

A Million Wasn't Enough? *Montgomery County commissioners want even more tax money*

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KEY POINTS

- ♦ Montgomery County commissioners have raised the property tax by nine cents over the last two years, from 58 cents to 67 cents per \$100 valuation — a 15.5 percent increase.
- ♦ Now the commissioners want \$225,000 tax increase (an amount about the same as another one-cent increase in the property tax). If voters approve this tax increase, the total tax increase over the last three years would be \$2.1 million.
- ♦ Commissioners have not promised to use this tax increase to reduce the property tax.
- ♦ In fact, commissioners have not promised to use the increased revenue for any specific purpose.
- ♦ Instead, they want the money “to help address and alleviate fiscal constraints within Montgomery County.”
- ♦ County commissioners spent all of the state required cash reserves between fiscal years 2003 and 2009.
- ♦ Taxpayers have little access to online information about county government. The county does not have the checkbook, contracts, future liability for retirees, Capital Improvement Plan, number of employees, audit reports, salaries of employees by job code, or the Comprehensive Annual Financial Report available online.
- ♦ Since the special county taxing authority was established by the legislature in 2007, voters have turned down 68 of 85 requests for tax increases, sending the message that county commissioners must be more responsible stewards of taxpayers’ hard-earned money before voters will entrust them with tax increases.
- ♦ Montgomery County voters should think twice before harming taxpayers and small employers with a tax increase during the current economic downturn.

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ASKING FOR MORE ON TOP OF A MILLION-DOLLAR TAX INCREASE

Montgomery County commissioners are asking voters to approve a \$225,000 tax increase during this bad economy. This request follows a \$1 million property tax increase this year and

\$900,000 tax increase last year. While the downturn in the economy is hurting county government, it is also hurting county taxpayers and businesses. The county commissioners should consider their needs, too, rather than just those of county government. County commissioners have already increased the property tax by 5 cents this year and 9 cents over the last two years — a 15.5 percent tax increase.

What pressing need is there behind the request for taxpayers to pay \$225,000 more in new taxes? The commissioners' official resolution calling for the vote states that the tax increase "is necessary to help address and alleviate fiscal constraints within Montgomery County."¹ To voters that might sound like a request for a blank check to spend the money any way they want.

Commissioners have also set a larger fiscal policy goal of increasing the number of ways they can tax citizens. A higher sales tax fits with that plan, but more ways to tax can lead to higher taxes overall, as evidenced by commissioners' desire to raise taxes for the second time this year.

FINANCIAL RESPONSIBILITY OR IRRESPONSIBILITY?

How have the commissioners managed the taxpayers' money? Facing a substantial budget crisis in fiscal year 2009, they spent all of the \$1.5 million cash reserves in order to maintain overall spending levels. County commissioners then raised the property tax rate by four cents per \$100 valuation to take in another \$900,000 for fiscal year (FY) 2010. Cutting spending would have been more prudent because commissioners were faced with another revenue shortfall for the current budget (FY 2011). This time they responded with a \$1 million property tax increase while cutting spending only \$700,000. To their credit, the commissioners have started to add money to the cash reserves fund, but it is only 0.15 percent of the budget (\$350,000 out of \$23.3 million) — hardly the eight percent

required by the state.

Again, Montgomery County commissioners are trying to tax their way out of the budget problem. The request for the \$225,000 tax increase would bring tax increases over the last three years to about \$2.1 million. Montgomery County voters need to decide whether their record is fiscally responsible and in the best interest of the county residents.

CITIZENS ARE KEPT IN THE DARK

One reason that many Montgomery County citizens are largely unaware that the county government is in such dire financial straits is that the county does not provide citizens with easily accessible information online. Montgomery County earned a grade of "D" on NCTransparency.com, the John Locke Foundation website that grades online government openness.²

The county does not have its checkbook, contracts, future liability for retirees, Capital Improvement Plan, number of employees, audit reports, salaries of employees by job code, or the Comprehensive Annual Financial Report available online. Nowhere on the county's web site is there even mention that a sales tax vote will occur on November 2.³

In fact, even though commissioners decided back in their March 16 meeting to place the sales tax on the ballots this November, the most recent county newsletter, August 2010, does not mention the upcoming sales tax vote.

Since the special county taxing authority was established by the legislature in 2007, voters have turned down 68 of 85 requests for tax increases, sending the message that county commissioners must be more responsible stewards of taxpayers' hard-earned money before voters will entrust them with tax increases. By their votes on this referendum, Montgomery County voters can demonstrate whether county commissioners have earned their trust or still have work to do.

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END NOTES

1. Montgomery County, “Resolution Levying an Additional One-Quarter Cent (.25) County Sales and Use Tax,” Resolution No. May 2010--May 18 [sic].
2. See www.nctransparency.com/details/122/montgomery-county.
3. Montgomery County site, www.montgomerycountync.com, accessed October 14, 2010.