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Florida Taxpayers and the Plucked Goose

By J. Robert McClure III

The finance minister for France's King Louis XIV had it right: "The art of taxation," said Jean-Baptiste Colbert, "consists in so plucking the goose as to obtain the largest amount of feathers with the smallest possible amount of hissing."

Until now, the rise in property taxes fueled by Florida's real estate boom has produced little or no hissing by taxpayers. That may soon change as rising property values outpace the increase in personal income. Most local governments from the Keys to the Panhandle have seen their property tax rolls grow much faster. In some locales, recent annual gains have exceeded 20 percent, and most counties across Florida have seen double-digit gains.

In Volusia County, property tax revenue jumped 18 percent. In Pinellas County, it grew by nearly 15 percent. Leon County, an area of more moderate growth, garnered a \$1.2 million windfall. The list goes on – and spending is often keeping pace. New Port Richey's budget will grow by a whopping 38 percent – an increase made possible by the rise in property values. How'd you like to see that kind of raise in your paycheck?

Yet it seems that local officials across Florida are reluctant to return much of their revenue windfall to those actually responsible for generating it: the taxpayers. Manatee County saw a \$3.6 billion jump in

property values this year, but the county administrator -- when asked whether the time was ripe to lower the tax rate -- told the Sarasota Herald-Tribune, "I just don't see that we could justify reducing it at this point." Really?

As if burgeoning property tax rolls were not enough, some counties are also raking in record-high "impact fees." In Hernando County, for instance, officials have proposed a doubling of such fees – a tax hike by any other name.

The question to ponder is this: If private enterprise is what really fuels Florida's economy, why wouldn't officials want to stimulate it even more by returning excess revenues to the private sector?

One answer, clearly, is government's historic and insatiable hunger for more money to spend. At every level, elected officials -- Democrats and Republicans alike -- love to spend money on their own pet projects. As the adage says, "No one spends someone else's money as carefully as he spends his own." One North Florida county commissioner complained, "We have to remember that there are lots of unforeseen circumstances and hold on to our money a little longer." *Our money?*

Yet there's another, more subtle reason why local officials hesitate to return the extra revenue to the taxpayers whom they ostensibly represent. In cities and counties all across Florida, officials are hamstrung

by the onerous wage and benefit packages given to public employee unions who regularly play political hard ball at the bargaining table and on Election Day. For example, the Tampa Tribune recently reported that Hillsborough County employees' pay grew 26.5 percent from 2001 to 2003 – three times faster than the pay of workers in Tampa Bay area industries during the same period.

Is there a solution? A meaningful Taxpayer Bill of Rights (TABOR) for Florida would be a good start. A properly structured TABOR inserted into the state constitution would set a limit on year-to-year hikes in state and local government spending. The limit would adjust for inflation and population changes. The formula's limit could be exceeded only with consent of the voters as expressed in a referendum on the issue. If the revenue collected in a given fiscal year exceeded the constitutional limit without the taxpayers' consent, then any excess would be returned to taxpayers in the form of lower property taxes, longer sales tax holidays, or by other means.

Hard-pressed local officials who must deal with tough budget realities need an extra dose of political courage to stand up to the unions' demands. Otherwise, Florida's cities and counties could face the same fate as several of California's most affluent locales: fiscal ruin. A TABOR could help supply that necessary courage.

Until a TABOR is enacted, however, Floridians need to demand more fiscal accountability from their elected officials. The fact that property values are skyrocketing doesn't mean that governmental spending needs to grow just as fast. The private economy is the proverbial goose that lays Florida's golden eggs. It's time to quit trying to pluck every last feather.

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