

Marketplace project good for community

Wednesday, 11 June 2008

Over the last several days, we've published several news stories related to the proposed Cotton Mill Marketplace project to be developed on 25 acres around Mississippi State's E.E. Cooley Building along Russell and Spring streets and Highway 12 East.

Two stories were published Sunday and Tuesday along with plans for the site to try to answer the public's questions about the project's development and what will be involved.

Many questions have been raised about the use of tax increment financing (TIF) bonds to finance some of the infrastructure improvements for the project. Some residents have questioned why that money cannot be used for such projects as street upgrades or to fund much-needed new facilities for the Starkville Police Department.

State law stipulates that TIF bonds can only be used for infrastructure improvements tied to a specific project. The new ad valorem tax dollars created by the properties going back on the tax rolls will finance the bond debt, so there is no burden to the local taxpayer. Since creation of a special TIF taxing district is involved, the money generated from the bonds can only be used for infrastructure tied to that one project.

Members of our staff have talked at length with city officials about the need for drainage and street upgrades and the continued push for a police station, and those remain a priority, but TIF bonds cannot be used to finance them since public facilities generate no ad valorem tax revenue. In other words, no new tax revenue would be created to pay off the bonds. Those projects wouldn't pay for themselves.

The existing city budget structure, unfortunately, does not generate sufficient revenue to allow for a major street and building program without a significant boost to the city budget via an ad valorem tax increase or major increase in the retail sales tax collections.

The mayor, chief administrative officer and most members of the Board of Aldermen are cognizant of this, but they see the Cotton Mill Marketplace project as a major economic development initiative that could bring upwards of 1,000 permanent new jobs once the full development is complete, not to mention 3,000 construction jobs during the time the project is under contract.

The potential sales tax revenue to be generated for the city from the Marketplace alone (not counting the planned TIF bond project for the State Shopping Center on Highway 12 at Louisville Street) would be a serious shot in the arm for the city budget.

Estimates we've seen show the possibility of more than \$580,000 annually in new sales tax revenue once the development is fully operational. With a monetary infusion like that, city officials would have significantly greater financial flexibility that could allow the new Police Department building to be constructed and street and drainage upgrades without placing an increased burden on property owners. That's how they're thinking on this project.

Another principal criticism is the project's proximity to the historic Cotton District, where most of the property is owned by our mayor, Dan Camp.

While the Cotton Mill Marketplace is near the Cotton District, the prospect to completely revitalize what is essentially a derelict area of town — one at a major thoroughfare entrance into the main part of the city — is also great.

While it's true the mayor and surrounding property owners will benefit from increased land values, but so will our city and county economy in the long run, and we will have an extremely attractive retail, restaurant, hotel, conference center and office complex. Such a significant project can only enhance our community's profile as leaders pursue other economic development initiatives.

The bottom line is that this project has too much potential benefit for this community — including the city, county and Mississippi State University — not to pursue it. We think it is one of the best projects to come along in a long time and heartily endorse efforts to move it forward.

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