

# Call for Tax Cuts in Orange Beach

800 words

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June 11, 2018

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Populists often put their finger on problems that irk the country.

"Council will not cut local taxes," I argued with friends, sailing on Arnica Bay.

"The most fundamental reason to cut taxes is an understanding that wealth doesn't just happen it has to be produced. And those who produce it have a right to keep it," according to David Boas of the Cato Institute a conservative think tank.

I call for City Council to eliminate the property tax of 4 mils (approx. \$3.5 million), and kill the two-cent gasoline tax (approx. \$200,000) so the resident shareholders in our community have a little more money in their pockets.

In 2017 the city generated \$41.8 million in revenue, having \$25.1 million in expenses, leaving \$16.7 million in profit, bringing the city's current reserves to \$49 million for a town of 5,600 residents, according to a City of Orange Beach public-records request.

I argue for tax cuts on property, meaning the complete elimination of local-property taxes, stimulating the real-estate market, knowing Gulf Shores must eventually raise property taxes, supporting their school separation, making ownership in Orange Beach a premier investment with no property tax.

I also argue for tax cuts on fuel, eliminating the two-cent tax, helping our local fishing industry, making it more profitable, providing a simultaneous savings for the recreational boater provided there is no gouging at the pump.

Initiating tax cuts requires a legislative outline. Drafting a statute is a good start to the plan, having it reviewed for financial impact, having it approved by the legal team, having it critiqued by Council Members, assuming the Mayor approves the final draft for inclusion on the Committee of the Whole (COW) Agenda. During the COW, members discuss the item, possibly moving it forward to the Council's Agenda for a vote. This is pretty much the legislative pathway, knowing governmental diligence can take several months.

Tax Policy is the core of municipal planning, providing a blueprint for legislators and lobbyists. Searching the web site I found no such policy document, assuming this was an administrative oversight. The only glimpse we have into tax policy is the city's recent increase in lodging tax from 11% to 13%, earmarking the monies to fund infrastructure projects.

*Ad hoc* legislation is not tax policy, working backward from the need for infrastructure is taxation done for one purpose only. Imagine having the electricity go out, running to the store for a generator rather than having a policy already in place for electrical backup.

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Tax legislation must strike a balance between intended and unintended consequences, impacting every facet of municipal life.

The intended consequence of tax cuts is more money in residents' pockets, bolstering the real estate market, lowering the financial temperature for the charter fleet and recreational boaters, adding significant political capital to the war chest for 2020.

The unintended consequence of tax cuts is having approximately \$4 million less to spend each year if the projected increase in sales is less than anticipated, causing uncertainty for local companies, relying on government contracts, posing financial hardship for those families.

"The resulting increase in taxable sales would reduce the revenue loss arising from the legislation," according to the Tax Policy Center, referring to the Tax Cuts and Jobs Act, extrapolating the same math for a small municipality.

Some hold that tax cuts don't work to stimulate the economy. "There are too many moving parts," according to Caroline Baum of Market Watch. Resolving conflicting opinions can be decided with a vote, letting local people choose how to spend their money.

A referendum on tax cuts is a mandate on residents' subjective well being, asking if the city should completely eliminate property taxes and the gasoline tax. Taking this decision to the people like Council did when they wanted to raise property taxes for the school initiative is real, only this time the Tax Referendum will get across the finish line, uniting and not dividing the community.

Failing to share our resources with each other has the scent of a missed opportunity. Tax cuts are on the national agenda; they should be on the local agenda too.

ENDS.