

**THE  
 COMMUNITY  
 LEADER'S  
 LETTER**  
 NEWS & VIEWS FOR SOUTH CAROLINA'S  
 GRASSROOTS LEADERS

# New Technology Extends Health Care To Isolated Oconee County Community

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For almost a year now, once a week a van pulls into the parking lot of the community club building at Mountain Rest high on the shoulder of the Blue Ridge in Oconee County. With the van comes a team of nurse practitioners and health educators ready to check blood pressure, screen for cholesterol, perform immunizations, and give health counseling to the people who live in this isolated mountain community twenty-five miles from the nearest hospital and fifty miles from the medical center in Greenville.

The effort is a joint venture of the Mountain Rest Community Club, the Greenville Hospital System, and various divisions of Clemson University. Conceived as a proof of concept project to establish telecommunications linkages between a nurse practitioner's mobile health clinic in a rural setting and primary care physicians at a regional

medical center, the Mountain Rest project allows Dr. Donna Millar to remain in her office at the Greenville Hospital and still examine a patient using one-way still videoimaging and two-way audio hookups on ordinary telephone lines. Nurse practitioner faculty from the Clemson School of Nursing and Joseph F. Sullivan Center provide the direct patient care.

In the past seven months, almost 200 different patients, from infants to the elderly, have come to take advantage of the service. Altogether, the clinic has done almost 600 visits. Much of the work is fairly routine, says Sara Bagby, special projects coordinator with Clemson's Cooperative Extension Service who works as a health educator on the project. Physical examinations, blood pressure checks, cholesterol screenings, and immunizations represent much of the work load. Routine though they may be, however, such

screenings often help avoid big health problems down the road. At least one Mountain Rest resident with an aneurysm feels he owes his life to screening at the weekly clinics where the problem was discovered. The patient was quickly referred to his doctor by the clinic and then to a hospital for surgery.

The weekly clinic also attempts to promote preventive medicine. "We work with patients to help them understand how changes in their life-styles and diets can reduce their health risks," Dr. Bagby explains. Most recently, patients were invited to sample muffins baked with high fat and others baked with apple sauce to see if they could taste the difference between those that were healthy and those that might threaten their health. "People look forward to the weekly clinics," Dr. Bagby

*(Cont. p. 4)*

***In furtherance of Clemson University's land-grant mission, the Community & Economic Development Program at Clemson provides access for community leaders in South Carolina to expertise in all branches of knowledge on the University campus.***

ECONOMIC BRIEF NO. 26

# Recovery from Economic Disaster

This series of economic briefs explores fundamental concepts in economics and community and economic development.

The invisible hand is the economist's fanciful name for the self-correcting market processes that turn disasters into opportunities and direct resources into their highest and best uses. These processes have important implications for all declining small towns.

Empty storefronts, falling house prices, lots of experienced workers who can't find work locally and are reluctant to move are all personal trag-

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The invisible hand may not work fast enough or thoroughly enough to suit the needs of everyone living in a declining town, and it won't work for every place. But the work of the invisible hand is evident in places like Ware Shoals.

When the Riegel textile plant closed in 1981, Ware Shoals could have turned into a ghost town. Almost everyone in town worked for the mill. The sprawling empty mill stood right in the middle of town. Three years later, a fire turned the middle section of the mill into a burned-out hulk.

Predictable changes followed. Population declined, stores stood empty, prices of houses fell. It didn't look like this town of 2,500 people had much of a future.

But the fortunes of Ware Shoals have been turning around. In April 1997, the town celebrated the opening of its first chain restaurant, a Burger King. There are also new housing developments. There are still empty storefronts, but there are more stores than ten years ago. The town is working to combine the city and high school libraries into one facility. The annual Catfish Festival draws some remarkably large crowds.

So, how did the invisible hand manage to turn things

around? The invisible hand capitalizes on opportunities created by cheap rents and low housing prices. But even the invisible hand needs tools with which to work. Ware Shoals had two assets: location on Highway 25 just fifteen miles from Greenwood and good local leadership.

Greenwood and Highway 25 just north of the city are both bustling with industry. Ware Shoals offers the attraction of a small, quiet community with inexpensive housing at a convenient commuting distance. So, the invisible hand is quietly leading people who work in and around Greenwood to Ware Shoals, as well as to Donalds and Hodges, where they can enjoy small town ambience and low living costs.

Good leadership meant developing a festival, finding uses for empty buildings, attracting small firms, and building community pride that kept people from giving up and moving away.

Not every declining town has Ware Shoals' location and leadership to reverse downturns. But if Ware Shoals, which lost jobs for 80 percent of its labor force when Riegel closed, can begin to turn things around, who knows where the invisible hand may strike next?

**The *invisible hand* is the economist's fanciful name for self-correcting market processes that turn disasters into opportunities . . .**

# Accommodations and Sales Taxes Accepted As Part of Local Government Financing

In the late 1970s, home rule for county governments was brand new, state aid to counties and cities was frozen by the General Assembly, and federal aid was declining. At the same time, resistance to the property tax was rising, and local revenues were not keeping pace with rising budgets. As a result, counties and cities were finding they had to finance more services to growing populations with only two major revenue sources: the property tax and state aid to local governments.

In 1977, the legislature invited researchers at Clemson University to explore alternative local revenue sources for local governments in the state. The implementation of two of the researchers' suggestions, the accommodations tax and the local option sales tax, has provided more flexibility to local governments.

The 2 percent accommodations tax adopted by the legislature in 1984 and the 1 percent local option sales tax passed in 1990 brought in almost \$84 million to local governments in 1994-95. The fifteen counties levying a local option sales tax collected \$62 million, and the accommodations tax generated \$22 million in revenue statewide.

But did these two new revenue sources solve the budget squeeze for local governments?

From the beginning it was obvious that the accommodations tax would largely benefit coastal cities and counties, which would receive some help with financing service demands created by tourists. However, at the insistence of the tourism industry, most of the tax revenue was earmarked by the legislature for tourism promotion, tourism-related services, and tourist facilities in the places where it was collected rather than for general purposes.

The local option sales tax, a broader based tax that can generate funds even in smaller communities, has been a source of significant revenue in the counties adopting the tax. Since 1990, twenty-five of the state's forty-six counties have adopted the tax by local referenda.

By law, 71 percent of this tax goes to property tax rollbacks. In practice, many counties have used 100 percent of the revenue to roll back property taxes. As a result, property taxes in cities adopting the tax declined 4 percent per capita between 1990-91 and 1993-94, while

property taxes increased 13.6 percent per capita in cities without the tax.

South Carolina has followed a national trend with its accommodations tax and its local sales tax. Nationally, more than 6,000 local governments in thirty-one states have discovered that the local sales tax is the only good broad-based general revenue source other than the property tax for cities of moderate size like those in South Carolina.

In some states these two taxes are the primary sources of local government revenue for counties or municipalities. A few states finance schools with the local sales tax.

So, where is South Carolina headed next?

Increasingly local governments are using a balanced mix of four revenue sources: property tax; state and federal aid; local sales tax; and fees, charges, licenses and permits. With the property tax under restraint, state and federal aid relatively stable, and the local sales tax providing some revenue growth at a fixed 1 percent rate, cities and counties in South Carolina will probably follow another national trend. They will rely more on licenses, permits, fees and charges.

*(Cont. p. 4)*

Two-thirds of the accommodations tax revenue in 1994-95 went to the three coastal tourism regions. The cities of Myrtle Beach, Hilton Head, Charleston, and North Myrtle Beach accounted for two-thirds of the revenues to cities. Only sixteen cities received more than \$100,000 in 1994-95.

In 1994-95, almost \$33 million of the local option sales tax revenue of \$62 million collected in fifteen counties was generated in Charleston, North Charleston, Florence, and Mount Pleasant. As collections from the additional ten counties recently adopting the tax come on line, the percentage share generated by these cities will drop.

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**THE COMMUNITY LEADER'S LETTER**

## Accommodations and Sales Taxes . . . (From p. 3)

The trend toward using fees and charges, which puts more of the burden of paying for services on those who use them, accounted for only 33 percent of county and municipal general revenue in South Carolina in 1990-91 but was 37 percent by 1994-95.

As a new century approach-

es, South Carolina's legislators are again wrestling with the same questions about providing adequate locally generated revenues for local government in ways that are fair and acceptable. They are exploring giving more discretion to local governments to levy nonproperty taxes of var-

ious kinds.

However, as the state's revenue system evolves, the accommodations tax and the local option sales tax have earned their place in the local finance picture and are here to stay.

## New Technology Extends Health Care . . . (From p. 1)

says. "It builds community ties as well as improving health."

As more and more South Carolinians live in the suburbs, a residual population is being left behind in places like Mountain Rest. Transportation problems often can prevent the residents of such places from having access to routine health care, and little health problems are left to fester until, finally, they are

big, life-threatening problems that require a great deal of money to treat (if any effective treatment is possible). The Mountain Rest project is proving that a mobile telemedicine approach is a practical, cost-effective way to meet health care needs in such communities. One mobile van properly equipped with electronics that can be purchased off-the-shelf could

serve as many as ten communities.

"There is no overpowering reason why what is happening in Mountain Rest cannot be replicated in many communities all over South Carolina," says Linda Crew, director of the Sullivan Center. "But it does require partnership and teamwork. Professionals and lay volunteers working together is what is required."