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OUR OPINION

When the rubber hits the road

Tax-weary citizens are surely enjoying the belt-tightening that local governments are undergoing in response to the Legislature's mandated cuts in city and county property taxes. But as we've stated from the start of the tax-reform debate, property-tax reform alone falls short of fixing the inadequacies and inequities of Florida's tax system.

One such inadequacy was reported on the front page of this newspaper twice in the past week. First, it was revealed that the Florida Department of Transportation is facing a \$45 billion funding deficit for road construction needs over the next couple of decades. Here in Marion County, the county Transportation Department has proposed suspending its road repaving program in order to trim \$7.5 million from its budget, which is still more than \$1 million short of being balanced.

The reason in both instances is insufficient gas-tax revenues, which both the state and county agencies rely on heavily for fiscal sustainability. It is remarkable that a state that is growing like Florida, and that has as many motoring visitors as Florida, would be unable to fulfill its road and transportation needs through gas taxes - but rising costs and the enormity of the needs make it so.

At the same time Marion County's 26 department are looking for cuts to fulfill the property tax mandate, many besides the Transportation Department are struggling to make ends meet. The Solid Waste and Utilities departments have both been dipping deep into reserves, plowing through tens of millions in savings in just a few years, because of insufficient income from fees. With the reserve money gone, the public can expect either higher assessments and rates, or diminished services - or both.

Even the Sheriff's Office and Marion County Fire-Rescue are not immune to the cost-cutting. Sheriff Ed Dean has been asked to cut millions from his proposed budget. Fire Chief Stuart McElhaney, meanwhile, is being pressed to pare back plans for new firefighters and station houses that are part of an aggressive 10-year plan to bring county fire service up to a adequate level for a major - and

sprawling - urban community.

As the county grows bigger, it's obvious that protecting the community will require more law enforcement officers and firefighter/paramedics, but if required property tax cuts mean less money, then it will mean less service - even from public safety agencies.

That's not to say Marion County government is not still a massive government operation. Its proposed budget is \$504 million, and County Budget Director Michael Tomich told us that the county's property tax roll is expected to grow by about 6 percent this year. But because of the required rollback in property taxes and the increased demand for services by new residents and businesses, the budget chief says services cannot be maintained at present levels.

Tomich observes as well that much of the county's funding is legally earmarked for specific programs and services, therefore limiting shifting of tax dollars from one department to another.

"A transportation impact fee isn't going to pay for the sheriff," he said. "A landfill tipping fee isn't going to pay for parks."

He's right. Regardless, the county's \$131 million haul in property taxes is a main source of financial support for most of the constitutional officers - sheriff, property appraiser, tax collector, clerk of courts and supervisor of elections - as well as a long list of community services, such as parks and animal control, planning and zoning. The rollbacks may not be noticeable to all, but to those who need them, who depend on them, they will be felt.

But again, it's not just property taxes. Tomich pointed to two other key sources of annual county funding that aren't going the same direction as the public's demand for services. Both the county's take in state sales-tax revenue, about \$18 million, and its share of state revenue-sharing, \$7.4 million, are down from past years.

Yes, property tax bills are going down, no doubt to the taxpayer's joy. But declining with them are sales tax revenues, real estate doc stamp revenues and gas tax revenues.

Ours is a state that has failed to keep up with growth because of a broken tax system. Let's hope the current budgetary evaluation of government leads to real tax reform so Florida can meet its people's needs and growth in a thoughtful, sensible manner. There has to be a better way for a growing, prosperous state like Florida.

Erbe column: The hidden story behind inflation

I usually try to be timely, but this week in this column I admit I'm way behind. I unearthed a report released more than two years ago, but which contains such informational dynamite, its contents are worth dissecting even two years hence. So here goes.

I've often wondered why inflation is so clearly rampaging well beyond levels reported by the federal government. Case in point: On a fairly regular basis I buy 10-pound bags of carrots at my local Harris Teeter grocery store. When I started buying them two summers ago, a 10-pound bag was retailing for \$3.99. It is now selling for \$5.99.

I'm sure each and every one of you, dear readers, has a similar story. Or many, many, many such stories. How did we get to the point where \$4 isn't shocking as the tab for a cup of coffee (or a coffee drink, as renamed by Starbucks.) How is it that when regular gas drops from \$3.50 per gallon to \$2.85 (as it recently did at my local gas station in suburban Washington, D.C.) we feel as if we're getting a bargain?

I've racked my brain trying to reconcile Labor Department reports of inflation running in the 2-3 percent range, while watching as housing, food, clothing, and transportation costs rise by double digits each quarter. Is the government hiding something? I'm no conspiracy theorist, so that explanation seems not to fit.

Here's one explanation, however, that might. In January 2005, Bear Stearns issued a report on America's growing underground labor force. It said in relevant part:

"The growing extralegal system in the United States has distorted economic statistics and government budget projections. The stealth labor force has enhanced many of the economic releases that investors follow closely. Payroll numbers understate true job growth and inflation has been artificially dampened by this seemingly endless supply of low-wage workers. Real estate prices have been boosted by the foreign population infusion. The productivity miracle may be exaggerated because the government is incorporating the output of millions of illegal immigrants but not counting their full labor input."

In other words, illegal immigration and the underground, cash economy it creates has become so powerful a force, it artificially dampens inflation rates, boosts real estate inflation (putting home ownership beyond the ken of young Americans) and reduces the wages of the average American.

Wow, that's blockbuster news. This part of the report was barely publicized when it came out two years ago. Reporters noted its finding that there are something like 20 million illegal immigrants in the United States, compared with the popularly-cited 10 million figure. A Google search on the Internet revealed references to the inflation finding in Barron's and The Wall Street Journal.

The inflation finding should have been trumpeted on the front pages of the nation's major newspapers, on cable networks and on news Web sites. Instead, it was fairly buried. Did major news outlets bury this angle fearing its contents were not politically correct? Perhaps. But the American public may be getting the message nonetheless.

The U.S. Senate recently killed President Bush's signature effort at immigration reform that would have, in essence, granted amnesty over time to those here illegally. Senators reacted to polls showing the legislation was wildly unpopular with the American public.

Perhaps the public is beginning to wake up to the U.S. environmental destruction wrought by unfettered illegal immigration. The equation is simple. More people equals more development and consumption, more pollution and less open space.

Now we have another, this time financial, equation to contemplate. Unfettered illegal immigration boosts inflation while hiding the effects from the general public. Bear Stearns' experts could be wrong. But I doubt it. By "outing" this hidden impact of illegal immigration, let's hope we build the political will to end it, or at least slow it down.

Bonnie Erbe is a TV host and writes this column for Scripps Howard News Service.