

Incentives unjustified

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Gov. Mark Sanford wants to know why big-box sporting goods stores should get a tax break and other incentives from the state at the expense of smaller retailers. That's a good question.

Sanford recently wrote about three dozen outdoor sporting goods stores in the Charleston area, saying he opposed public incentives to lure a larger retail store to the state. The governor had vetoed legislation earlier this summer that granted incentives, including tax hikes, to stores such as Cabela's, the Nebraska-based outdoor merchandise giant, but the veto was overridden by the Legislature.

Sanford has been profligate in the past with his veto pen, but in this case, he was right on the money. These incentives are both unnecessary and a slap in the face to the owners of smaller hunting, fishing and camping supply stores.

The legislation, specifically tailored to big retailers, offers up to 50 percent sales and income tax credits to a retail store with an aquarium or museum that draws at least 2 million visitors a year. The store must spend \$25 million on its site, collect at least \$2 million a year in sales taxes and draw at least 700,000 shoppers a year from more than 50 miles away.

Cabela's, by the way, is negotiating to build a store near the intersection of Interstate 26 and U.S. 78 in North Charleston.

While stores that meet lawmakers' criteria would be welcome in many parts of the state, we don't understand why the General Assembly is offering a goody basket of incentives to bring in competition for existing sporting goods stores. Those stores, many of which have been serving customers for years, didn't get a tax break.

In all likelihood, retailers such as Cabela's will decide whether or not to open a store in South Carolina based on the current business climate, not on a package of incentives. And existing businesses are right to object when the state subsidizes new competition.

Furthermore, while lawmakers may give -- to some -- with one hand, they often take away with the other. For example, the recent property tax reform bill will be a huge burden on businesses, which will see a 20 percent increase in everything they buy while the increased sales tax will make them less competitive with Internet sellers and businesses across the state line.

These narrowly targeted incentives are simply more piecemeal, scattershot tax breaks approved without consideration for the overall effect they will have on the economy or the negative impact they will have on hard-working small businesses. Sanford is right about this one.

IN SUMMARY
Gov. Sanford is right to oppose public incentives targeted at big-box sporting goods stores.