

Gonzales' Industrial Development Board is nearly \$50M in the red

By Dillon Lowe



A recent [audit](#) of the city of Gonzales' Industrial Development Board shows the board ended the most recent fiscal year with a \$49.1 million net position deficit, a deficit that grew by \$3.5 million over the course of the year.

The vast and growing shortfall has been driven largely by long-term debt and interest tied to a decades-old development financing plan centered on the city's Cabela's retail outlet.

On paper, the board's financial condition looks dire. But Mayor Tim Riley says the deficit doesn't represent any sort of financial crisis for the city, as taxpayers aren't on the hook.

Here's what we know.

WHAT THE AUDIT SHOWS

The audit, which covers the fiscal year ended May 31, 2025, makes clear the Gonzales Industrial Development Board isn't a typical economic development authority.

The IDB is essentially a single-purpose entity formed in 2006 through the state's Tax Incremental Development Act to finance a Cabela's retail outlet and related infrastructure in Gonzales Economic District No. 1, a Tax Increment Financing, or TIF, district. Cabela's opened its Gonzales store in 2007.

The board financed the project through bond issuances tied to sales taxes within the district. But under the bond indenture, pledged sales tax revenue is applied first to accrued interest, and historically, sales tax collections have not been enough to cover the interest due. As a result, unpaid interest has accumulated over time, driving the deficit higher and higher.

The board reported \$49.6 million in bonds payable and \$32.3 million in interest payable at year end, liabilities that far outweigh total assets. The bonds are Series 2007A and Series 2007B tax incremental revenue bonds, both maturing in 2037.

What's more, the state's pledged sales tax contribution to the board has now reached its \$10.5 million cap, meaning the board will no longer receive sales tax revenue from the state.

WHAT THE MAYOR SAYS

According to Mayor Riley, the IDB's deficit should be understood as "accumulated arrears on bond payments" rather than a traditional budget shortfall.

The mayor attributes the deficit to slower-than-expected commercial growth within the TIF district, particularly in its early years. Aside from Cabela's, much of the district's early development came in the form of hotels, which generate less sales tax revenue than retail stores.

"Early shortfalls in covering annual interest led to accruing unpaid interest, causing the total obligation to grow beyond the original principal, which is common in TIFs that start

slowly but ramp up over time,” Riley says. “Recent years have seen substantial build-out in the district, increasing tax revenues, though likely too late to fully eliminate the arrears before 2037.”

Crucially, Riley says the deficit “does not require remedial action beyond continuing to dedicate pledged taxes, since there is no recourse to city general funds.”

What that means is that taxpayers aren’t liable for the deficit. When the TIF arrangement expires in 2037, the dedication of district sales tax revenue ends regardless of whether the bonds have been fully repaid. Any remaining balance would “effectively be forgiven” as far as the city is concerned, Riley says.

At that point, the private bondholders—originally Cabela's and the landowners—would bear the shortfall, Riley says. Ownership of the store property and related infrastructure will transfer to Cabela’s, now owned by Bass Pro Shops, if the retailer operates the store through the term of the TIF arrangement.

After 2037, the city will retain 100% of the sales tax revenue generated within the district in perpetuity.

“Overall, while the bond repayment has not met original projections, the TIF achieved its core public purpose: converting vacant land into a major commercial hub at no net cost to taxpayers,” Riley says.

Marie Broussard, chair of the Industrial Development Board, had not responded to a request for comment as of this afternoon’s publication deadline.

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