



Sanford, in letter to Cabela's chief, reiterates stand on state incentives

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Gov. Mark Sanford's first shot appears to have missed the mark, so he fired off another round this week.

The target: Cabela's Inc., the outdoor sporting goods chain that would reap a windfall from legislation approved to entice the company to build a store in North Charleston.

Sanford, who opposed the deal state lawmakers crafted, wrote a letter this week to Dennis Highby, the retailer's chief executive officer, reiterating his objections. He noted that smaller, locally owned retail companies seldom get state incentives and he also questioned the economic impact claims that Cabela's has linked to its stores in other states.

Sanford called his two-page missive "a follow up," noting that Highby did not respond to a similar letter sent in November 2006. He also said, "I would hope this time for a response on these matters."

Highby was out of the office Wednesday and had not yet seen the letter, said Cabela's spokesman Mark Nelsen. The Post and Courier faxed a copy of the letter to the company, but Nelsen declined to comment.

Siding with small retailers, Sanford said the tax incentives issue boils down to a question of fairness.

"Let me again be equally clear on how much we would love for you to come to this state," Sanford wrote. "Our only objection lies in paying you to come so that we effectively give your company an unfair advantage over smaller competitors around the state."

The debate over Cabela's began in early 2006, when North Charleston Mayor Keith Summey disclosed that the retailer was seeking land in his city for its first South Carolina location.

Summey also said the Nebraska-based chain expected various tax incentives, which the

state traditionally has not offered to retail businesses. Cabela's was an exception because its huge, elaborately decorated stores would draw thousands of new tourists to the Charleston region, Summey and other supporters said.

Sanford did not buy that argument and twice vetoed legislation for incentives tailored to a retailer like Cabela's.

The General Assembly overrode his veto both times.

The most recent law allows sales tax rebates and tax credits on jobs created for "an extraordinary" store that invests at least \$25 million in its site, attracts at least 2 million visitors a year and remits at least \$2 million in sales taxes every 12 months.

Cabela's has posted huge profits in recent years, thanks in part to government grants. In 2006, its net income was \$85.8 million, and at the end of the year it had deals to collect another \$14.4 million in government grants if it met certain benchmarks.

Sanford, however, noted in his letter to Highby that Cabela's has fallen short of some of those thresholds.

He claimed that Cabela's has not paid off as expected for communities in at least eight states. In Texas, for example, Sanford said, the chain had to return \$200,000 for not creating at least 400 jobs. A Minnesota store, meanwhile, "fell well short of the necessary 3.5 million visitors a year required to qualify for special subsidies," he continued.

Bass Pro Shops, one of Cabela's main competitors, opened a Myrtle Beach store in 2004 without state incentives, though it is pushing for deal-sweeteners for a potential location in Greenville.

Nelsen said his company has not committed to building a store in North Charleston and he does not know how seriously it is considering a Palmetto State presence.

The governor, meanwhile, will try to get lawmakers to repeal the incentives legislation when they reconvene in January, according to spokesman Joel Sawyer.

"This is kind of a unique situation," Sawyer said. "A lot of folks, particularly small-business owners, just don't think it makes a lot of sense."

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