



Branson, Missouri

*Branson, with a local economy
reliant on theater-based
tourism, doesn't rest on its
laurels. Local leaders pursue a
large mixed-use project to
diversify Branson's economy
and to increase year-round
employment.*

	Branson
Population (2000)	6,050
Municipal budget (2005)	\$42 million ⁶⁷
Per capita income (2000)	\$20,500
Median household income (2000)	\$32,000
Poverty rate (2000)	12%
Minority population (2000)	6%
Proximity to urban center	45 miles to Springfield, Mo.
Proximity to interstate highway	45 miles
Strategic approach	Tourism
	Economic development finance
Time frame	1997–2006

Branson is a small Missouri town that attracts 7 million visitors every year (2 million more than the Grand Canyon). *60 Minutes* has proclaimed Branson the “country-music capital of the universe” with more theater seats than Broadway. To diversify its tourism industry and create more year-round job opportunities, the town has just completed a \$420 million retail and convention center project that required the largest tax increment financing project in the history of Missouri.

The community and its history

Branson is located in the southwest corner of Missouri near the borders of Oklahoma and Arkansas. The frontier town of Branson was established in 1882, and for much of its early history, tomato canning was the predominant industry. This changed in 1896 when a visiting minister, Harold Bell Wright, was charmed by the area’s scenic beauty and wrote a national best seller titled *The Shepherd of the Hills*, set in the region. Wright’s book ignited a tourism boom, and in 1906 tourism became Branson’s main industry.

Branson’s tourism base expanded throughout the first half of the 20th century. In 1952 federal funds were appropriated for a dam construction project in Branson, sparking a flurry of entrepreneurial activity. At about this time, a group of government officials, influential local citizens, local businesses and the Chamber of Commerce pooled resources to create the first performance theater in Branson. The popularity of Branson’s first theater led to the development of several other local performance

⁶⁷ Interview with Deanna Schlegel, Branson finance director, November 16, 2006.

venues. Initially, the theaters were family-run and showcased local talent, but over the years Branson's venues became popular with touring national entertainers, including Wayne Newton, Andy Williams, Glen Campbell, the Gatlin Brothers and many others. Today there are more than 50,000 seats in 40 theaters and nearly 500 shows by 70 different acts each year. Branson's performing arts cluster attracts 7 million visitors annually, a number that was expected to reach 8 million in 2007.

In the late 1990s, town leaders in Branson were wrestling with the impacts of relying on an economic development strategy that was a "one-legged stool." Tourism created employment opportunities, but many jobs were seasonal. Branson embarked on a strategy to diversify its existing tourism strategy and to create more consistent year-round employment opportunities.

The strategy

In 2001, local leaders unveiled plans for Branson Landing, a mixed-use project on Lake Taneycomo that included a 220,000-square-foot convention center, a 250-room four-star hotel, a boutique hotel, 140 waterfront luxury condominiums and nearly 450,000 square feet of retail shopping. The project represents an attempt to diversify Branson's economy beyond musical entertainment and provide stable, year-round employment. "City leaders (are) following an economic model of a three-legged stool: tourism providing revenue, service industries bringing year-round jobs and homebuilders filling residential needs," said Mike Rankin, Branson's director of economic development.⁶⁸

The scale of Branson's development project exceeded expectations. Initially, the plan was to develop a regional convention center, but after seeking ideas from the public, the city added plans for retail and residential space. In 1997, local officials began searching for sites. They also came to realize that, given the size and scale of Branson Landing, tax increment financing (TIF) was the only realistic option for financing the project. "Everyone wanted the convention center but didn't want to pay for it through increased taxes," Finance Director Deana Schlegel said. "The TIF was the only legitimate way for us to pursue this development."

To finance the Branson Landing project, the city used a combination of local TIF dollars, state TIF dollars and bond financing. First, Branson declared a stretch of land along Lake Taneycomo as the target district and then created a TIF board. The next step was to seek approval from the Missouri legislature to designate the waterfront area as a state TIF district. This approval allowed the city to capture a portion of the state sales tax generated by the development, which the city could use to pay off the yearly debt. By generating revenue streams from local and state TIF money, Branson also had a foundation on which to issue bonds, which generated an additional \$130 million to pay for new infrastructure. Overall, the financing scheme generated over \$250 million for the project, and ground was broken in 2004. In April of 2006, Belk's Department Store opened its doors to the first Branson Landing customers.

⁶⁸ "Branson leaders believe economic boom will continue." Springfield News-Leader. September 17, 2006.

Today, Branson Landing rivals mixed-use projects in major cities. Within eight weeks of opening, the development surpassed expectations and attracted more than 1 million visitors. City officials estimate that Branson Landing brings in more than 500,000 new visitors each year and generates \$180 million in economic activity and another \$8 million in taxes. The project also has complemented the entertainment industry by attracting a younger crowd to the city.

What are the lessons from this story?

Small communities can create record-breaking projects. Branson illustrates how a small city can undertake a project one might think would be possible only in a very large city. The city saw a need for a convention center and extended that vision into a massive retail and residential space that has strengthened and diversified the city's economy. Small towns can push boundaries and expand on visions for the projects and programs they are about to undertake. Branson did not limit its vision but believed it could create an exceptional project, even if the city had to ask the state to approve an unprecedented TIF package.

Successful public investments can have ripple effects throughout the community. The Branson Landing project created spin-off investments throughout the community. Branson recently added a \$12 million recreation center and approved its first industrial park. The industrial park will help to spur more year-round employment and draw younger residents to this community. Furthermore, the new developments will help to sustain this economy. "This is going to be a longer, steadier growth period than the boom that occurred in the '90s," Mike Rankin said.

Strategies are more likely to be successful when they are built on existing assets. Projects such as Branson Landing have to be constructed on a secure foundation within the context of a community's strengths and assets. Branson's tourism industry has thrived and grown for nearly a century, eventually becoming the city's strongest and largest asset. Branson Landing would not have succeeded without Branson's status as a regional tourism destination. Branson demonstrates how small towns with successful industries, whether tourism or boat-building, can leverage this strength to diversify their growth. Branson used its strength in entertainment tourism to pursue other sectors of the economy that enhance tourism while providing more stable employment.

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