

## Power and Politics

### WHY IS CUTTING CITY SERVICES ALWAYS THE FIRST OPTION?

In the wake of the recent City budget scare, it may be important to examine how services for our citizens valued, and what we're willing to pay to ensure the quality of life that we all expect. The State told us last month to expect an \$8 million "hit" to our local budget, so what was the reflex action? To see what services could be cut, and whom might best bear the brunt of that decision. This time, vigilant citizens stood up – and the rest ducked a bullet. Its time for enlightened leadership on budget issues, and perhaps for biting the bullet on raising new revenues.

The Board of Aldermen moved responsibly to consider which way forward, and Mayor Joines showed the leadership that many of us knew he possessed. Unfortunately, sorting through the bones of a carcass already picked clean will never adequately answer the question. Although we wouldn't know it from the typical Board discussion, there are times to cut and there are times to focus on the revenue side. Yes, sometimes we even have to discuss the "t" word if we want our citizenry to stay healthy and whole when necessary services are being threatened. Given good management, a modest tax increase could mean more and better services.

Many of us believe that we'll eventually grow our way out of this economic slump, particularly if we invest wisely towards that end. But that's a longer-term strategy that won't address current needs. The Board of Aldermen focused on short-term approaches to meet pressing concerns. But ripping our City apart with uneven, disproportionate services cuts for some citizens, while rabidly protecting the 38.5 cents per \$100 City property tax rate that we crow so much about, was not the way, and wisdom prevailed.

What is magical about the current tax rate? When combined with Forsyth County rate of 56.4 cents per \$100, we pay taxes on real estate of about \$0.95 per \$100 of assessed value – or approximately \$950 on a \$100,000 home. If we lived in Raleigh, we'd pay \$1110. If we lived in Charlotte, we'd pay \$1310. Why are property taxes so sacred when our children face the loss of critical services? City staff avoided service cuts in this budget crunch; what about next time? We've already been warned that the State's 2003 deficit will probably be equal to, if not greater than, this year's.

The absolute refusal of elected officials to discuss property taxes in a time of widespread concern over the City's future speaks volumes. It tells us that a nickel more in taxes (\$50 more on the tax bill for that \$100,000 house) is not worth considering, but reducing the quality of our people's lives is. Who gets sacrificed on the altar of this sacred cow? You guessed it, the citizens least likely to absorb service cuts, and who seldom have the option of private pools or checkbook education. Oddly enough, these are the same people who usually pay taxes too, and who can less "afford" an increase, but who would undoubtedly be more willing to agree to one if called on.

If maintaining the lowest tax rate in the State is supposed to attract new households and new businesses, why does Winston-Salem and Forsyth County also have some of the lowest growth rates as well? Our cake is being wasted and we're starving to death. What's wrong with that picture? Besides, business location decisions aren't based solely – or even primarily – on property tax rates. It is the overall quality of life for families—educational options, cultural opportunities, road systems, recreational choices, and public safety – that attract new businesses and new residents. New residents want a place where life is good, and where citizens generally



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like one another, not a place fraught with constant friction over pennies in taxes and hours of public pool operation.

Don't get me wrong. I'm not necessarily arguing for higher taxes. I'm just saying that we can't afford to let a useful tool lie idle. Keeping taxes under control is important, no doubt. But at the expense of maintaining a general level of prosperity and reducing the barriers that separate us? I don't think so. How long can our City avoid the tax collector, and still manage its way out budget dilemmas? If insanity is defined as continuing to do the same thing and expecting different results, then we may well qualify some day soon.

Winston-Salem has maintained a triple-A bond rating, and the reduced interest rates that come with it, thus saving millions of dollars in borrowing costs. But what happens next year if local funds come up short or the State (which itself suffers from "notax-itis")? When there is not enough money to make ends meet without cutting some citizens out of the loop? When halving the baby is not a viable choice, and someone's ox is certain to be gored? We'll probably play service roulette again, that's what.

I'm calling for honest discussions about taxes and about services, and about whose services are expendable and why. Winston-Salem gets good grades for ingenuity in keeping things on course and under budget. But we're also one of the most racially polarized Cities in the country, and there are still age-old wounds to heal. A healthy discussion about revenues and services, about haves and have-nots, could go a long way in bridging the gaps, and growing "social capital".

The property tax rate in Winston-Salem is very low. That's great. But is keeping it at that level more important than our civic well being and much-needed economic growth? Is keeping it at 38 cents more important than investing in our future? Are we being penny-wise and pound-foolish? We don't really know, because we've never really talked about it. Some day we'll have to. I'm betting that day isn't too far away.

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