

  
Economic Development Options for  
Cities and Towns  
South Carolina  
Business License Officials Association  
and  
Municipal Finance Officers, Clerks and Treasurers  
Association  
October 25, 2018

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 What is it? | Economic Development  
  
What is "economic development"?

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 What is it? | Economic Development  
Which of the following types of investment are economic development?

- Auto Manufacturing Plant?
- Barber Shop?
- Regional Headquarter Facility?
- Walmart Store?
- A Tourist Theme Park (Carowinds)?

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 What is it? | Economic Development

Economic Development - the process by which wealth is generated through an investment in a community

and the investment:

1. Brings new money and jobs into the community; and
2. Is not dependent on the community for its sales/revenues.

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 In Context | Economic Development

It Means Different Things to Different Entities

- State – tax credits, economic development bonds, grants
- County – multi-county parks, FILOT, SSRC, utilities and services
- Municipal – TIFs, Bailey Bill, grants, locally developed incentives

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 Historic Context | Economic Development

Quick History

- Given the money involved, it is no surprise that private industry has invested massive amounts in creating economic development incentives
- “Economic Development” blessed as a public purpose in the 1980’s by the South Carolina Supreme Court, opening the floodgates



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**POPE FLYNN GROUP** Common Problems | Economic Development

### Common Mistakes in Economic Development

- Excessive enthusiasm
- Believing developers
- Not considering what you get
- Helping those who do not need the help
- Trying to give something to everyone
- Retroactively adopting "precedents"
- Taking an ad hoc approach



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**POPE FLYNN GROUP** Policy | Economic Development

### Economic Development Policy

- No matter the size of the governmental entity, offering incentives for economic development should be done with forethought
- Ad hoc approaches rarely look good in retrospect, and can set difficult precedent
- Financial policies that address economic development can keep you out of trouble
- Policies let everyone know the rules of the game
- Require some difficult conversations up front but ensure some degree of fairness down the road

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**POPE FLYNN GROUP** Policy | Economic Development

### Developing an Economic Development Policy

- What are my goals? What am I trying to accomplish?
  - Jobs? Redevelopment? Anything?
- What do I have to offer?
- What can I afford?
- How will existing businesses be affected?
- Can I support this growth?
- Am I getting an adequate return on my investment?



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**POPE FLYNN GROUP** Keeping it Legal | Economic Development

**Public Purpose Test:**

Nichols Test (1986) determine whether public purpose:

- What is the intended or ultimate goal or benefit to the public?
- Are public parties or private parties the primary beneficiaries?
- Is the benefit to the public speculative?
- What is the probability that the public interest will be ultimately served and to what degree?



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**POPE FLYNN GROUP** Benefits | Economic Development

**Economic Development Incentives**

Measuring Public Purpose – Granular

- Catalytic effect?
- Contribution on employment?
- Property tax base growth?
- Sales taxes/fees?
- Future development?
- Historic preservation?
- Other indirect public benefits/costs (i.e. service to unserved area)?
- Unique niche fulfilled?
- Likelihood of development absent incentives?
- Benefits to key area (be careful)?
- Compatibility with organizational goals?

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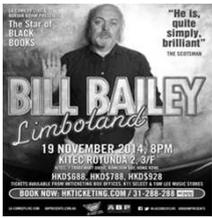
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**POPE FLYNN GROUP** Incentives | Economic Development

**Municipal-Controlled Incentives**

- Bailey Bill
- Tax Credits (retail, textile, etc)
- Utility rates
- Façade grants
- Direct grants
- Fee abatements (business license, building permit, etc.)
- Real estate



12

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**POPE FLYNN GROUP** Incentives | Economic Development

### Cooperative and Complex Incentives

- Bailey Bill?
- Multi-County Business Parks
- Tax Increment Financing Districts
- Municipal Improvement Districts



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**POPE FLYNN GROUP** Regionalism | Economic Development

### The Best Economic Development Requires Regionalism

- MCBP – County creates, city consents
- TIFs – School district and county consent required
- Bailey Bill – Done cooperatively between city and county
- Attracting manufacturers – Cities provide infrastructure
- Important to build relationships, otherwise, you're



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**POPE FLYNN GROUP** Take-Aways | Economic Development

### Economic Development Required Policy, Capacity, and Cooperation

- Ad hoc economic development creates bad precedent, and creates avoidable problems
- Develop and understand organizational goals regarding economic development
- Understand the tools in your toolbox, and how and when to use them

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 Economic Development | Contact

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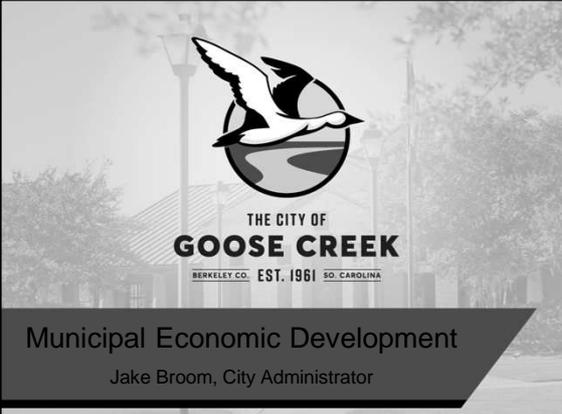
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**Municipal Economic Development**  
Jake Broom, City Administrator

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**Goose Creek?**  
**Is that in South Carolina?**

**About Goose Creek**

- About 45,000 residents
- Average age of 31
- Median household income \$61,542
- Suburb of Charleston (and that's ok...really...we're fine)
- From 2010 – 2017 we grew by 17%
- 38-year Administrator retired in 2016
- 40-year Mayor was defeated in 2018
- 5 of 7 council seats have turned over since I arrived in 2015 Administrator

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Why do I care what he says?

2015 Business License Revenue - \$5,161,325  
2016 Business License Revenue - \$6,138,317  
2017 Business License Revenue - \$6,984,109  
2018 Business License Revenue - \$7,390,603  
(Projected)

43% increase over the last 4 years  
\$2,229,278 new General Fund dollars

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Why do I care what he says?

Jake

Mayor Habib

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Real Life Examples of CD's Fancy Lawyer Talk

**Tax Increment Financing District**  
**"Downtown Goose Creek"**

**Positives:**

- Instituted in the late 1990's (the good ole days)
- Generated \$30+ million for the City
- Installed sidewalks, landscaping, decorative lighting, mast City Hall, built a Community Center and built (some of)

**Negatives:**

- Wasn't followed-up with much effort (we built it and...they
- No plan to maintain all the shiny new stuff
- Now, we'd need school district approval...yikes

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Real Life Examples of CD's Fancy  
Lawyer Talk

**Multi-County Industrial Parks**

**"Project Boilermaker" – FILOT Agreement**

- Company located in Berkeley County, but we annexed all waited (sneaky, right?)
- Expanded operations into the City limits, which brought us
- \$254,458,000 investment (\$184,005,000 in Goose Creek)

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Real Life Examples of CD's Fancy  
Lawyer Talk



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Real Life Examples of CD's Fancy  
Lawyer Talk



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Real Life Examples of CD's Fancy  
Lawyer Talk

**Multi-County Industrial Parks**

**"Project Boilermaker" – FILOT Agreement**

- Partnered with the SC Department of Commerce and a FILOT making our site competitive with the company's across the country (this is when you need the fancy
- Agreement lowers property tax burden to ~\$200,000 per

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Real Life Examples of CD's Fancy  
Lawyer Talk

**Multi-County Industrial Parks**

**"Project Boilermaker" – Business License Agreement**

- Since only a portion of the property is in the City limits, we their fees would be calculated. Shocker.
- After negotiation, we agreed to calculate the square the city limits and create a ratio with the square footage We'll apply that ratio to their gross revenue, and use that license fee.
- Should result in around \$125,000 per year in license fees

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Real Life Examples of CD's Fancy  
Lawyer Talk

**Multi-County Industrial Parks**

**"Project Boilermaker" – Business License Agreement**

**Mailbox Money – doesn't increase our service demand, but provides for over \$300,000 a year in new revenue**



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Real Life Examples of CD's    Fancy  
Lawyer Talk

**Municipal Incentives**

- Targeted to quality of life ED – restaurants, retail, cultural etc.
- If they're a qualifying use AND they're located in our apply (not guaranteed)
- **UP TO**
  - 100% of Development Impact Fees
  - 50% of Building Permit Fees
  - 50% of Business License Fees for up to 5 years
  - 50% of Hospitality Taxes

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Real Life Examples of CD's    Fancy  
Lawyer Talk

**Municipal Incentives – Goose Creek Village**

- Unique site characteristics made development unusually need for incentives)
- Staff walked them through the application process, and 50% discount on Impact Fees, building permit fees and five years, which they say made the project feasible
- Usually developers are incredible liars, but this site sits Walmart and tons of commercial development, so there's a developed

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Real Life Examples of CD's    Fancy  
Lawyer Talk

**GOOSE CREEK VILLAGE**

The site plan shows a cluster of buildings with parking spaces. A '1000' marker is visible. Logos for 'COLDWELL BANKER COMMERCIAL ATLANTIC', 'SUNTRUST', and 'MATTRESS FIRM' are present. A 'SAKE HOUSE' is also labeled on the plan.

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Stuff You Should Do Outside of Lawyerin'

- Stay positive - there will be naysayers
- Make someone accountable (Matt), but ED must be engrained culturally
- Celebrate your successes publicly - no matter how small
- Walk the walk - eat locally, shop locally, take pride in your city
- Tell your story - #creekrising

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Stuff You Should Do Outside of Lawyerin' #creekrising

- 100% free...runners up:
  - #thegooseisloose
  - #creekonfleek
- Spreads exponentially on social media
- Gives residents & businesses ownership (Momo)
- Tells our story concisely - young, growing city rising state

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Stuff You Should Do Outside of Lawyerin'



Questions?

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