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Planning consultants foresee revenue gap

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Published Friday, June 3rd, 2005

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Without new revenue streams, southern Beaufort County will pull in only about 26 percent of the money it needs to meet the growing demand for roads, parks, schools, libraries and emergency services over the next 15 years.

On Thursday, consultants preparing a regional plan to address growth-related problems on Hilton Head Island, Bluffton and unincorporated southern Beaufort County told a roomful of residents that the area will need about \$496 million to serve the growing population based on currently planned development. Projected revenue from current sources leaves local governments about \$366 million short.

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Consultants expect the population of southern Beaufort County to reach between 130,000 and 140,000 by buildout, around the year 2020. Bridging the monetary gap in those years will be difficult, they said, and require more than one funding tool.

Carson Bise of Maryland-based TischlerBise suggested the use of increased impact fees, a capital projects sales tax, a real estate transfer fee and a local option gas tax. The presentation was not meant to be the final word on how to pay for needed improvements, he said, but an evaluation of different ways to raise revenue. He and other consultants chose to concentrate on tools that would generate large volumes of revenue.

Despite two defeats at the polls, Bise said a capital projects sales tax still was "the best candidate to fund your needs" because "it places a pretty good tax burden on non-residents and has a tremendous potential to generate revenue over the next 15 years."

The tax could generate \$23 million annually, or \$350 million county-wide over 15 years, he said.

Increasing the county's road impact fees from \$440 to \$1,600 per single-family home, the national average, would generate an additional \$72 million for roads over 15 years. Increasing county park impact fees from \$483 to \$840 per single-family home would generate an additional \$10 million for parks over 15 years.

The county could chose to increase impact fees even more. Some fast-growing Sunbelt communities have road impact fee approaching \$5,000 per single-family home, Bise said.

Over 15 years, a countywide local option gas tax could bring in \$44 million, and a real estate transfer fee could bring in \$129 million. Both of these options would require changes to state law, and their suggestion prompted some skeptical comments from the audience about their feasibility.

A real estate transfer fee has faced stiff opposition at the state level. Currently Hilton Head is the only place in the state where such a fee is legal.

But Craig Richardson of Denver-based Clarion Associates said it was necessary to consider options that presently are not authorized by the state because "you're not going to be able to solve your problems with what you have on the table."

A number of Sunbelt communities his company has worked with have succeeded in making changes at the state level that allowed them to increase revenue, he said.

The consultants said increased property taxes probably will be needed to build new schools and should not be counted on to pay for other needs. The Beaufort County School District is working on its own revenue plan that should be complete this summer.

Greg Dale, also with Clarion Associates, said there are other ways to address growth-related problems that do not involve simply raising revenue.

Slowing the rate of growth is an option that would give local governments more time to deal with its problems, although it ultimately would not decrease the funding gap. Strengthening the commercial base could help local governments as well, because businesses tend to pay for themselves through property taxes while homes do not.

The funding options presented Thursday are part of a background report to the regional plan called Fiscal

Opportunities and Constraints on Growth that the consultants will present to the regional plan steering committee today. This is the last of four background reports the consultants will use to develop a final plan that is expected to be complete early next year.

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