

Not enough bang for buck

Megastore offers to come and bring jobs, but wants big tax breaks, grants

By Steve Bailey, Globe columnist | February 17, 2006

HAMBURG, Pa. -- Cabela's, the giant outdoor retailer, is a magnet for hunters and corporate tax breaks -- a very Republican mix that Bush & Co. tried hard to capitalize on during the last campaign with visits to stores in key states.

Dead-eye Dick Cheney is a fan. "It's not hard to get me into a Cabela's," the vice president said at a town hall meeting at one store. "My wife, Lynne, will vouch for that. I've got a lot of stuff that I just had to have from Cabela's." We know.

Sitting like a fortress on a hill atop the interstate here, the mammoth Cabela's superstore is a Disney World for the outdoorsman -- 250,000 square feet of guns and fishing rods, camouflage gear, and tents. There is a deer museum, a 55,000-gallon fresh-water aquarium, an archery range and life-sized wildlife dioramas.

The place was also built with \$32 million in state and local tax breaks and grants.

Massachusetts may soon have not one but two of these monster outdoor megastores within five miles of each other. Cabela's and its archrival, Bass Pro Shops, are both looking to build on busy Route 1. One big difference between the two: Cabela's wants as much as \$25 million in tax incentives and grants; Bass Pro Shops says it needs no such incentives at all.

Why does one retailer say it needs tax incentives to move here and the other does not? Because it thinks it can get them.

The two retailers have been playing this shakedown game all over the country as they expand out of their heartland base. Cabela's has received more than \$350 million of government subsidies as it expands, according to one of its smaller competitors, Gander Mountain. That is the equivalent of giving Cabela's seven million free fishing rods at an average cost of \$50 per rod for resale to its customers.

Cabela's and Bass Pro have sold themselves as not just another retailer, but as destination locations that can draw tourists and spur economic development. (Bass Pro, for instance, claims its flagship store is Missouri's number one tourist attraction.) And communities, desperate for jobs, have responded. Massachusetts, with one of the nation's slowest-growing economies, is hungry for jobs, too -- and ready to play.

Bass Pro, the bigger of the two chains, has committed to open a store as part of New England Patriot owner Robert Kraft's plans to build a retail complex of more than 1 million square feet adjacent to Gillette Stadium. The store, expected to be 150,000 to 175,000 square feet with 300 to 400 employees, could be open by next year. Neither the Krafts, who built Gillette Stadium largely with private financing, nor Bass Pro is asking for tax incentives.

"We are proud of our ability to attract a preeminent retailer like Bass Pro Shops without it being contingent on any public money," says Stacey James, a spokesman for the Kraft Group.

Cabela's sees it otherwise. In discussions with state officials and with those in Plainville, where the store would be located, Cabela's has identified a series of tax breaks and state and local grants it will be pursuing. One Romney official said the incentives would add up to as much as \$25 million, split about evenly between the local community and the state. A Cabela's spokesman confirmed that is in the ballpark. In addition, he said, the retailer wants to exempt its customers from the state sales tax on their Web and catalog purchases.

"We are an economic engine," says Cabela's spokesman James Powell. "When we come to a community we bring a lot with us. We think it is a wise investment for communities."

The state office of economic development declined to comment.

"We're not going to give the place away. But we are definitely interested," says Rob Rose, chairman of the Plainville selectmen.

The outdoor superstore concept has exploded nationally. In the last five years, the total square footage of outdoor lifestyle retail space has grown to more than 14 million square feet from 1 million. Cabela's has 14 stores with another dozen to open this year and next; Bass Pro has 33 stores and another 19 stores coming. If every state had a Disney World, how magic would the Magic Kingdom be? Cabela's same-store sales are already slipping.

Hamburg's huge Cabela's -- the biggest in the chain -- is an impressive store, but that is what it is: a store. You can get a wild boar target for \$189.99 and a used Smith & Wesson .38-caliber handgun for \$249.99. But you can get many of the same brands of jeans and jackets and shirts anywhere. On Wednesday I randomly checked the license plates on 200 cars; 152 of them -- or three-quarters -- were from Pennsylvania. The out-of-state tourists from Maryland, New Jersey, and Delaware largely stayed home that day. Meanwhile, Hamburg (pop: 4,100), just 1 1/2 miles away, might as well be 50 miles away for all the good it appears to have done the sad downtown. And Bass Pro and Gander Mountain have stores in Harrisburg, just an hour away.

Communities have been paying big money to bring in low-paying retail jobs. Buda, Texas, for instance, gave Cabela's subsidies worth \$61 million, or about \$271,000 for every full-time job, according to an estimate by Gander Mountain. Reno, Nev., spent \$52 million, or \$208,000 for every job.

At \$25 million, Massachusetts would be getting a relative bargain: \$111,000 for each of the 225 full-time jobs. Then the jobs are expected to pay about \$10.60 an hour.

Massachusetts needs jobs. But it also needs to be smart how it spends its scarce resources. Money used to build a retail store can't be used for something else.

The point is to get the most bang for your buck. If backing up the truck for a retailer that will pay \$10 an hour is the best we can do, then we are in more trouble than we know.

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