- total subsidy: more than \$1.9 million

The state provided a \$650,000 Jobs Now Grant and a \$250,000 training and recruitment grant as well as \$1 million in infrastructure improvements. The center is located in an Empire Zone, which provides property tax abatements and other subsidies. Local officials have not yet responded to a request for details on the value of these subsidies.

**Marcy, NY (distribution center, 1994)**

- total subsidy: \$2.2 million

Oneida County agreed to spend \$2.2 million on infrastructure improvements tied to the site.

**Oneida, NY (Supercenter, 1997)**

- total subsidy: about \$850,000

The city of Oneida and Madison County provided a 10-year property tax break that exempts from taxes 50% of the assessed value of the store for the first year and

phases out by 5% every year after that. We estimate of the value of the tax break will be about \$850,000.

**Sharon Springs, NY  
(distribution center, 1995)**

- total subsidy: estimated \$46 million

The deal called for the Schoharie County Industrial Development Agency to take title to the facility, so that it would be exempt from property taxes. Wal-Mart agreed to make a (partial) payment in lieu of taxes, so that the deal was in effect a property tax abatement. Based on information from county officials, we estimate that the savings to Wal-Mart will total about \$46 million over the 20-year life of the agreement.

**Columbus, OH (distribution center, 2002)**

- total subsidy: \$2.6 million

State and local officials did not respond to our requests for information, but we learned from a report published by Policy Matters Ohio that Wal-Mart was entitled to receive a \$2.2 million Job Creation Tax Credit for this eyeglass manufacturing and distribution center.<sup>53</sup> The state also provided a \$400,000 Ohio Investment in Training Program grant.

**Grove City, OH (distribution center, 1992)**

- total subsidy: \$19 million

The city gave Wal-Mart a 15-year, 100% property tax abatement on new construction, valued at about \$1.2 million per year, or \$18 million overall. The city also made infrastructure improvements worth about \$1 million, financed in part through a \$200,000 grant from the Ohio Department of Development.

**Island Creek Township, OH  
(distribution center, 2003)**

- total subsidy: more than \$9.2 million

State officials did not respond to our requests for information, but we learned from the Policy Matters Ohio report cited above that Wal-Mart was entitled to receive a ten-year tax abatement through Ohio's enterprise zone program worth about \$3.6 million. The state also provided \$2.8 million in Ohio Job Creation tax credits, a \$600,000 roadwork grant, a \$484,000 Appalachian infrastructure grant and a \$650,000 warehouse equipment sales tax exemption. Jefferson County provided infrastructure improvements and below-cost land, but local officials would not estimate the dollar value. An article in the Pittsburgh Post-Gazette reported the estimated land savings to be \$1.1 million.<sup>54</sup>

**Moraine, OH (Supercenter, 2003)**

- total subsidy: more than \$157,000

The cities of Moraine and Kettering funded road improvements in the area of a Supercenter. Local officials did not provide information on the amount each city contributed for the road, but a newspaper reported that Kettering provided \$67,000.<sup>55</sup> A local official did reveal that Moraine installed a traffic light for \$90,000.

**Ravenna, OH (discount store, 1997)**

- total subsidy: \$1.3 million

Wal-Mart received a ten-year, 75% exemption on real and personal property taxes from Ohio's enterprise zone program. The store was approved for EZ credits in 1994, just before the law governing the program was changed to bar credits to retail developments in non-blighted areas. Wal-Mart's benefit from the abatement from 1998-2002 was \$642,105. Based on the amount of the tax rebate the store received in 1998, we estimated that Wal-

Mart will have received \$1.3 million in rebates when the abatement expires in 2007.

**Streetsboro, OH (discount store, 1996)**

- total subsidy: \$491,000

Wal-Mart received a little under \$491,000 in real and personal property tax abatements through the Ohio enterprise zone program. The discount store was approved for the program in 1994, four days before Ohio banned retailers from receiving zone tax breaks in non-blighted areas. In 1998, the Streetsboro City Council reduced the size of the tax abatement, citing Wal-Mart's failure to meet hiring commitments. Wal-Mart continued to be non-compliant until 2003, when, with the support of the school district, the city rescinded the zone agreement two years earlier than scheduled.<sup>56</sup>

**Washington Court House, OH (distribution center, 2001)**

- total subsidy: more than \$8.3 million

A state official disclosed that Wal-Mart received enterprise zone benefits including \$3.5 million in property tax abatements. According to the Policy Matters Ohio report cited above, Wal-Mart also received Job Creation Tax Credits worth \$2.6 million over ten years, \$900,000 in infrastructure grants and a \$200,000 training grant. The city provided more than \$1.1 million in infrastructure improvements along with reductions in land costs, the value of which was not available.

**West Chester, OH (Supercenter)**

- total subsidy: \$3.4 million

Butler County provided \$3.4 million for infrastructure improvements for this Supercenter, expected to open in 2005. The work will be funded through tax increment financing.

**Bartlesville, OK (distribution center)**

- total subsidy: about \$15.9 million

The Bartlesville Development Authority bought the land for the distribution center for \$675,000 and will take possession of the building when construction is completed, leasing it back to Wal-Mart and providing the company with a property tax savings of unknown value. The city paid \$3.2 million for water and sewer extensions, and the state will provide \$4 million for the construction of an overpass. Wal-Mart has also qualified for the state's Quality Jobs Program, which provides cash payments of up to 5% of new payroll for ten years. We project that the value of that subsidy will be about \$8 million. The center is expected to open in 2005.

**Pauls Valley, OK (distribution center, 2000)**

- total subsidy: about \$6.5 million

The city provided free land (the value of which is about \$4 million) as well as infrastructure improvements worth about \$1 million, half of which was paid through a federal Economic Development Administration grant. Wal-Mart also received county and state tax breaks, including property tax abatements worth about \$1.5 million.

**Sand Springs, OK (Supercenter, 2003)**

- total subsidy: \$2.8 million

The city provided \$2.8 million for infrastructure improvements to the developer of a project in which a Wal-Mart discount store was closed and replaced by a Supercenter two miles away. The improvements were financed by a tax increment financing plan based both on property and sales taxes. The increment was said to be the difference between the taxes generated by the discount store and those expected from the Supercenter. The new store was built on a remediated site that had been the location of a smelter, but

no incentives were linked to the brownfield status.

**Hermiston, OR (distribution center, 1998)**

- total subsidy: about \$2.5 million

The center was located in an enterprise zone, which provided a three-year property tax exemption that local officials estimate was worth \$1.6 million. The city also provided infrastructure improvements that were reported to cost \$933,000.

**Cessna, PA (distribution center, 1998)**

- total subsidy: about \$6 million

The state committed \$2.95 million in grants and low-interest loans for infrastructure improvements and job training. Bedford County provided a ten-year property tax abatement worth approximately \$3 million.

**Indiana, PA (Supercenter, 1996)**

- total subsidy: \$1.1 million

The Indiana County Redevelopment Authority provided \$1.1 million in tax increment financing to THF Realty for infrastructure improvements for a development anchored by a Supercenter.

**Minersville, PA (distribution center)**

- total subsidy: more than \$2.45 million

The site was put in a Keystone Opportunity Zone, which made it eligible for property and business tax abatements that local officials estimate will be worth \$2 million. The state committed \$450,000 in customized job training funds as well as corporate tax credits. Construction is scheduled to begin in Spring 2004.

**Smithfield Township, PA (Supercenter)**

- total subsidy: up to \$4.75 million

Smithfield Township and Huntingdon County will assist THF Realty with infrastructure improvements in the area of

a proposed Supercenter. While plans have not been finalized, a county official estimates that at least 80% of the expected \$4.75 million in improvements will be paid for with state and federal funds, with the local government expected to foot much of the remainder of the bill. The store is expected to open in 2005.

**Tobyhanna, PA (distribution center, 2002)**

- total subsidy: \$2.25 million

The state provided a \$2.25 million package containing an Infrastructure Development Grant and an Opportunity Grant.

**Union Township, PA (Supercenter, 1996)**

- total subsidy: \$1.3 million

The township provided \$1.3 million in infrastructure reimbursements to three companies developing a Supercenter, including THF Realty. The city is paying back the developers through a 20-year loan. Payments for the first ten years are financed through a tax abatement through the Remedial Action Plan program. During the second ten years, the township, municipalities, and school district will each pay a percentage of the taxes they receive towards the debt.

**Woodland, PA (distribution center, 1993)**

- total subsidy: \$8 million

The state provided \$5.5 million in subsidies, including \$2 million for land acquisition and \$3.5 million for infrastructure improvements. The city and town provided a ten-year property tax abatement worth approximately \$2.5 million.

**Laurens, SC (distribution center, 1988)**

- total subsidy: \$250,000

Local economic development officials said they could not recall any subsidies, but the *Charlotte Observer* reported in 1986 that the

state had arranged for a \$250,000 Community Development Block Grant to pay for infrastructure improvements, including a water tank, at the site.<sup>57</sup>

**North Charleston, SC (Supercenter)**

- total subsidy: up to \$10 million

The city will reimburse the developer of a Wal-Mart and Sam's Club up to \$10 million for infrastructure improvements through tax increment financing. A local official reports that while the store openings are not yet scheduled, the developer would like to have the stores open by the end of 2004.

**Pageland, SC (distribution center, 1997)**

- total subsidy: \$28.2 million

South Carolina gave Wal-Mart a Job Tax Credit worth an estimated \$19.2 million, and a Development Tax Credit worth an estimated \$7.1 million. Chesterfield County provided free land valued at \$350,000 and infrastructure improvements worth \$1.5 million. The state financed the infrastructure work through a \$1 million Community Development Block Grant and other grants.

**Midway, TN (distribution center, 1997)**

- total subsidy: \$5.4 million

Greene County provided \$2.4 million for water and sewer improvements as well as \$750,000 for an access road funded by the state. The county and state provided \$250,000 in job training funds. The county also gave a ten-year tax abatement worth \$2 million.

**Shelbyville, TN (distribution center, 2001)**

- total subsidy: \$2.5 million

The state provided a \$750,000 grant for sewer work as well as a \$500,000 Community Development Block Grant for a water tank and water lines. A state official

said that the local government matched each of these grants, but local officials did not respond to requests for information on the project.

**Bastrop, TX (Supercenter, 1995)**

- total subsidy: \$125,000

The city provided a property tax abatement worth \$125,000.

**Baytown, TX (distribution center)**

- total subsidy: \$19 million

The city, county, and state have pledged approximately \$1 million in infrastructure improvements in the area of a planned distribution center. The Texas General Land Office will purchase the land and building of the completed center and lease it back to Wal-Mart for 30 years, generating income for the public school fund and exempting Wal-Mart from ad valorem property taxes. Based on information from local officials, we estimate the exemption to be worth \$18 million over the 30-year lease. The center is expected to open in 2005.

**Cleburne, TX (distribution center, 2002)**

- total subsidy: about \$7 million

The city agreed to reimburse Wal-Mart for some \$4.2 million in infrastructure costs by creating a tax increment financing district. Once that cost is repaid, Wal-Mart will receive a 75% property tax abatement that will be worth about \$2.8 million over ten years.

**Dallas, TX (distribution center, 2002)**

- total subsidy: \$1.4 million

The city provided a ten-year property tax abatement worth an estimated \$919,000 as well as a grant of \$50,000 and infrastructure improvements costing about \$415,000.

**Dallas, TX (Supercenter, 2003)**

- total subsidy: \$630,000

The city gave Wal-Mart a 90%, ten-year property tax abatement. Based on estimates of a city official, the abatement is likely worth around \$630,000. The city also provided infrastructure assistance to the larger retail, office and industrial park project of the developer.

**Garland, TX (Supercenter, 2001)**

- total subsidy: \$575,000

The city of Garland waived 60% of the road and water impact fees (about \$550,000-\$600,000) for the developer of a Wal-Mart Supercenter that agreed to use more expensive brick building materials rather than the company's typical concrete-block "battleship" design.

**New Braunfels, TX (distribution center, 1989)**

- total subsidy: estimated \$20 million

Wal-Mart received a ten-year abatement on all local taxes, including those going to the school district. Local officials were unable to estimate the value of the abatement, but they said that the company is currently paying about \$2.3 million a year now that the abatement has expired. We estimate the total value of the abatement at about \$20 million.

**New Caney, TX (distribution center, 2003)**

- total subsidy: more than \$3 million

The East Montgomery County Improvement District (which receives a portion of local sales tax revenues) spent about \$3 million to purchase the land and put in water and sewer lines. The county provided a property tax abatement (excluding the school district portion), the value of which was not available.

**Palestine, TX****(distribution centers, 1980; 1996)**

- total subsidy: \$12.7 million

In 1980 the city issued \$8 million in industrial development revenue bonds to help finance the construction of a distribution center. The county later provided property tax abatements worth about \$4.7 million over ten years for a second distribution center just outside the city.

**Plainview, TX (distribution center, 1987)**

- total subsidy: more than \$1 million

The community provided free land to Wal-Mart for the project in the 1980s, and four years ago the Plainview/Hale County Industrial Foundation gave the company another 11 acres for free. Local officials could not provide an estimate of the value of the original land grant, but the more recent one was worth about \$220,000. We estimate the value of the total land grants at \$1 million. In the 1980s Wal-Mart was also given a property tax abatement, but local officials were unable to estimate the value of that subsidy.

**Sanger, TX (distribution center, 2001)**

- total subsidy: \$3.8 million

The city agreed to use sales tax revenue to pay \$1 million of Wal-Mart's land purchase costs. In addition, the city and the county together provided property tax abatements estimated to be worth about \$1.3 million over ten years. The state provided a \$1.5 million infrastructure grant.

**Temple, TX (distribution center, 1994)**

- total subsidy: about \$3.6 million

Bell County provided a ten-year property tax abatement on the center and a five-year abatement for an expansion about six years later. Local economic development officials were unable to estimate the value of the

abatements, but based on information from local tax appraisers, we estimate the savings to Wal-Mart at about \$3.6 million.

**Terrell, TX (distribution center, 2000)**

- total subsidy: \$4.2 million

The center, located in an enterprise zone, received a ten-year property tax abatement worth an estimated \$2.8 million. The city provided land worth \$58,000 before the deal (and now worth \$1.5 million). Wal-Mart also received job training assistance worth as much as \$1.38 million.

**Waco, TX (merchandise return center)**

- total subsidy: \$1.42 million

The Waco/McLennan County Economic Development Fund provided an \$850,000 subsidy package for this merchandise return center, which is expected to open later in 2004. The package included 50 acres of land worth about \$548,900 as well as infrastructure improvements, fee waivers and other assistance. In addition, the project received a five-year property tax abatement worth about \$570,000.

**American Fork, UT (Supercenter)**

- total subsidy: \$1.2 million

The city set up a special improvement district to provide \$3.5 million in infrastructure improvements to the developers of a retail complex anchored by Wal-Mart, Home Depot, and Kohl's. The city will divert a decreasing percentage of property and sales taxes to repay the developers over 10 years. We assume that a third of the subsidy benefited each of the three anchor stores. The Supercenter is replacing a discount store in town and is expected to open in 2004.

**Grantsville, UT (distribution center)**

- total subsidy: \$2.5 million

Last year Wal-Mart signed a memorandum of understanding with the city to build a 1.2 million-square-foot distribution center. The city will spend about \$1.5 million on infrastructure improvements. The state made available up to \$1 million from its Industrial Assistance Fund. The center has a projected opening date of 2005.

**Hurricane, UT (distribution center, 1993)**

- total subsidy: estimated \$10 million

Local economic development officials said that Wal-Mart received free land and infrastructure assistance worth about \$3 million. Based on current assessed value, we estimate that the land was worth about \$7 million.

**James City, VA (distribution center, 2000)**

- total subsidy: more than \$578,000

James City County and the state together provided grants totaling \$578,000. The center's location in an enterprise zone also makes it eligible for state tax credits, the values of which are not available.

**Louisa County, VA (distribution center, 2003)**

- total subsidy: \$500,000

The state provided a grant from the Governor's Opportunity Fund. The county accelerated work on sewer lines that had already been planned.

**Mount Crawford, VA (distribution center)**

- total subsidy: \$2.5 million

The state committed a \$1.5 million grant from the Governor's Opportunity Fund, and local authorities agreed to spend \$1 million on infrastructure improvements. Construction is scheduled to begin late this year, and the opening is expected in late 2005 or early 2006.

**Sutherland, VA (distribution center, 1991)**

- total subsidy: \$700,000

The state provided a \$700,000 Community Development Block Grant to pay for infrastructure improvements for the site.

**Grandview, WA (distribution center, 2004)**

- total subsidy: \$1 million

The state gave the city a grant of \$1 million to pay for infrastructure improvements for the site.

**Baraboo, WI (Supercenter, 2001)**

- total subsidy: \$2.2 million

Wal-Mart benefited from infrastructure improvements made in a tax increment financing district that also included a Slumberland distribution center. We assume that half the \$4.4 million total went to each facility. A report by 1000 Friends of Wisconsin noted that the construction of the Supercenter was contentious both because it replaced a discount store within the city and because the “blighted” TIF district in which it was built had consisted of a cornfield and an apple orchard.<sup>58</sup>

**Beaver Dam, WI (distribution center)**

- total subsidy: about \$7.7 million

In October 2003 Beaver Dam officials signed a memorandum of understanding with Wal-Mart that called on the city to spend about \$2.3 million on infrastructure improvements, including \$800,000 of its own funds and \$1.5 million that the city would seek to get from the state. The city also agreed to reimburse Wal-Mart \$5.4 million of the purchase price for the land. Of that, \$1.4 million was to be paid on or before closing, and the remainder was to be paid in 20 annual installments of \$200,000. The center is expected to open in 2005

**Menomonie, WI (distribution center, 1993)**

- total subsidy: \$750,000

The city subsidized half of Wal-Mart’s land acquisition costs through the use of tax increment financing.

**Milwaukee, WI (discount center, 2003)**

- total subsidy: \$4.5 million

The city used \$4.5 million in tax increment financing to provide infrastructure assistance to the developer of Midtown Center, which was anchored by a Wal-Mart discount store.

**Tomah, WI (distribution center, 2000)**

- total subsidy: about \$6.6 million

The city spent about \$5 million on infrastructure improvements for the site and sold the land to Wal-Mart at a price \$1.6 million less than what the city had paid.

**Beckley, WV (discount store, 1989)**

- total subsidy: at least \$1.25 million

Wal-Mart received tax credits from the state for this discount store. State tax credit disclosure reports revealed that the store received a business franchise tax credit in 1992 worth between \$250,000 and \$500,000 and a corporate net income tax credit in 1993 worth more than \$1 million. Using the lowest dollar figures, the subsidy was worth at least \$1.25 million. The store closed in 1995 and was replaced by a Supercenter.

**Logan, WV (Supercenter, 1998)**

- total subsidy: \$3.5 million

The city agreed to rebate to the developer 57% of the Business & Occupation taxes generated by a retail development anchored by a Supercenter as reimbursement for infrastructure improvements. Based on numbers provided by city officials, we estimate the rebate to



be worth \$3.5 million over the 20-year term of the deal.

**Nitro, WV (Supercenter, 1998)**

- total subsidy: \$4.9 million

The city gave a 20-year Business & Occupation tax break to THF Realty for a shopping center anchored by a Wal-Mart Supercenter and a Lowe's as reimbursement for infrastructure improvements. The city keeps the first \$36,000 in tax revenue each year; the developer keeps the next \$400,000 as well as 80% of revenue over \$436,000. Based on

information from local officials, we estimate the total subsidy to be worth \$9.8 million. We assume half the subsidy can be attributed to each anchor, making Wal-Mart's portion \$4.9 million.

**Wayne, WV (Supercenter, 1999)**

- total subsidy: not available

The City pays the developer 70% of Business & Occupation taxes for 17 years as reimbursement for infrastructure improvements. Local officials would not estimate the amount of the tax incentive.

## Appendix C: Subsidies by Type And Size

The list is arranged according to the following categories: enterprise zones, free and reduced-price land, general grants, industrial revenue bonds, infrastructure and site preparation, job training and recruitment funds, property tax exemptions/abatements, sales tax abatements, and state tax credits and refunds. We indicate where tax increment financing (TIF) or a Community Development Block Grant (CDBG) is the vehicle for a subsidy in another category.

### Enterprise zone (and related zones) tax benefits

#### *stores*

Natchitoches, LA ..... \$1.5 million	Ruston, LA ..... \$647,000
Bloomington, IL ..... \$1.5 million	Streetsboro, OH ..... \$491,000
Ravenna, OH ..... \$1.3 million	Millville, NJ ..... not available (n.a.)
Ouachita Parish, LA ..... \$840,000	

#### *distribution centers*

Porterville, CA ..... \$14 million	Robert, LA ..... \$1.5 million
Island Creek Twnshp, OH ... \$3.6 million	Arcadia, FL ..... n.a.
Wash. Court House, OH ..... \$3.5 million	Moberly, MO ..... n.a.
Minersville, PA ..... \$2 million	James City, VA ..... n.a.
Hermiston, OR ..... \$1.6 million	

### Free or reduced-price land

#### *stores*

Birmingham, AL ..... \$10 million	Duarte, CA ..... \$1.8 million
Covina, CA ..... \$5.3 million	San Diego, CA ..... \$1.3 million (TIF)
Colton, CA ..... \$2.6 million	Pell City, AL ..... \$1.1 million
Rialto, CA ..... \$2.6 million	

#### *distribution centers*

Hurricane, UT ..... \$7 million	Menomonie, WI ..... \$750,000
Beaver Dam, WI ..... \$5.4 million	Bartlesville, OK ..... \$675,000
Pauls Valley, OK ..... \$4 million	Olney, IL ..... \$630,000
Smyrna, DE ..... \$2.8 million	Waco, TX ..... \$548,900
Woodland, PA ..... \$2 million	Carrollton, GA ..... \$500,000
Tomah, WI ..... \$1.6 million	Henderson, NC ..... \$500,000
Macclenny, FL ..... \$1.5 million	Coldwater, MI ..... \$499,999
New Caney, TX ..... \$1.5 million	Pageland, SC ..... \$350,000
Hope Mills, NC ..... \$1.2 million	Lewiston, ME ..... \$330,600
Island Creek Twnshp, OH ... \$1.1 million	New Albany, MS ..... \$100,000
North Platte, NE ..... \$1 million (TIF)	Terrell, TX ..... \$58,000
Plainview, TX ..... \$1 million	Wash. Court House, OH ..... n.a.
Sanger, TX ..... \$1 million	

## General grants

### *distribution centers*

London, KY ..... \$13 million	St. Lucie County, FL ..... \$1 million
Brundidge, AL ..... \$5 million	Grantsville, UT ..... \$1 million
North Platte, NE .... \$4.2 million (CDBG)	Johnstown, NY ..... \$650,000
Tobyhanna, PA ..... \$2.3 million	James City, VA ..... \$578,000
Shelby, NC ..... \$2.1 million	Louisa County, VA ..... \$500,000
Mount Crawford, VA ..... \$1.5 million	Dallas, TX ..... \$50,000
Smyrna, DE ..... \$1.2 million	

## Industrial revenue bond financing

*stores*  
see page 25

### *distribution centers*

Cullman, AL ..... \$12 million	Mt. Pleasant, IA ..... \$10 million
Douglas, GA ..... \$10 million	Palestine, TX ..... \$8 million

## Infrastructure and site preparation assistance

### *stores*

Fenton, MO ..... \$10 million (TIF)	Trussville, AL ..... \$3 million
North Charleston, SC ... \$10 million (TIF)	Niles, IL ..... \$2.9 million (TIF)
Kansas City, MO ..... \$9.1 million (TIF)	Sand Springs, OK ..... \$2.8 million (TIF)
Wentzville, MO ..... \$7.5 million	Perris, CA ..... \$2.7 million (TIF)
Belleville, IL ..... \$7 million (TIF)	Chesterfield, MO ..... \$2.6 million (TIF)
Bridgeview, IL ..... \$6.7 million (TIF)	San Diego, CA ..... \$2.6 million
Prescott, AZ ..... \$6 million	D'Iberville, MS ..... \$2.3 million (TIF/CDBG)
Augusta, ME ..... \$5.7 million (TIF)	Lake Elsinore, CA ..... \$2.2 million
Kirkwood, MO ..... \$5.7 million (TIF)	Baraboo, WI ..... \$2.2 million (TIF)
Rolling Meadows, IL ..... \$5.3 million	Cameron, MO ..... \$2.1 million (TIF)
Eureka, MO ..... \$5.3 million (TIF)	Cathedral City, CA ..... \$1.8 million
Pascagoula, MS ..... \$5 million (TIF)	Monett, MO ..... \$1.8 million (prop/sales TIF)
Nitro, WV ..... \$4.9 million	Manteca, CA ..... \$1.7 million
Smithfield Twnshp, PA ..... \$4.8 million	Olive Branch, MS. \$1.7 million (sales TIF/CDBG)
Milwaukee, WI ..... \$4.5 million (TIF)	Commerce City, CO ..... \$1.4 million (sales TIF)
Gardendale, AL ..... \$4 million	Sanger, TX ..... \$1.5 million
Addison, IL ..... \$3.5 million	Villa Park, IL ..... \$1.4 million
Palatine, IL ..... \$3.5 million	Union Township, PA ..... \$1.3 million
Ozark, MO ..... \$3.5 million	Bullhead City, AZ ..... \$1.2 million
Logan, WV ..... \$3.5 million	Altoona, IA ..... \$1.2 million (TIF)
West Chester, OH ..... \$3.4 million (TIF)	Greenville, MS ..... \$1.2 million (TIF)

Audubon, NJ ..... \$1.2 million  
 Indiana, PA ..... \$1.1 million (TIF)  
 Palatka, FL ..... \$1.1 million (CDBG)  
 American Fork, UT ..... \$1.2 million  
 Vandalia, IL ..... \$1 million (sales TIF)  
 Mobile, AL ..... \$992,000  
 Fulton, MS ..... \$900,000 (TIF/CDBG)  
 Hattiesburg, MS ..... \$900,000 (TIF)  
 Petal, MS ..... \$877,000 (TIF)  
 Zephyrhills, FL ..... \$600,000 (CDBG)  
 Garland, TX ..... \$575,000  
 Leeds, AL ..... \$500,000  
 Waterville, ME ..... \$500,000 (TIF)  
 Mexico, MO ..... \$500,000

Republic, MO ..... \$500,000  
 Waveland, MS ..... \$500,000 (CDBG)  
 Show Low, AZ ..... \$430,000  
 Gilroy, CA ..... \$408,000  
 Richland, MS ..... \$363,000  
 Biloxi, MS ..... \$350,000 (TIF)  
 Hemet, CA ..... \$330,000  
 Ruston, LA ..... \$300,000  
 Redlands, CA ..... \$250,000  
 West Plains, MO ... \$250,000 (sales TIF)  
 Moraine, OH ..... \$157,000  
 Riverside, CA ..... n.a.  
 Ocean Springs, MS ..... n.a. (CDBG)  
 Wayne, WV ..... n.a.

*distribution centers*

Arcadia, FL ..... \$22 million  
 Lewiston, ME ..... \$8.6 million  
 St. Lucie County, FL ..... \$8.2 million  
 Bartlesville, OK ..... \$7.2 million  
 Tomah, WI ..... \$5 million  
 Robert, LA ..... \$4.5 million  
 Cleburne, TX ..... \$4.2 million (TIF)  
 Macclenny, FL ..... \$3.7 million  
 Woodland, PA ..... \$3.5 million  
 Midway, TN ..... \$3.2 million  
 Opelousas, LA ..... \$3 million  
 New Albany, MS ..... \$3 million  
 Hurricane, UT ..... \$3 million  
 Shelbyville, TN ..... \$2.5 million  
 Hernando County, FL ..... \$2.3 million  
 Beaver Dam, WI ..... \$2.3 million  
 Marcy, NY ..... \$2.2 million  
 Statesboro, GA ..... \$2 million  
 Spring Valley, IL ..... \$2 million  
 Wash. Court House, OH ..... \$2 million  
 Coldwater, MI ..... \$1.9 million  
 Olney, IL ..... \$1.8 million  
 Cessna, PA ..... \$1.6 million  
 Brookhaven, MS ..... \$1.5 million  
 Laurens, SC ..... \$250,000 (CDBG)  
 Pageland, SC ..... \$1.5 million (CDBG)  
 New Caney, TX ..... \$1.5 million  
 Grantsville, UT ..... \$1.5 million  
 Moberly, MO ..... \$1.25 million

Island Creek Twnshp, OH ... \$1.1 million  
 LaGrange, GA ..... \$1 million  
 Ottawa, KS ..... \$1 million  
 Harrisonville, MO ..... \$1 million  
 St. James, MO ..... \$1 million  
 Johnstown, NY ..... \$1 million  
 Grove City, OH ..... \$1 million  
 Pauls Valley, OK ..... \$1 million  
 Baytown, TX ..... \$1 million  
 Mount Crawford, VA ..... \$1 million  
 Grandview, WA ..... \$1 million  
 Hermiston, OR ..... \$933,000  
 Hope Mills, NC ..... \$773,000  
 Sutherland, VA ..... \$700,000  
 Greencastle, IN ..... \$630,000  
 Los Lunas, NM ..... \$600,000  
 Winter Haven, FL ..... \$598,000  
 Casa Grande, AZ ..... \$536,000  
 Henderson, NC ..... \$500,000  
 Dallas, TX ..... \$415,000  
 Monroe, GA ..... \$300,000  
 Searcy, AR ..... \$250,000  
 London, KY ..... \$250,000  
 Clarksville, AR ..... \$100,000  
 Smyrna, DE ..... \$75,000  
 Cullman, AL ..... n.a.  
 Seymour, IN ..... n.a.  
 North Platte, NE ..... n.a.

## Job training and recruiting grants

### *distribution centers*

Terrell, TX .....	\$1.4 million	Columbus, OH .....	\$400,000
Cessna, PA .....	\$1.3 million	Loveland, CO .....	\$300,000
Spring Valley, IL .....	\$600,000	Olney, IL .....	\$250,000
St. James, MO .....	\$600,000	Johnstown, NY .....	\$250,000
Macclenny, FL .....	\$446,000	Midway, TN .....	\$250,000
Minersville, PA .....	\$450,000	Wash. Court House, OH .....	\$200,000
Moberly, MO .....	\$400,000	Seymour, IN .....	n.a.
North Platte, NE .....	\$400,000		

## Property tax exemptions/abatements

### *stores*

New Orleans .....	\$7 million	Dallas, TX .....	\$630,000
Country Club Hills, IL .....	\$6.3 million	Lumberton, NJ .....	\$534,000
Oneida, NY .....	\$850,000	Bastrop, TX .....	\$125,000

### *distribution centers*

Olney, IL .....	\$46 million	Opelika, AL .....	\$2.2 million
Sharon Springs, NY .....	\$46 million	Midway, TN .....	\$2 million
Opelousas, LA .....	\$30 million	Harrisonville, MO .....	\$1.6 million
New Braunfels, TX .....	\$20 million	Seymour, IN .....	\$1.5 million
Ottawa, KS .....	\$18 million	Pauls Valley, OK .....	\$1.5 million
Grove City, OH .....	\$18 million	Sanger, TX .....	\$1.3 million
Baytown, TX .....	\$18 million	Garrett, IN .....	\$1 million
Robert, LA .....	\$15 million	Dallas, TX .....	\$919,000
New Albany, MS .....	\$8.4 million	Monroe, GA .....	\$900,000
Bartlesville, OK .....	\$8 million	Waco, TX .....	\$570,000
Sterling, IL .....	\$6.6 million	Douglas, GA .....	n.a.
Los Lunas, NM .....	\$6.1 million	LaGrange, GA .....	n.a.
St. Lucie County, FL .....	\$5 million	Greencastle, IN .....	n.a.
Palestine, TX .....	\$4.7 million	Hopkinsville, KY .....	n.a.
Temple, TX .....	\$3.6 million	Brookhaven, MS .....	n.a.
Cessna, PA .....	\$3 million	Johnstown, NY .....	n.a.
Cleburne, TX .....	\$2.8 million	New Caney, TX .....	n.a.
Terrell, TX .....	\$2.8 million	Plainview, TX .....	n.a.
Woodland, PA .....	\$2.5 million		

**Sales tax abatements and refunds  
(not earmarked for infrastructure)**

*stores*

Country Club Hills, IL .....	\$6 million	San Diego, CA ..	\$2.2 million (pkg lease)
Evergreen Park, IL .....	\$5.3 million	Corona, CA .....	\$2 million (pkg lease)
Moline, IL.....	\$2.7 million	Redlands, CA .....	\$1 million (pkg lease)
Riverside, CA ...	\$2.2 million (pkg lease)	Hemet, CA .....	\$750,000

**State tax credits & refunds**

*stores*

Beckley, WV .....	\$1.25 million
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*distribution centers*

Pageland, SC .....	\$26.3 million	Bentonville, AR .....	n.a.
Hopkinsville, KY .....	\$15 million	Harrisonville, MO .....	n.a.
North Platte, NE .....	\$9.5 million	St. James, MO .....	n.a.
Lewiston, ME .....	\$7.1 million	Brookhaven, MS .....	n.a.
Spring Valley, IL .....	\$4.7 million	Henderson, NC .....	n.a.
Island Creek Twnshp, OH ...	\$3.4 million	Shelby, NC .....	n.a.
Macclenny, FL .....	\$2.9 million	Bartlesville, OK .....	n.a.
Wash. Court House, OH .....	\$2.6 million	Pauls Valley, OK .....	n.a.
Columbus, OH .....	\$2.2 million	Minersville, PA .....	n.a.
Arcadia, FL .....	\$1.8 million	James City, VA .....	n.a.
Clarksville, AR .....	\$1 million		

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## ENDNOTES

1. One of the only efforts is David Sedore's August 31, 2003 article in the *Palm Beach Post* titled "Wal-Mart Government Perks Raise Questions," which looks at distribution centers.
2. In addition to Nexis and Factiva, we used Dialog, NewsLibrary and NewsBank. We supplemented the commercial database searches with searches of the archives of several websites, including Sprawl Busters <www.sprawl-busters.com> and Site Selection Online Insider <www.conway.com/ssinsider/incentive/archive.htm>.
3. We did not include subsidies to Sam's Club warehouse stores, which are owned by Wal-Mart, except those cases in which the Sam's Club was part of a project that also included a Wal-Mart discount store or Supercenter. We also excluded subsidies to distribution centers serving Sam's Club stores. Most of these are leased from other private parties rather than owned, and thus Wal-Mart would be unlikely to be the recipient of any subsidies related to their construction.
4. The total reflects estimates of total subsidies over the life of the subsidy agreements. The amount is not adjusted for inflation or for changes in property values that could affect the value of property tax breaks.
5. The quotation comes from an opinion article by B. John Bisio published in the Dubuque (Iowa) *Telegraph Herald* on March 30, 2001, p.A4. Bisio is identified as "Community Affairs Manager, Wal-Mart Stores Inc., Bentonville, Ark."
6. Telephone interview with Gary Smith of the Delaware Economic Development Office, December 12, 2003.
7. Telephone interview with Roger Woolsey, County Attorney of Greene County, Tennessee, January 15, 2004.
8. Bob Ortega, *In Sam We Trust*, New York: Times Business, 1998, p.166.
9. This section is based on a telephone conversation with Todd Puster, Treasurer of the Streetsboro City Schools on February 4, 2004 and on documents provided by Mr. Puster. See also Don Jovich, "Council Votes to Terminate Tax Agreements of Wal-Mart, Seegott," *Record-Courier*, June 25, 2003.
10. See "Wal-Mart, Union Reach Settlement," *Arkansas Democrat-Gazette*, May 24, 1991.
11. Wal-Mart Stores Inc. proxy statement filed May 7, 1992, section on "interest of management in certain transactions."
12. Wal-Mart Stores Inc. proxy statement filed April 19, 2001, section on "related-party transactions."
13. "Forbes 400: Team Players," *Forbes*, October 6, 2003, p.210
14. For a good review of THF's quest for subsidies, see Dan Mihalopoulos, "Taxpayers Often Help Build Wal-Marts," *St. Louis-Post Dispatch*, May 10, 1998, p.A1.
15. Telephone interview with Paul Shillcock, Economic Development Manager for Cathedral City, California, January 12, 2004.
16. Telephone interview with Gregory Pettis, Mayor Pro tem of Cathedral City, California, January 30, 2004.
17. *Bozek v. Redevelopment Agency of Chula Vista*, 1998 Ca. LEXIS 8292 Supreme Ct. of Ca. There was no written opinion produced in this ruling.

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18. See the following two articles by Becky Sisco in the *Telegraph Herald*: “Wal-Mart Takes Galena Off the Shelf” (April 6, 2001, p.A1) and “Lawsuit Will Not Slow Wal-Mart’s Galena Plans” (July 3, 2002, p.A3). The project later ran into other legal difficulties.
  19. “Land Buy OK’d for Wal-Mart,” *Rockford Register Star*, August 5, 2003, p.7A.
  20. 1,000 Friends of Wisconsin, *Wisconsin’s Tax Incremental Finance Law: Lending a Hand to Blighted Areas or Turning Cornfields into Parking Lots?* October 1999, online at <[www.1000friendsofwisconsin.com/TIF.shtml](http://www.1000friendsofwisconsin.com/TIF.shtml)>. The addendum to the full report includes a July 28, 1999 letter sent by Wal-Mart Corporate Real Estate Manager Randy Crossno to Sauk County Supervisor Bart Olson saying: “In response to your question, the answer is simply, yes. We would relocate our existing store to this location regardless of the city’s execution of the TIF request.”
  21. Linda Billingsly, “Olivette Voters Reject Shopping Center,” *St. Louis Post-Dispatch*, February 9, 2000, p.B1.
  22. Fran Spielman, “City Scoffs at Wal-Mart Subsidy Request,” *Chicago Sun-Times*, February 27, 2002, p.57.
  23. See April M. Washington, “City Calls Off Threat to Condemn Parcel,” *Rocky Mountain News*, January 16, 2004, p.20A. For several publications analyzing the proposed deal, see the website of the Front Range Economic Strategy Center <[www.fresc.org](http://www.fresc.org)>.
  24. See, for example, Jim Tankersley, “A Placid Pond, A Pound of Woe,” *Rocky Mountain News*, November 21, 2003. Because this deal has not yet received all of the necessary approvals, we did not include it in our list.
  25. See Al Lewis, “Wal-Mart Lake Grab Sleeps with the Fishes,” *Denver Post*, March 2, 2004, p.C1. The citation for the court ruling is: *Arvada Urban Renewal Authority v. Columbine Professional Plaza Association*, 2004 Colo. LEXIS 113 (Colo., 2004).
  26. Kristen Go, “Voters Reject Districts and Los Arcos Subsidy,” *Arizona Republic*, March 10, 2004.
  27. See Roy L. Williams, “Retailer Takes Tax Rebates to High Court,” *Birmingham News*, January 28, 2004.
  28. Munistatements is indexed by the name of the government entity that issues the bonds. The corporate beneficiary is not always listed.
  29. Telephone interview with William Stewart, City Manager of Coldwater, Michigan, December 17, 2003.
  30. Telephone interview with Susan Thackery of the Box Elder County Economic Development office, February 5, 2004.
  31. Telephone interview with Michael Bergeron of the New Hampshire Office of Business and Industrial Development, February 2, 2004.
  32. Telephone interview with John Adams of the Laredo Development Fund, January 22, 2004.
  33. Telephone interview with Emily Wong, Economic Development Manager of Apple Valley, January 21, 2004.
  34. Sylvia Schon, “Robert Vote May End Wal-Mart Lawsuit,” *Hammond Daily Star*, January 22, 2001.
  35. See, for example, Anica Butler, “Board’s Decision on Wal-Mart Proposal Remains Divisive,” *Hartford Courant*, March 26, 2003 and “State Details Dormant Incentive Package to Wal-Mart,” *Associated Press*, January 16, 2003.
  36. Andy Miller, “Wal-Mart Stands Out on Rolls of PeachCare: Sign-up Ratio Far Exceeds Other Firms,” *Atlanta Journal-Constitution*, February 27, 2004, p.1B.



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37. The economic self-sufficiency concept is based on the work of Wider Opportunities for Women. See <<http://www.sixstrategies.org/about/about.cfm>>.
38. Unless otherwise noted, the information in this Appendix comes from interviews with state and local officials.
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41. Steve Moore, "Temecula Cautioned On Incentive Deal," *The Press-Enterprise*, March 23, 1993.
42. "Subsidy Foe Seeks Store Boycott," *The Press-Enterprise*, December 2, 1994 and Steve Moore, "Temecula Cautioned On Incentive Deal," *The Press-Enterprise*, March 23, 1993.
43. The California Subsidies Project report (see the following endnote) includes interest in its calculations, bringing the total subsidies to \$13.4 million for the project and \$9.5 million specifically for Wal-Mart. Because we did not calculate interest for subsidies to stores in other cities, we used the initial value of the subsidies.
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53. Policy Matters Ohio, *Wal-Mart Special: Ohio Job Tax Credits to America's Richest Retailer*, July 2002, available online at <<http://www.policymattersohio.org/pdf/wal-mart.pdf>>.
54. Teresa F. Lindeman, "Wal-Mart Center Will Employ 600," *Pittsburgh Post-Gazette*, September 28, 2001.
55. Joanne Clodfelter, "Council Remembers Virginia Kettering," *Dayton Daily News*, March 13, 2003.
56. This section is based on a telephone conversation with Todd Puster, Treasurer of the Streetsboro City Schools on February 4, 2004 and on documents provided by Mr. Puster. See also Don Jovich, "Council Votes to Terminate Tax Agreements of Wal-Mart, Seegott," *Record-Courier*, June 25, 2003.
57. Dan Huntley, "Wal-Mart Plans Distribution Base in Laurens," *Charlotte Observer*, August 20, 1986, p.1B.
58. 1,000 Friends of Wisconsin, *Wisconsin's Tax Incremental Finance Law: Lending a Hand to Blighted Areas or Turning Cornfields into Parking Lots?*, October 1999, online at <[www.1000friendsofwisconsin.com/TIF.shtml](http://www.1000friendsofwisconsin.com/TIF.shtml)>.