Pennington County Board of Commissioners
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July 15, 2025

Mayor Jason Salamun
Members of the Rapid City Council
City of Rapid City
300 6th Street
Rapid City, SD 57701

RE: County Concerns Regarding the Use and Oversight of Tax Increment Financing (TIF) Districts

Dear Mayor Salamun and Members of the City Council,

The Pennington County Board of Commissioners appreciates the opportunity to participate in the review process for Tax Increment Financing (TIF) districts as outlined in the City's ordinances. As the number and scale of TIF applications continue to grow, the Board feels it is important to raise several concerns regarding the cumulative impacts these financing tools are having on County operations, County taxpayers, and long-term public infrastructure planning.

Over the past several months, Commissioners have observed a noticeable shift in both the frequency and scope of proposed TIF districts. Many recent applications involve financial increments significantly higher than those historically proposed, and increasingly target uses that extend beyond traditional public infrastructure development. While TIFs can be valuable tools in targeted scenarios—particularly for essential infrastructure—their expanded application raises questions about long-term sustainability and public value.

From the County's perspective, these growing obligations come with real-world consequences:

- **Impact on County Budgets and Tax Base**: The growing number of active TIFs reduces the County's available tax base, limiting its ability to plan for and meet service demands—especially when growth-related infrastructure (e.g., roads, drainage, traffic control) eventually shifts back to local governments without the benefit of the increment to help pay for it.
- **Administrative Burden**: TIFs require substantial administrative oversight, tracking, and reporting. This places increasing strain on staff time and resources, particularly in the Auditor's Office, who is responsible for calculating and tracking TIF increments.

- **Transparency and Accessibility**: The volume and complexity of application materials (often over 100 pages) make it difficult for elected officials and the public to fully evaluate proposals. The Board would strongly encourage the City to require TIF applicants to appear before the Board of Commissioners—or, at minimum, ensure a City representative is available to summarize the project and respond to questions at a public meeting.
- **Future Obligations**: Commissioners are concerned that some projects are approved without adequate consideration for long-term public costs. The Board encourages City leaders and Council members to carefully examine whether proposed TIFs lead to over-sized infrastructure or other enhancements whose long-term maintenance may fall to future taxpayers—particularly in areas of drainage, road widening, or traffic engineering.

As stewards of overlapping constituencies, we share a mutual responsibility to ensure that economic development tools are used in a way that serves the broader public interest—both today and in the future. We hope the City will continue to refine its TIF policies to ensure greater transparency, strategic targeting, and intergovernmental consultation.

We welcome the opportunity to work with you to explore solutions that strengthen both our working relationship and the outcomes TIFs are meant to achieve. Please do not hesitate to reach out should you wish to meet or coordinate further.

Sincerely,

Ron Weifenbach, Chairperson
For the Pennington County Board of Commissioners