



# County of Hamilton

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Following is Dusty Rhodes' full guest column on "The Banks" project. A slightly abridged version ran in "The Enquirer" Forum section on Sunday, March 14, 2010.

In 1996 Hamilton County voters passed a one-half percent sales tax for two new stadiums, a property tax reduction and an annual payment to the Cincinnati Schools. Additional riverfront development was never a part of the deal.

Part of the sales tax promotion was that it would "jump start" private development on the riverfront. The only thing that was "jump started" was demands for more taxpayer's money.

As soon as the dollars started flowing, the mission suddenly expanded far beyond its original purpose. County Commissioners embarked on a grandiose scheme to remake the City of Cincinnati's riverfront.

They said the money would come from "excess funds" from the sales tax. The "excess funds" were expected under the rosy scenario by the Commissioner's financial consulting firm. The windfall never materialized.

Under the guise of "economic development" the spending began, first on garages and a still largely unused "intermodal transit facility" and then on an elaborate hotel, retail and residential development to be known as "The Banks".

If the development made economic sense there would be no need for government subsidy. And what a subsidy! In just one example, over the past ten years, one outside legal firm hired by the Commissioners has been paid over \$20 million, much of that on riverfront issues.

Coincidentally, that is just a little more than the annual property tax reduction cost – the promised benefit that some now want to end.

It has been apparent for years that the stadium sales tax fund and county finances were headed for trouble. But the Commissioners were willing to cut spending on almost everything – except "The Banks". They shortchanged services required by state law to fund a frill.

The Commissioners responded to criticism by claiming there was no General Fund money in the project. Their \$12 million bond issue for "The Banks" against the General Fund last summer ended that deception.

One Commissioner defends the excess spending by saying "we are creating our own economic reality". So far, that "economic reality" has been the end of over 1,000 county jobs as the funding of this project rolls on.

The great mistake was ignoring the market which was saying that there was no need for this development. New downtown hotels are planned as existing hotels struggle, retail businesses are under pressure and we have more rental properties than we can fill. The Commissioners decided to try to force "something" on the marketplace.

Now the taxpayers are on the hook for a very high level of subsidy making it unlikely that there will ever be a willingness to recognize the futility of the prior spending and cut our losses. Remarkably, the County has only succeeded in leveraging itself.

Nonetheless, if we cannot support our statutorily required duties due to lack of funds we surely can't finish all phases of this completely discretionary project developing the City of Cincinnati's riverfront. Apparently, the sad, sorry lessons of the long ago Cincinnati Subway have been forgotten in yet another local example of the triumph of hope over experience.

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