

# Public hearing scheduled on tax increment district for Main Street

**Bill Harlan**  
Staff Writer

The Rapid City Planning Commission scheduled a public hearing for April 23 on a tax increment district for West Main Street.

The commission set the hearing date at their regular meeting Tuesday morning. The commission also recommended approval of a liquor sales outlet ordinance and a permit for a day care center on Indiana Street.

The 10½-block tax district would be bounded on the south by West Main Street, on the north by West Chicago Street, by Sheridan Lake Road on the east and St. Onge Street on the west.

The purpose of a tax increment district is to generate money to improve blighted areas.

Improvements are funded by freezing assessed valuations within the tax district for accounting purposes only. As property values rise, so do tax revenues. But the increase in tax revenue is reserved for projects within the district, instead of being lumped with other city funds.

City Planning Director Knute Knudson said Tuesday the districts also encourage economic development in areas where development might not otherwise occur.

"It could be the deciding factor between having development and not having development," he said.

If the district is approved, the state Department of Revenue would set a baseline valuation for the district.

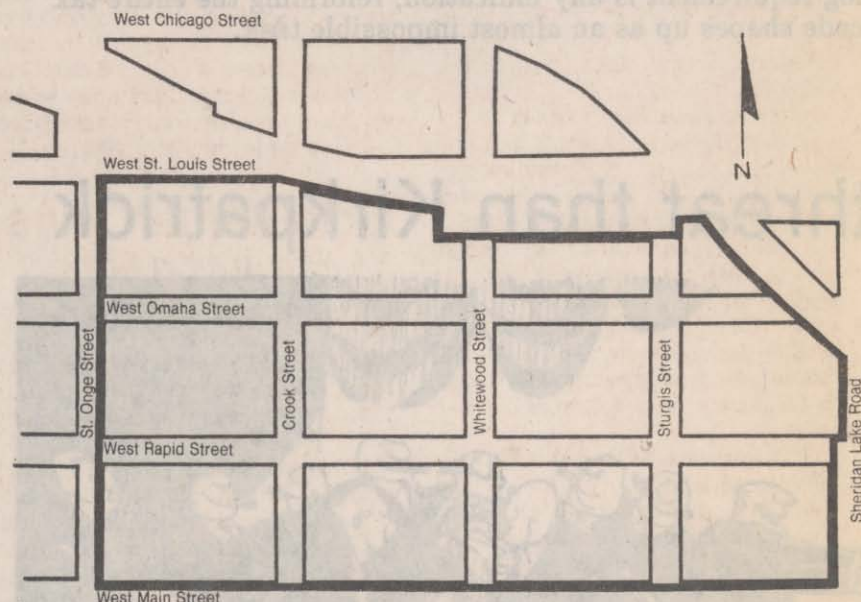
Projects in a tax increment district can include sewer and water line improvements, parking and street construction, rehabilitation of buildings, land clearing and other improvements.

Public improvements generally are funded by bonds. Bond buyers bear all of the risk.

Earlier this year, the city approved a tax increment district for part of downtown. The city valued that property at about \$38 million, but the state has not yet made its recommendation.

The West Main Street tax increment district is valued by the city at \$2.5 million, said Ken Gibb, the city's deputy planning director.

Rapid City attorney Wynn Gunder-son, who owns three pieces of property within the district, told the commission that unless the city undertakes some



Map outlines boundaries of proposed West Main tax increment district

kind of urban renewal in the area, the district will remain blighted.

Larry Lewis of Lewis & Kirkeby Real Estate, who also owns property within the district, agreed the land "lends itself to redevelopment."

To qualify as a tax increment district, 25 percent of the area must be designated blighted.

Also, tax increment districts may not exceed 5 percent of a city's total valuation. After approval of Rapid City's downtown tax increment district, the city has about \$9.5 million in valuation remaining within that limit.

In other action, the commission recommended approving an ordinance to require a use-on-review permit for liquor outlets in neighborhood commercial zones. Liquor outlets in those zones now don't need a special permit.

The commission also recommended approving a day care center at Indiana and Ivy streets. Several neighbors had opposed the permit, claiming the center would add to an already hazardous traffic situation.

Gibb disagreed. He said a city traffic study indicated additional traffic at the day care center would not significantly affect traffic at the corner.

The city council will consider both the liquor ordinance and the day care center at its regular meeting Monday at 7:30 p.m. at City Hall.