

# Proposing Property Tax Cuts in Orange Beach

900 words

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Tax cuts are Republican doctrine. Mayor Tony Kennon does not agree.

He raised the lodging tax from 11% to 13%, expressed mathematically it is a monetary increase of 15.38%,  $(1.00 - 11/13) \times 100 = 15.38\%$ . This Ordinance passed in the Council Chambers with five affirmative votes, only Councilman Jeff Boyd dissented.

Why are we gouging families who come to the beach on vacation?

The lodging tax is geared toward one goal, providing enough funding to build the Wolf Bay Bridge (\$60 Million), ostensibly alleviating traffic, making life less stressful for everyone. "It took me 55 minutes to get home [from work], and I live ten miles away," said Lizzy Burch, Manager of Infinity Bicycles on Hwy. 161.

Even before the lodging increase, the city had over \$40 million in reserves, generating \$15 million above yearly expenses, according to financial reports on the city's web site (<https://orangebeachal.gov/departments/finance-department/financial-reports>). Mayor Kennon's logic is business centric, getting someone else to pay for the bridge through increased lodging taxes, thereby keeping his reserves in the vault.

Tax revenue is the life force of a municipality. Let's explore other ways Mayor Tony Kennon could generate income. Adding two cents to the gasoline tax at the local level, adding thirty cents to the cost of each sugary drink sold as a youth-targeted health tax, adding fifty cents to tobacco products is obviously a health tax, adding fifty cents to each alcoholic drink purchased in the bars and restaurants is a sin tax. All these would increase revenue, but would kill economic growth.

Is the role of government to increase revenue streams like a business, or stimulate economic growth?

John Maynard Keynes (1883-1946) defined tax cuts as a way to stimulate economic growth. In turn the growth from tax cuts pays for infrastructure like bridges. This concept is the foundation of creating wealth, heralded by Republicans as a pillar of conservative thought.

George W. Bush (R), and Donald J. Trump (R) pushed through tax cuts during their administrations. Mayor Tony Kennon (R) just doesn't get it. He espouses, I am running this city like a business, putting tax revenue ahead of economic growth.

A government is not a business. Firstly, a city is a tax-free entity, competing with a tax-free advantage. To manage a government like a business is opening oneself up to charges of leveraging the city's tax-free status, influencing vendors, cronyism, abuse of power, and ethical foul play.

If the city were a business, behold to its shareholders, they would behave differently. The residents in Orange Beach have not had a direct return on their investment

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(ROI) in the last ten years, exposing the duplicity of the city's increasing revenues while living tax free, and not paying a dividend.

Let's look at it as a business. Tax cuts are a way to provide a return, but how?

Property tax repeal (4-mils) is a good place to start. In confidence, a Councilman once told me we need that money from property taxes, because they generate approximately \$3.5 million per year in revenue. Taking \$3.5 million out of a \$40 million pot does not seem like a lot to me.

Going back to the words of John Maynard Keynes, cutting taxes spurs growth. We must have imagination. Eliminating property taxes in Orange Beach will drive up property values, igniting growth in the local real estate market. The time to press the advantage is now, because eventually Gulf Shores must raise property taxes, supporting an independent school system, driving up the demand for real estate in tax-free Orange Beach, creating wealth for local residents.

This idea embraces conservative ideology, but Mayor Tony Kennon will not support a tax cut. Rebating money to residents as shareholders is not what he does, and there is no way to change it.

In all fairness we should present practical arguments against tax cuts. Orange Beach must keep adding to its large reserves as a built-in cushion against the devastating effects of possible storms, keeping the city safe during the long recovery.

The downside is the Fed will look at Orange Beach's balance sheet after a disaster, having \$40 million in reserves, arguing we don't need Federal Grants, passing the recovery funds on to more needy neighbors like Gulf Shores, Foley, Satsuma, Citronelle, Bon Secour, Bayou La Batre, and the Gulf State Park. You get penalized for running it like a business.

I argue a property tax repeal is necessary, giving back to the community, especially with a favorable balance sheet. Eliminating the 4-mil property tax is an opportunity, increasing real estate values, growing the economy, and creating wealth for local home owners.

ENDS.

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