

# No Standing News

Since we have no standing, we stand with those left standing

Volume II

October 14, 2005

Number 38

## Hy Point -The Black Hole of Tax Assessment –Conclusion

*Special Interests have been Bleeding Rolla for 38 Years*

Now that we're a nation that consumes products manufactured by our former Communist enemies, big factories no longer flock to rural industrial parks but that doesn't mean there aren't some smaller industries still looking for reliable workers and low cost of living. In fact, we're better off with many small growing industries than one or two large ones. But to get good quality industries that will grow over time we have to get smarter - not just give away all our property taxes - taxes we need to provide services to those businesses. Depleting the long-term property taxes needed for public services, schools, libraries and fire protection in exchange for minimum-wage, no benefit jobs is like tying your feet together to run in a marathon.

We have to be smart enough to NOT repeat the mistakes of the last 40 years by again giving up control to RREC, another private corporation of shadowy elitists that want to step into RCDC's shoes and decide our future *without first getting our consent*. If RREC does happen to get one business lead out of all the money they've spent chasing the coattails of the Waynesville group, they have no agreed-upon public policy among the eight local taxing districts as to what they can offer that company. What portion of our public wealth and assets have *WE, the taxpayers*, decided is acceptable for them to offer? RREC's assumption is that everyone will meekly agree to whatever *they* decide to give away...and so far, everyone has.

Rolla hasn't built up development capital, they've squandered it. RCDC now owns all the assets that should have been Rolla's foundation and engine for future industrial expansion. Our seven local taxing districts have no written policies for tax giveaways. Given this uniform policy default, the city decides for them on what they are fond of calling a "case-by-case" basis without agreement from the other taxing entities. At the September 6, '05 council meeting, Butz explained that council action on a provision of the Ameren gas franchise contract should be postponed *until RREC had reviewed it!* He explained: "They're the ones who decide on our industrial incentives now." No one on the council objected to having their authority hijacked by Butz and the RREC. The Rolla City Council has been the RCDC's subcommittee for 38 years, now they are RREC's subcommittee. We elect a council to make these decisions after appropriate public debate; we do not elect them to evade their responsibilities by taking orders from private corporations.

**The City's Magic Dog premise.** The focus of development can't be minimum-wage, no benefit jobs in "restaurant districts." Family values must not be sold out for a few tax

dollars and people shouldn't fear their own elected officials will deprive them of their homes for retail businesses that typically have short commercial shelf lives. Policies based on exploitation and fear does not produce lasting value. Retail expansion is the natural by-product of industrial expansion; it responds to new jobs and new payrolls when market conditions are ripe. Retail *reflects* the economic condition of a community - it doesn't *create* it. No one has to subsidize it or condemn private property or parks to get it. In fact, the only way retail can survive is as the end product of complex economic growth factors. Anyone who claims otherwise reveals their ignorance of market economics. The Retail First crowd is trying to reverse a universal economic reality – they think if they invent the tail, the whole dog will magically appear.

Likewise, destroying a city park to buy land for the tax-subsidized Chamber of Commerce *is not* development. It is appeasement of another special interest group of 'takers' that already eat a huge public tax subsidy but produce no *measurable public benefits* with it regardless of their puffed-up tourism claims. The Chamber is the group that's supposed to be opposed to government interference in business and waste of public money. Instead they have become the Smiley Face for City Hall's anti-small business, anti-democratic, tax and spend policies. They no longer have to earn their keep, instead they "do lunch," plant petunias in a dead downtown and search for the meaning of "tourism." What benefit is there to working people and the long-ignored small business owners of Rolla if the city gives the Chamber of Commerce a \$500,000 estate up on the hill? Will a Chamber 'Estate' create high-quality jobs with benefits? Will it revive the Chamber's interest in what used to be their mission – advocacy for local small businesses and opposition to encroaching local government policies? No, it will only placate the ego of this social interest group and give Interstate travelers a fancier potty – or as the Mayor called it - a nice "restpit." Condemning private property and commandeering taxes to subsidize commercial developers, private clubs and non profit corporations is not economic development, it's heavy-handed, we-know-best government nannyism – or worse.

**Sales taxes – Rolla's crack cocaine.** During the last twenty years Rolla's so-called leaders took the easy way out and added more sales taxes to pay for basic services instead of increasing the property tax levy. After all, they beguiled voters each time, it was only a few pennies and out-of-town shoppers and tourists would also pay the tax. The trap that voters stupidly didn't see is that *most of Rolla's families pay more each year in sales taxes than they pay in property taxes*. Sales taxes are very regressive and they hit the poor and

elderly hardest. Those are the people who need more community resources so then we need more sales taxes....and the cycle repeats. A sales tax-dependent rollercoaster income is a poor way to finance the rising demand for public services. Add to that the city's credit-card mentality over the last 8 years and you have a recipe for fiscal disaster.

Despite chronic budget deficits and shrinking reserves the city continues to abate valuable property tax revenues they should be receiving from most expensive taxable property in town. Selective tax relief – the only development policy Rolla has, takes property taxes out of the revenue stream for decades. It shifts more of the tax burden to sales taxes paid by the **56%** of Phelps County families who make less than **\$35,000** a year. No one disagrees that at times some limited tax abatement may be necessary bait but bait must be used prudently - not thrown away for 10 to 25 years. You put one worm on a hook, not the whole bait bucket.

As even Bill E. Morrison, former editor of the newspaper admitted, being too willing to give away too much can erode the very community qualities that might have attracted the people and businesses willing to be responsible taxpaying members of the community. Bill E. said it must be true because he read it in a newspaper. Then it surely must be true.

Now that Rolla's city government is trapped in uncertain sales tax cycles for the majority of their annual revenue, the only economic development goal small leaders with limited vision can see is increasing retail outlets to increase their sales tax revenues. Like any cocaine addict, they will steal from children and mug the elderly to get another sales tax fix. That's exactly what schemes like TIF and EZ do – they steal education from children and steal better public services from all of us. A measure of their sales tax addiction is they let Peterson and the Midwest Porn King debase the zoning code to let any pornographer locate within two blocks of a church or school. Thirty pieces of silver evaporated the pretense that this is a family-friendly town - our civic virtue was marked down.

**The RREC – Repeating 38 years of mistakes.** RREC is the new self-appointed think tank that has been incubating 'Creative Development Opportunities' like TIF and EEZ to abate more community resources with decades-long tax giveaways. The development 'expert' RREC will hire will be put on the city payroll to obtain city employee health benefits will be paid mostly with city money but will be *controlled by and accountable only to RREC* – not to the people who are paying her salary, benefits and office expenses.

At first, RREC was supposed to be only an advisory group of representatives from local government and business. Then they became another one of those elusive "public/private partnerships." A "Public/Private Partnership" is where a self-selected group of "Stakeholders" have private

meetings to make public policy and spend public taxes without telling the people who earned and paid the taxes what they're doing. In September 2003, the RREC incorporated as a private non profit corporation - now they were just like RCDC. They avoid open meetings, avoid public debate about their development decisions and avoid public accountability – just like RCDC. This was how the RREC promotional hype began: *"Another exciting development is the renewed commitment to a regional economic development initiative. The City Council has budgeted \$115,000 (for the first year) to be leveraged by private investment of \$75,000 for the next five years to fund a full-time, proactive economic development strategy for the City of Rolla and Phelps County. With key partners such as the County Commission, RMU, City of St. James, UMR, Chamber, local banks and utility companies the Community is ready to embrace the opportunities uniquely available to this area - transportation access, research technology, labor force, natural beauty and Ft. Wood. More information will be shared on this initiative in the next few months."* Now there's a collection of management-speak clichés a tax-payer can really get his teeth into.

Our "renewed commitment" to economic development and the new 'Creative Development Opportunities' that "the community is ready to embrace" were TIF and EEZ - two rapacious land-grabs that confirmed the general suspicion that the city is run by uncaring, insensitive bureaucrats who will trample anyone for a buck. By "the community" they mean the special people on their short list of 'partners,' the only people they believe have a right to a voice in community decisions. Public money is again being spent on another in a long line of economic development 'experts,' this one answerable only to RREC but paid for by Rolla taxpayers. We've paid for this development 'expert' routine four or five times in the last 30 years and it didn't work. Other towns *did not* hire so-called 'development experts' and they were more successful. Is that a clue that our methods are wrong? We are told RREC is going to "leverage private investment," implement a "proactive strategy" with "key partners." But what is this "proactive strategy?" RREC Pres. Bill Marshall said, "We hunt in a pack." The only thing this hunting pack has bagged so far is \$578,000 of Rolla's tax money to spend over the next five years. When did we tell them we wanted to "hunt with the pack" from the Waynesville/St. Robert area? Ft. Wood growth is the result of decisions made in the Pentagon fueled by a war-time economy – something that could change in a few short years. RREC is spending public money so by law they owe the public open meetings and full disclosure. We get none of that – just like RCDC. What is that sound? It's the echo of stale RCDC propaganda and the old diversionary tactics to keep us from feeling the corporate hands groping in our pockets.

### Lessons from Rolla's 38 years of development failures

- **The Council must make development policies – not private corporations.** *Designing rational incentives and tax policies for development is the council's job and they must present their plan and their policies to the public to gain community support.* The City of Rolla has never had a

coherent policy for development and they still don't have one. They handed over their responsibilities to RCDC 38 years ago along with all the city's land and money but they demanded no accountability and didn't dare to critically evaluate RCDC's failures. RCDC, a secretive private

corporation, took them for everything; land, taxes and buildings and left the city with no assets to continue to build upon. They're still doing it as the shameful July 2005 Incubator 'trade' with RCDC proves. Other communities didn't default in their responsibilities and they didn't break faith with their constituents. To rebuild what they've lost the city must address their lack of policies and the impact their knee-jerk giveaways have had on community growth and infrastructure.

- **Economic development is only legitimate when done legally through the city IDA.** City Hall can't continue to illegally hand their legislative powers and our money out the back door to private corporations. Either the city's **legal Industrial Development Authority** must be used or the city must stop their illegal development expenditures. The old "Pine Street Syndicate" and their descendents – RCDC and RREC – do not want to be a legitimate part of city government because there are rules IDA's must follow and they don't intend to follow any rules - they believe they are above accountability to the public. RREC, like RCDC prefers to "work behind the scenes" which means *they're afraid to face the public and defend their decisions*. If they want the power to direct Rolla's development and spend the taxpayer's money, they should either run for public offices or accept IDA board appointments where they can legitimately propose their ideas and take their chances with public opinion. When a few elitists decide the *public is best served by not having a voice* in municipal affairs, everything they do from that point on is fundamentally flawed and will ultimately fail. Elimination of voter accountability from throttling public comment in council meetings to hiding the giveaway of Rolla's assets in closed meetings is an inherent defect in the political culture of Rolla and until that attitude changes all so-called 'Progress' in Rolla will be nothing but scandals and public corruption waiting to be exposed.

- **Tax abatement must be based upon creation of high-quality jobs.** Other communities give modest tax breaks for a few years but they all use *agreed-upon tax abatement criteria* and *give limited tax breaks but only if high-quality jobs* are created. City Hall must stop squandering taxes for businesses that are only moving across town, that only create minimum wage jobs or merely promise to maintain existing jobs and then break that promise. The policy and expectation in successful communities is that *new businesses and industries must quickly become full contributors to the community; they are expected to be willing to add their full tax support to schools and city and county services, not get a tax-free ride on our backs for decades*. Good businesses want to pay their share because it gives them acceptance in the community and a legitimate voice in community affairs.

- **All City tax abatement has been illegal.** Each statutory taxing district is a *sovereign entity*. Because the state granted each governmental entity the power to collect its own property taxes and because the voters granted those taxes individually, *each taxing entity must grant written permission* to the city if they choose to abate those taxes. Without *specific written orders from each taxing authority* the Phelps

County Tax Assessor *cannot legally* remove taxes owed to any taxing authority from the official tax rolls. The City of Rolla has no right to unilaterally give away taxes belonging to any other taxing district except where state law specifically gives them that power. **Phelps County, the Developmentally Disabled Board, the Rolla School District, the Rolla Free Public Library, the Rolla Parks and now the Rolla Rural Fire District** have all had 100% of their taxes illegally abated by city ordinance for the EZ and under Chapter 100 development for Brewer Science. It was done unilaterally and illegally by the city *without consent of those governmental entities*. It's time for all elected officials to muster the backbone to tell the City of Rolla to back off! If the City wants property taxes belonging to others abated for development, the law requires they ask first. It's time the City of Rolla learned some manners.

- **The County Board of Equalization must correct all phony "charity" tax exemptions.** RCDC's tax exemption in 1967 for all the Hy Point property and their 'charity' exemption in 1994 are both illegal and *if challenged by just one taxpayer* to the County Board of Equalization, all unpaid taxes could become due and payable to each of the ripped-off taxing entities. (The CBE meets the second Monday every July.) The consequence of these devious actions by county and city officials has created long-term financial damage. No more "charity" pork for maverick corporations.

- **The City must learn fiscal restraint.** Because the council won't exercise spending discipline, people are being squeezed with tax and fee increases. Other cities planned from the beginning to set aside a portion of the *new property taxes from new economic development to fund future economic development* but the city continues to give away their few tax gains while whining for more money for economic development. *They can get more money by putting a TAX LIEN on RCDC's property for the back taxes that were illegally excused*. With callous disregard for the impact of new national economic strains on its citizens and with RMU inflicting a 22.5% rate hike on our utilities, City Hall wanted more cash from RMU even though they openly admit it's a "back door tax" that will be passed on to their own constituents. How long can people in Rolla continue to pay for their extravagance under the guise of economic development?

**People who stand for nothing will fall for anything.** That pretty much sums up Rolla's development and civic history. If the people we elect have no principles, they will always be manipulated by those who have no scruples. All they have given us for four decades is a tragic waste of time and valuable resources that could be paying development dividends today. Rolla is run by people who are amateurs at government but unlike most amateurs they seem to have no learning curve, they continue to make the same mistakes over and over. Their symbiotic relationship with their staff bureaucrats result in decisions based upon the lazy belief that "they must know what's best." They have no self-discipline themselves so they impose none on others, least of all their own staff. They hold dog trials because they don't understand

that’s a judicial, not a legislative function, they pass laws but don’t enforce them except on a “complaint-driven” basis, they make rules then waive them on a “case-by-case” basis so they can placate the ‘right’ people or punish those they don’t like. They agree to bad contracts but never enforce penalties for non compliance.

The false philosophy that “government can be run like a business” has become a fetish used to justify charging everyone higher fees for every government service so they will have more money to spend. They give away public money to private corporations as if it were legal when it clearly is not and they call all this “Progress and Development” Governing is not just showing up 24 times a year to rubberstamp a list someone else makes up.

On the other hand, we citizens are not without blame. The greedy, selfish and arrogant were only taking advantage of the vacuum left by lazy citizens who justify their apathy by saying, “I don’t get involved in politics,” or “I’m sure they must know what’s best,” or who hope someone else will speak against an injustice because they’re afraid to stick their own necks out. Every person has an obligation to do something and take some active part in their own government. Until we hold our officials *and ourselves* to higher standards we will continue to be poorly governed by a succession of permanent amateurs. Just showing up to vote is not enough and few bother to do that much.

**The Editor’s last word:** This series has been a hell of a chore to put together. For years bits and pieces of the sellout of Rolla’s taxpayers would surface but we had no idea the records would confirm and even exceed our suspicion of what had been going on behind their backs. No matter how they dressed up their actions with “community betterment” rhetoric, the names on the deeds, contracts and checks tell the story. There is a clear record of manipulation and graft that was not to the public benefit. As we said, if this had been disclosed in some other city where prosecutors do their duty without fear or favor you’d be reading about indictments for fraud and corrupt practices.

We felt it was important that the whole story of this 38-year public fraud be laid out for those who might run for office in the future. Even if their collars are blue and not white, people who work hard, raise their families, obey the laws and pay Rolla’s growing burden of taxes deserve respect from those who are *temporarily given the privilege of holding their elected offices*. What city, county and school elected officials have let a small clique get away with for the last 40 years does not show respect for these people or for the laws officials swore their personal oath to uphold.

We anticipate that this chronicle of the RCDC’s plundering of Rolla taxpayers and our conclusion that RREC is just a clone of RCDC, the old group of power brokers, will again be attacked as the “nay saying” of an insignificant minority who are against all progress. For years that’s been the standard response of the elitists and the apologists who supported them. Now we know why they howled and screamed at every bite from NSN – they had stolen all our industrial property and were afraid all the secret deals would come out. They feared exposure of their grasping deals would end what had been a very lucrative exploitation. The contracts and recorded deeds cannot be denied – they have taken our property and bled us of our taxes and the growth we might have enjoyed. It is no accident that many people who are appointed to key city boards having to do with land use issues are also involved in real estate and banking. It is not ignorance of the law that causes them to discuss public business illegally in secret meetings – it is an absolute necessity.

It may be too late for Rolla to make a clean start even if there were someone who could credibly lead such a painful effort. Public interest in community affairs isn’t a tap you can turn on and off when it’s convenient. Public trust is virtually non-existent and fear of reprisal for going against the power brokers is deeply embedded in local culture. Better candidates, if they exist, don’t want to run for Rolla’s public offices; they don’t even want to serve on city boards.

We are not against progress. We are against empty slogans that cover up systematic plundering of our resources and the creeping corrosion of the quality of community life. We’re against the Propaganda of Progress used to mask serious problems because self-appointed leaders don’t have the guts to admit things aren’t as perfect as their marketing hype claims. We’re against destroying things people value just because others don’t define value the same way. We’re against shutting people out of participating in community decisions because they aren’t the ‘right’ kind of people and we’re against low standards of ethics and performance from government at every level.

If Rolla has a chance for a better future it starts December ‘05 when filing opens for six council seats and the mayor’s position to be filled in the April 2006 city election. Can we learn from our own history or are we doomed to repeat it? At this point it looks like we’re doomed because the city is already repeating it. Whether they continue to get away with it depends on those of you who now know the whole sordid story of *Hy Point – The Black Hole of Tax Assessment*.

---

To receive " No Standing News " by e-mail, free of charge, send a message to [rwnash@rollanet.org](mailto:rwnash@rollanet.org) with the word SUBSCRIBE in the Subject line.

To unsubscribe send a message to [rwnash@rollanet.org](mailto:rwnash@rollanet.org) with the word UNSUBSCRIBE in the Subject line.

Editors note: Copies of No Standing News can be obtained free from the Rolla Public Library and at the General Machine Shop at 801 E. 18 St. Rolla MO. Also visit our web site at: <http://www.nostandingnews.com>

I encourage distribution of " No Standing News ." Please feel free to copy and distribute any issue.