

Letter to the Editor
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City TIF funding plan is part of carefully-designed growth plan

by Scott Dadson, City Manager

The City of Beaufort will continue to support the development that's already in place along the Boundary Street Corridor using all appropriate and available financing means. To ignore these opportunities is to reject our mission to provide efficient and economical services to our constituents.

A recent editorial cast aspersions on the City's efforts to create a new Tax Increment Finance District to financially support a critical commercial section of the city. The City is carrying out its well-documented and well-publicized intentions to boost commercial growth in a the Boundary Street District. With 300 years of history, it is essential that we look to the past and protect the future – which is what this TIF will do for city residents and taxpayers. There will be a public hearing on this TIF on Dec. 8.

City Council has begun the process of protecting the current investment of \$22 million (Road Project) by preventing stagnant growth in the Boundary Street District. As proposed, this TIF complements and supports the current one-cent sales tax for roads.

There are four points to make here about this financing plan:

- It doesn't raise anyone's taxes
- The City isn't running out and incurring new debt
- There's no creative financing
- The City isn't avoiding public scrutiny.

If anything, our books and our process are fully open. For the past two years, the City has earned the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association. The City has been at the forefront of lowering its cost structure while improving services.

From a taxing perspective, the revenues the City receives from businesses is greater than the money it receives from taxes. Using opportunities such as Tax Increment Finance districts minimizes the operational costs of the City, and the taxing burden, on the local, resident

taxpayers. As a result of this revenue, the City has been able to maintain a stable tax rate for property owners. We've not had a property tax rate increase for operations in the past five years.

Look at it this way. Due to changes in state law, real revenue growth for localities is no longer in homeowner property taxes. Cities – including Beaufort -- increasingly are financed through non-property tax sources such as business licenses and accommodations and hospitality taxes. South Carolina schools are funded by sales taxes, which are increased when more people spend money and when they have more commercial places to spend their money. By supporting the redevelopment of the Boundary Street Corridor, the City is working hard to help the future growth of the commercial sector, which directly ties to city revenues. More businesses mean more business license fees for the City and, eventually, more sales tax revenues which benefit the schools.

The Boundary Street Master Plan covers an expansive area that is the core of Beaufort's commercial sector. It runs along Boundary Street through the City and extends toward the Marine Corps Air Station and southward on SC 170 to Cross Creek Shopping Center and Wal-Mart. Much of the redevelopment money is for improved roads, traffic design, sidewalks and other infrastructure. Voters have approved these projects in 2007.

Adding up the incremental costs for improving US 278 and the after-the-fact costs of the Bluffton Parkway, we are talking about huge amounts of money that could have been saved had there been better financial and project planning at the onset. Here at the City, we are trying to get ahead of the curve. We have spent considerable time and effort – all in the public's eye – to talk about planning so that we can avoid the difficulties now facing other municipalities.

As an example of transparency, the City of Beaufort's website (www.cityofbeaufort.org) features a Digital City Hall and financial dashboard that provide complete reporting of all major issues that affect the city, including permits, fire reports, finance audits and budgets.

The TIF Financing Structure is part of the recommended financing strategies found in the Boundary Street Redevelopment Plan and is an important part of the City's continued efforts to invest in the future by realigning city finances to match the intended purpose of revenue streams.

The Comprehensive Plan for the City of Beaufort charts our growth forward by regenerating and redeveloping in order to create a more sustainable place we call home.

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