

# **IT'S TAX TIME AGAIN -- HOLD ON TO YOUR WALLET ... AND YOUR COURAGE!**

Opinion by John Thompson © (Reprinted from *By-the-Sea Times* of August 12, 2005)

Along with the President and the Congress, the Mayor and Commissioners have again declared August to be vacation time and have taken the month off. That gives the rest of us who regularly attend their fortnightly meetings an opportunity to do other, even more exciting things -- for instance, reading the proposed 2005-06 fiscal year budget. And what an exciting, and even frightening document it is -- something like a Stephen King novel!

Town Manager Bob Baldwin's budget document begins quietly and reassuringly enough. First come five or six pages establishing what a marvelous job the Town Manager has done managing the budget over the past decade, in particular, by building up \$5.7 million in various reserve funds for "emergencies, contingencies and capital projects," and by winning several awards for budgeting and reporting excellence.

More good news: the gross taxable value of property in the Town is now over \$1.7 billion, a 16.63% increase over last year. Not mentioned, of course, is the fact that this double-digit increase in the Town's tax base (Is this the fifth or sixth year now?) results to a large extent from massive increases -- over 100% in many cases -- in the assessed value of rental properties and those of part-time residents not fortunate enough to be homesteaded. Also not mentioned is that fact that despite five or six years of double-digit increases in the tax base (not even counting the increased tax revenues from the 2001 annexation), there has not been a single reduction in the ad valorem millage rate this century. We do learn, however, that Mr. Baldwin is proposing a 15.7% increase in the General Fund budget that covers operating expenses. (It is probably just as well the tax base did not increase by 30% this year, or we could well be facing a 29% operating cost increase!)

But then the really frightening facts begin to appear: "The most pressing issue in next year's budget, and the issue with possibly huge financial ramifications," we learn, "is the potential litigation resulting from an initiative to impose a town-wide, four-story height limit on areas of the Town that currently are zoned to allow 15- story buildings, [requiring] that the Town take the following precautionary action:

1. Budget \$100,000 in legal costs;
2. Budget \$75,000 for an educational program [on] the height referendum;
3. Budget \$700,000 in a Litigation Contingency Account for possible claims resulting from passage of the proposed referendum;
4. Postpone new capital projects, pushing them into FY'06-'07, and finally (Hold your hat!);
5. Increase ad valorem taxes .11 mills to pay for budget costs (\$175,000)."

Hold on a minute! We can recognize a red herring when we see one! Part of the double-digit annual tax-base increases during the past decade have gone to hire or contract for a Finance Director and her assistant, an Assistant Town Clerk, a Public Information Officer and a web site coordinator. Could those fine folks, along with the Town Attorney and Town Planner already under retainer not, among themselves, handle whatever "educational program" may be required? Also, we cannot remember being informed in advance of the need to budget for legal costs when the Commission ignored the advice of the Assistant Town Attorney and the Board of Adjustment and approved a variance permitting construction of a private wall on the Town's swale area, leading to extensive litigation expense.

Even if the citizens committee responsible for the height-limit initiative were not now bending over backwards to introduce into their revised initiative automatic procedures to avoid court awards even if the courts were to rule that the Harris property-rights act does apply to charter amendments (which their counsel has advised it does not), would it really be necessary to set up a SEPARATE \$700,000 contingency fund? What about the existing \$5.7 million in reserves listed earlier in the document? And finally, is it really necessary to increase millage SPECIFICALLY to cover these imagined legal and advertising costs? Why not spend some of the 16.63% increase in the tax base, or the 0.30 mills by which ad valorem taxes were never reduced when fire-suppression funding was removed from ad valorem taxes and special non-ad-valorem assessments for that purpose established?

No, we think it clear that all the above is intended primarily to frighten our voters away from their traditional support of initiatives to preserve the small-town, low-rise image of LBTS by means of height-limit ordinances and charter amendments.