5-year tax called ‘new ball game’

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Extending a half-cent sales tax for five years to bring good jobs to Rapid City would mean “a whole new ball game” for economic development in Rapid City, some supporters of the move said Wednesday night.

But some aldermen wondered whether creating the fund would amount to playing with the taxpayers’ money.

A task force appointed by Mayor Keith Carlyle recommended extending the half-cent sales tax, which currently pays for construction of Rushmore Plaza Civic Center and is set to expire in 1995.

Extending the tax another five years could raise $12 million to $15 million for a “competitive edge fund” to help new and existing businesses create new jobs.

The money should be administered under strict guidelines by a statutory board, the task force report said.

“The city board will be in effect running a small bank,” the report said.

“It is very important that the elected officials know what is going on and they control what’s going on with this tremendous fund,” task force member Ray Hillenbrand said.

“It’s a whole new ball game. If you’ve got $12 million sitting around here to help Rapid City create economic development, it’s altogether different than anything you’ve ever had before.”

Alderman Bob Fischer said he worried about talk of borrowing money (by issuing bonds) and pledging future sales tax revenues to pay the money back.

He compared it with federal deficit spending policies and said no one today could predict what money needs the city might have in five years.

“Not one of us has a crystal ball,” Fischer said.

The mayor told Fischer the meeting was to give the council information about economic development proposals, not for a debate.

“It is your opinion this is deficit spending, and I would offer a different opinion that it is not deficit spending,” Carlyle said.

Fischer also asked if the board running the fund would have anything at risk if the fund lost money.

“They are playing with other people’s money,” he said.

Hillenbrand said the council would make the board accountable by the type of people it appointed to the board and by approving the loan criteria and monitoring system developed by the board.

Alderman Joe Bailey said he thought the council, not a statutory board, should have the final say about who received money and how much they received.

Hillenbrand, who is on the state REDI fund board, cautioned against this because of time constraints and because the board acting on the loans “should be independent of the political process but responsible to the political process.”

Alderman Delores Coffing asked what would happen if excess money if there were no more loans to be made.

Task Force Chairman Richard Schleusener said the task force had not envisioned a day when Rapid City would be so well off it no longer needed to provide incentives for business.

Carter said he would set a minimum of three neighborhood meetings to discuss whether the sales tax should be extended. The council would have to approve the extension, and the council — if it wished — would be responsible for setting up a board to administer the subsequent economic development fund.

Also presented at Wednesday night’s meeting was a report recommending the reorganization of the Rapid City Economic Development Foundation. The report said the foundation should be independent of the Rapid City Area Chamber of Commerce and should be open to anyone interested in economic development.

That would give economic development “a fresh start, really not starting, but just starting anew,” said Jim Mirehouse, who served on an Economic Development Foundation subcommittee which studied reorganization.

The Economic Development Foundation board of directors is scheduled to meet at 10:30 a.m. today to discuss the recommendations of the report by the National Council of Urban Economic Development.

The chamber of commerce, which oversees the Economic Development Foundation, also will discuss the report.

Mirehouse said he expected action on the report’s recommendations in six weeks or sooner.