

Government Spending...

“What We Got Here Is A Failure To Communicate...”

Morgan B. Gilreath, Jr., Volusia County Property Appraiser
Published, April 6, 2007, Hometown News, Daytona Beach

Is government spending too much money? Not if you ask the city and county officials who approve the budgets. There's never “too much money,” it's an oxymoronic statement, right? Ask your own teenager, “do you have enough money?” Maybe it's about “spending someone else's money,” that's a little more of a *sticky wicket*. I think government is a little like a bank trust officer, ask one of them about spending someone else's money... they have rules. Local governments in Florida may be getting some new spending rules.

And... just who is authorized to ask questions about who's spending what in government? There are certainly some who don't think I should be anywhere in the ballpark of government spending... “*the Property Appraiser has no business telling the County or any City government how much money to spend!*”

I have never even suggested to any of our taxing authorities (cities, county, etc) how much to spend and never will. That's their business. Deciding what public programs and services are needed, funding those, and taxing their citizens to pay for them is *their* business. I'm not trying to tell cities what to do... I'm telling our citizens what they have done. There's a difference. There is also an obligation to inform the public as to what is being spent... particularly when they are being told otherwise. When a public official tells the public they have not raised taxes and have not spent more money, when in fact they have spent millions more money, someone needs to tell the public the truth.

Seven Volusia cities raised property taxes between \$1 and \$4 million this year.¹ These seven cities had an average increase in property taxes of 25.6%... when the Consumer Price Index (CPI) only increased 2.5%. That's over ten times the increase of consumer goods. I've heard there's a new *study* purporting that raising property taxes this drastically over the increase in the CPI isn't really *spending* because government has to spend money on things ordinary people and businesses don't. There may be some truth in that statement, but not enough to explain spending ten times your taxpayer's ability to pay.

Look at 15 of our 16 cities (excepting Pierson) over the past five years (from 2002 through 2006). During this time these 15 cities increased property tax spending by 98%, while the CPI went up only 13.5%. That's spending, over five years, at over 7 times the increase in their taxpayer's ability to pay (as measured by the CPI). Why did that only happen in the last five years and why, so often, did the spending almost equal the rise in the real estate market? How was it that the “*same millage as last year*” was always exactly the right rate, to the sixth decimal place, with which to calculate these various increases in consumer goods? Good budgeting? Or *get all you can while the sun shines*?

¹ Daytona Beach, Daytona Beach Shores, DeBary, DeLand, Deltona, Ormond Beach, and Port Orange

A City Manager recently wrote “... *in the past two years homesteaded property owners in [our city] have realized a real reduction in the property taxes paid for city services.*” That same city raised property taxes on all their citizens 29.6% this year and 14.8% last year... a total of 44.4% in two years while the Consumer Price Index went up only 5.9%. The CPI measures the price of goods for all consumers. I would call “...*realized a real reduction...*” mildly misleading...

How many businesses can survive spending at a rate many multiples of their increase in income? Over the past five years, Volusia’s cities have spent from 4 to 10 times that of the ability of their constituents to pay, as measured by the Consumer Price Index (CPI).

This is not to say a city has no right to increase taxes as much as they want to. They probably have more requests for spending then they can respond to... it’s their business to spend money... but then, don’t “cry foul” or try to say you didn’t do it after you clearly did...

“*We didn’t raise taxes, we raised revenues.*” ... “*We didn’t raise taxes, the millage rate is the same as last year*” ... “*We lowered taxes, the millage rate is lower than it was last year.*” These statements are all factually and legally wrong!²

I heard another City Finance Director say... “*People want to go to places where good services are provided... people like to drive Hondas instead of Ford Escorts.*” This same city increased their taxes last year over 31% in one year, when their taxpayers ability to pay went up by 2.5%.... 12 ½ times their citizens ability to pay! Wow! Maybe they ought to try buying a few more Ford Escorts...

So... are governments spending too much? I don’t know, budget increases are always their responsibility and their call. But, in my opinion, that “spending decision” is accompanied with a responsibility to be 100% forthright with their citizens about exactly how much more, in actual dollars, is being spent this year than last year. All of us in government should be constantly trying to inform our public “what” we are doing to them. For example, documentation of exactly which programs and funding were transferred down from state and federal governments would be nice, along with the actual costs transferred. A few years ago Volusia citizens voted themselves two .20-millage property tax increases after a public relations blitz explaining the reasons for the additional funding. I believe people will support government spending that they understand.

As Cool Hand Luke discovered, a “*failure to communicate*” can have disastrous consequences. It looks like the 2007 Legislature is going to impose a “spending cap” on Ad Valorem spending throughout Florida. That translates into *no failure to communicate* between the Legislature and the people of Florida.

² See Florida Statute (F.S.) 200.065. Method of Fixing Millage. Per F.S.200.065, the only way to lower property taxes is to adopt a millage rate lower than the Rollback rate. None of the 15 cities mentioned came close.