

# City studying tax district to pay for ramp

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Rapid City is studying the possibility of creating a special tax district that could help pay for a downtown parking ramp and other public improvements in the downtown area.

City Attorney Ray Woodsend asked the City Planning Commission Tuesday to study establishing a tax increment financing district in the downtown area.

The district could encourage development in the downtown area, including some retail development on the first level of a downtown parking ramp, Woodsend said.

The Planning Commission voted Tuesday morning to begin studying an area bounded by East and West boulevards and Columbus and Omaha streets. That preliminary study area could change considerably before a district is established, said Planning Director Knute Knudson.

The Planning Commission has not decided to establish the tax increment district. No hearings will be set on a district until the planning staff has studied the area.

One-quarter of the property in a tax increment district must be found to be blighted, according to the definition in the state statute. Dilapidated or old buildings that are overcrowded or have inadequate ventilation, sanitation or open space contribute to blighted areas, as do inadequate street layouts or lot layouts, fire hazards and vacant lots.

In a tax increment district, the taxable value of the entire district would be frozen when the district is created. County, city and school district property taxes would also be frozen, based on the taxable value.

When property in the district increases in value, property owners would pay taxes based on the new value. The difference between the taxes on the frozen value and the increased value would be placed in a special fund, used to pay for public improvements within the district.

Money from that fund could be used to pay for street improvements, buy "blighted" land and sell or lease it, and pay for improvements to public utilities. The fund could also be used to pay off bonds issued to make those improvements.

Knudson said the planning staff will probably have a report ready for the next Planning Commission meeting Dec. 11.

The South Dakota Supreme Court ruled last summer that tax increment districts are constitutional. When the Legislature passed the tax increment law, it required the attorney general to challenge it so the court could determine its constitutionality.