Group supports downtown area tax district plan

Paulette Tobin
Staff Writer

A group of downtown Rapid City business leaders wants the Common Council to approve a tax increment district project plan they say could help revitalize downtown Rapid City.

The plan calls for the hiring of a downtown project manager for three years using money from the tax increment district.

Members of the Heart of the City task force said having such a manager would make Rapid City eligible for the South Dakota Main Street Program administered by the Governor's Office of Economic Development.

"Downtowns don't stay the same," task force member Tom Lee told the council's Public Works Committee Tuesday afternoon. "They either go forward or backward."

The Main Street Program would provide a systematic approach to downtown development, including organization, promotion, design and economic restructuring, city planner Blair Wyman said.

The program would make available a pool of consultants that Rapid City could not afford, Wyman said.

"It also provides several on-site consulting visits from the Main Street Center in Washington, D.C."

he said. "They evaluate the potential of the city and the assets it has and give a frank and honest appraisal of the best methods to proceed."

The Public Works Committee voted to recommend approval of the tax increment district project plan. Aldermen Don Kellar and Alvin Albrecht voted against the plan.

"I guess I just am not very favorable towards tax increment districts as a whole," Kellar said. "I'm not always opposed. It makes a difference where and what it's for."

Kellar said he was not sure Rapid City's downtown was an appropriate area for a tax increment district. (The city voted in 1985 to form Tax Increment District No. 2 from part of downtown.)

"One thing I think about some of them is that they stretch their imaginations sometimes in calling it a blighted area, which is supposed to be one of the requirements for a tax increment district," he said.

Tax increment financing is a way to pay for improvements in an area without incurring a general obligation for the taxpayers of the whole city, the proposed project plan says.

This is how a tax increment district works: When the district is created, a base valuation for the district is determined. In succeeding years, if the assessed valuation of the district increases, property owners in the area pay more taxes.

When the tax bills are paid, the part of the tax bill resulting from the base valuation is paid to the taxing entities. The rest, known as the tax increment, is put in a special fund. The project plan determines how the accumulated money is spent.

The downtown tax increment district generates about $30,000 a year, Wyman said.

If Rapid City is one of five South Dakota cities chosen for the Main Street project, the city would need to raise $19,600 to pay for the National Main Street Center contract.

Lee said downtown business leaders had already pledged $5,000 for that purpose.

The Heart of the City task force, created by former Mayor Art LaCroix, has already demonstrated its commitment to keeping the downtown vital, Lee said.

"It (the downtown) may not always be retail," he said, "but it will always be there. We can't let it decay."

A resolution authorizing participation in the Main Street program and another authorizing the project plan also were approved Tuesday morning by the Rapid City Planning Commission.

The project plan will go before the full council for final approval.