

# Success of Vision 2012 may hinge on sales tax

By Martin Oakman

Rapid City's Vision 2012 plan may soon get a boost if the city's 1/2 cent sales tax is extended by public vote, possibly on Tuesday, Nov. 9.

According to Mayor Ed McLaughlin, private citizens began circulating petitions this month for a referendum on a proposed ordinance which incorporates the use of the 1/2 cent sales tax. McLaughlin said Oct. 4 is the cutoff date to file the petitions and to set a voting date.

"Actually, we have more than enough signatures now (to bring the ordinance to a vote)," McLaughlin said in an interview last week. "We haven't set a date yet. ... We intend to set the voting date on Nov. 9."

The 1/2 cent sales tax, according to city Finance Officer Richard Wahlstrom, dates back to 1975 and was established to pay for building the Rushmore Plaza Civic Center. In 1984, the Civic Center was expanded and, as a result, the sales tax was continued in order to pay for the expansion, Wahlstrom said.

Both Wahlstrom and Mayor McLaughlin indicated that the 1/2 cent sales tax generates between \$4 million and \$5 million each year for the city and, of this amount, it is estimated that 50 percent is paid by non-residents. Supporters of the tax would like to see its continued implementation in order to fund civic improvements and economic development efforts as outlined by the Vision 2012 plan.

The concept of Vision 2012 was first discussed in 1992, at a meeting of approximately 100 interested citizens. Subsequent meetings were then held from May 1992 to July 1993, involving an estimated 1,800 citizens, to discuss what projects these citizens would like to see accomplished in the next 20 years (hence, Vision 2012).

These projects have been prioritized into five-year increments or "blocks," according to McLaughlin. He said the first five-year block has six proposed projects in mind, to be funded by the 1/2 cent sales tax if it is approved by the voters. These projects include building a world-class museum (known as "Spirit of the Black Hills"), Canyon Lake restoration, further enhancement of recreational facilities, building a Visitor Information Center in Rapid City, developing new job opportunities for Rapid City residents through a Rapid Fund and purchasing recycling equipment.

While the original municipal code designated the 1/2 cent sales tax would automatically expire in 1995 (after the bonds issued to fund the Civic Center project were paid off), the proposed ordinance to extend the sales tax does not have a "sunset" provision. In this way, the money generated by the tax could be used indefinitely to fund various city projects.

The fact that the proposed ordinance does not have a sunset provision concerns former Councilman Larry Blote.

"I think if we vote it (the 1/2 cent sales tax) in, it will be on forever," Blote said. "Over a year ago, I said the way

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money is being spent the city would have to raise taxes. It's a given that the 'well' would run dry ... and sure enough."

Blote believes that if the proposed ordinance is approved, city residents would lose control as to how that sales-tax money is spent. "This fund (Rapid City Economic Development and Civic Improvements Fund) should have a specific purpose. The people should select one or two projects to fund, and then the 1/2 cent sales tax should sunset at the end of five years. Then, let the people have a voice as to other projects that could be worked on," he said. "The Council should not have carte blanche on funding six projects. I think the museum (Spirit of the Black Hills) alone will cost \$14 million and will take the first five years to pay for with money generated from a 1/2 cent sales tax. It may even cost taxpayers more than that."

The proposed ordinance, as outlined by the petitions, amends Sections 3.16.020 and 3.16.060 of the city's Municipal Code, which pro-

vide for the payment of the Civic Center with one-half percent of the city's 2 percent sales-tax rate imposed by Section 3.16.010 (thus, the 1/2 cent sales tax). The amendment to Section 3.16.020 basically establishes that the 1/2 cent sales tax would be placed into the Rapid City Economic Development and Civic Improvements Fund as well as establishes procedures for spending this money.

This is defined by the proposed Subsection A of Section 3.16.020 and reads as follows: "The Council shall adopt, by resolution, a plan for projects or programs to be funded, in whole or in part, from the Rapid City Economic Development and Civic Improvements Fund. Prior to the adoption of such plan the Council shall have conducted one or more public hearings, after giving notice thereof, and shall consider comments and suggestions for projects or programs to be included in the plan. No portion of the Rapid City Economic Development and Civic Improvements Fund shall be used to fund any project or program which is not included in the plan. The Council shall annually conduct public hearings, after giving notice

thereof, to consider proposed additions to the plan and may, by resolution, approve additions to the plan. Every fifth year the Council shall conduct public hearings, after giving public notice thereof, and adopt a new plan."

A proposed Subsection B of Section 3.16.020 defines the issuance of revenue bonds to correspond with the payment of the projects. The subsection reads as follows: "The Council shall be authorized to issue revenue bonds to be paid from the Rapid City Economic Development and Civic Improvements Fund to fund projects or programs contained in the plan; however, no bonds shall be issued in an amount greater than can be expected to be repaid with seven (7) years anticipated revenue to the Rapid City Economic Development and Civic Improvements Fund."

Mayor McLaughlin said if the proposed ordinance for the 1/2 cent sales tax is not approved, the city would probably seek money needed to fund Vision 2012 projects from other sources, possibly property tax.

"On the practical side," McLaughlin said, "sales tax is much more amendable to people."

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