

Storm tax: Was there really any alternative?

By BUD O'BRIEN
Santa Cruz County supervisors probably realized when they decided to ask the voters to approve a special tax to repair the county roads ruined or damaged by the disastrous January storms that they had a real selling job on their hands, given voter antipathy to taxes of any kind.

But they could hardly have anticipated the magnitude, or at least the stridency, of the opposition that sprang up almost immediately. The supervisors viewed the tax proposal not as a tax increase in the traditional sense but only as a strictly limited, one-time response to the worst natural disaster ever to strike this county. Their strategy was to "sell" the special tax as an example of a people rallying to the assistance of the stricken of their community.

But they had reckoned without what came to be known during the battle over Prop. 13 as the "tax rebellion." To the leaders of that rebellion a tax is a tax to be resisted like the plague. And a property tax is the one to be shunned above all else.

It is a property tax, if only a very modest one, that the voters are being

asked to approve at the June 8 primary election. The supervisors say that the tax represents the only practical way for the county to raise the money needed — something like \$19 million — to rebuild and repair the roads and drainage systems that were struck by the giant storm. The tax itself won't raise anything near the \$19 million, but it would provide the county with the approximately \$5 million it will need to generate about \$14 million

against imposing "ad valorem" taxes — that is, taxes based on the value of the property. So the board came up with a formula under which owners of single-family homes would pay \$30 a year; owners of parcels with commercial or multi-family units on them would pay \$90, and owners of vacant (unimproved) lots would pay \$15.

The county staff estimated that this would raise about \$1.6 million a

supervisors recognized that a form of property tax not based on the value of the property, and one that would apply only in the unincorporated areas of the county, was not a model of equity and fairness.

They realized that the county roads involved are used in one degree or another by most of the residents of the county, including residents of the four cities, as well as by the tourists who pour into the county from over the hill and beyond.

But the hard fact that confronted them was that regardless of who used the roads, the legal responsibility for their maintenance was the county's. Another hard fact that confronted them was that the county's worst natural calamity struck simultaneously with a financial calamity that left it woefully unprepared to cope with the immense problems.

County Administrative Officer George Newell presented the board with the grim news that the damage to the county road network (not including private roads) was so extensive that without a new infusion of revenue the long-range prospect was for a deterioration of

the entire system. Newell said without the money necessary to generate the federal and state matching funds, the county would be forced to divert what road money it could muster to rebuilding and repairing the most severely damaged roads. That would practically abolish the "preventive maintenance" program on the rest of the road network, which could lead to a deterioration of the entire system.

One by one, the supervisors dismissed alternatives to the special tax they finally settled on. The most skeptical of the supervisors about getting the voters to approve a tax — E. Wayne Moore Jr. of the Watsonville area — warned from the outset that a countywide tax wouldn't have a chance. He said the board should consider setting up special assessment districts in those areas particularly hard hit so that the taxes could be concentrated in those areas.

But the board majority dismissed that approach as one that would impose an even greater burden on those who had already suffered immense damage. Board Chairman Robley Levy and Supervisors Gary Patton and Joe Cucchiara were particularly determined to cast the issue as one of county-wide significance and one

(Continued on page 2)

Closed for

Analysis

in federal and state aid to fix up the roads.

Supervisors and other supporters of the tax point out that since the passage of Prop. 13, local governments have been shorn of almost all revenue-raising options, other than asking voters to approve new taxes. And two-thirds of the voters have to approve or there's no new tax.

In deciding to seek a limited (three-year) property tax, which they decided was their only practical choice for reasons that will be gone into later, supervisors were further constrained by the prohibition in Prop. 13

year over the three-year life of the special tax, just about enough to generate the federal and state matching funds needed.

The ordinance placing the tax measure on the ballot was carefully written to guarantee that all the proceeds from the tax would be used to repair roads and drainage systems destroyed or damaged by the storm.

The board gave only brief consideration to other alternatives, such as a gasoline tax or a special sales tax because of obstacles surrounding those options that made them impractical, in the view of supervisors. The



Everyone agrees that repairing the county's roads will be a huge job.

5/26/82

Green Sheet

Floods - 1982

Storm tax

(Continued from page 1) in which the entire "community" should help bear the burdens that natural calamity had visited on their neighbors.

The possibility of a special gasoline tax, made theoretically possible by a 1981 state law, was looked at briefly, then dismissed as impractical. That gasoline tax alternative has ever since been one of the rallying points of the opponents of the special property tax.

(See accompanying story on this page.)

These people say a gasoline tax would be much more equitable because it would be a sort of "user tax" — that is, it would force those who actually use the roads to pay for the repair jobs.

Board Chairman Levy points out that the board was intent on putting a tax request on the ballot as early as possible and the complications of the gas tax ruled that out. But beyond that, she said, there are insurmountable pitfalls in the gas tax approach if the idea — as the tax's proponents insist — is to impose the tax throughout the county, including in its four cities.

The catch is that the tax, like all other taxes in this Prop. 13 era, can only be imposed if the people approve it at the polls. That means that if a gas tax covering the entire county is to be imposed, it would have to be approved by voters in five separate jurisdictions, the cities of Watsonville, Can-

whose residents after all are also residents of the county and who use the roads, be talked into contributing something to the road repair projects? That's a question that many of the foes of the special tax continually ask. Newell replies that nobody from the cities has broken down the doors of county offices offering to help and, in fact, no movement has been detected in the cities toward raising any money to help out in the situation.

However, one of the most outspoken opponents of the special tax, Lee Phelps of Rio del Mar, accuses the county of not even trying to get the cities to help. Phelps, a retired Army officer who devotes most of his time to campaigns to restrict government's ability to tax the citizens, has in fact unleashed a blizzard of statistics and accusations in an assault on the special tax proposal that has made him by dint of sheer volume the de facto leader of the opposition.

Phelps attacks on first one front, then another. He charges, for example, that the county has made only feeble efforts to get the state and/or federal governments to pick up the whole tab for the storm repairs. He accuses the supervisors of "lying" when they say there is no "viable alternative" to the special property tax. He insists that a gasoline tax is a practical alternative. He even challenges

road repairs are needed and that only the means of accomplishing that are in dispute.

The fight over the tax cuts across the traditional ideological lines. Such rockbound conservatives as former supervisors Marilyn Liddicoat and Pat Liberty strongly oppose the tax, while other conservatives, including "Mr. Republican" Carl Conelly of Felton, have taken the lead in supporting the tax.

Those who are working for the tax are particularly frustrated by the scattergun charges of the opponents. Some of the backers are especially irked at the statements of former supervisors Liddicoat and Liberty implying that the current board has so much fat in its budget that it could easily find the money necessary to fix the roads. They note that the two conservative women didn't have much luck cutting budgets when they were prominent members of the "conservative majority" on the board from July 1, 1978, until Jan. 1 1981. During that time the budget for the Planning

Department, the whipping boy for most of the assaults on the budget, grew from \$1.5 million to \$2.2 million and the general fund budget as a whole from \$52.5 million to \$60.3 million.

Even Watsonville Supervisor Moore — the

contention that there's enough "fat" in the budget to obviate the need for extra money to fix the roads.

"I support Measure 'A'," Moore says, although in truth the supervisor who is up for reelection himself on June 8 has not been shouting his support from the rooftops.

To Chairman Levy, whose Midcounty district was damaged much more severely than Moore's Pajaro Valley district in the storms, the issue is pretty stark: "It just boils down to making a decision on whether they (the county residents) will help themselves maintain an absolutely basic necessity."

There are, quite simply, not other ready sources for the money, Mrs. Levy asserts, despite what she considers the glib suggestions of various of the opponents that a few judicious budget cuts here and there would result, presto! in all the money the county needs.

Mrs. Levy says that if the tax is rejected there just won't be enough money to keep up the county road system in anything like an acceptable condition.

"If it fails, the whole county will be affected," she declared.

Yet, the chances that Measure "A", as the tax issue is labeled on the June 8 ballot, will pass appear to most observers