

No Standing News

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

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TIF- Part 1: Rolla plans to cannibalize county/school/disabled taxes. City will have a Merry Little "TIF" Christmas for the next 23 years.

TIF – The Next Big Thing. The city council passes so many ordinances that they are easy to ignore and that's how The Next Big Thing in Rolla slipped by most people at the council meeting on December 16, 2002. This particular ordinance was not of so little note that it should have totally escaped the attention of eagle-eye reporters but curiously it did. Normally the personal appearance and presentation given by Bill Marshall, Pres. of Phelps County Bank and leader of the TIF push, would be the big story but it was oddly missing in every news report. The Next Big Thing that has been ducking the spotlight is **Tax Increment Financing** or **TIF**; the biggest felony theft attempted in the Ozarks since Jessie James. Pay careful attention readers; we're only going to explain what TIF is three or four times.

What is TIF? TIF starts with the passage of an ordinance less complicated than an ordinance to vacate an alley. The ordinance declaring they intend to do Tax Increment Financing has had its first reading and on January 6th will have the second and final reading. Then they will put together a TIF Plan (they hire a consultant to do the paperwork) and figure out what area *or areas* of the town they want to designate as a "blighted" area, that area will be the TIF district. There are virtually no limits as to how big the area can be but it does have to be at least "10 compact acres." There are also no limits on how many TIF areas they can have or what they can declare to be "blighted" and in need of TIF 'improvement.' *The mayor and council appoint a commission to implement The Plan and for the next 23 years the city seizes every increase in property taxes of all property in the TIF district in excess of the base year– the year they start the TIF district – and 50% of all increases in sales tax generated in the TIF area over the base amount from the year TIF began. The city then spends the tax increases (that were supposed to go to the other taxing districts) to improve their "blighted" TIF area or areas.* An appointed TIF Commission will make the decisions on how to spend the money, let out contracts, condemn property, buy, sell, hire, etc. etc. They have great powers; sort of a shadow council except the public doesn't have any voice in whom the commissioners are or what they do as long as they do what's in The TIF Plan. The TIF Commission and the council, however, can change the TIF Plan and the TIF zones, at any time.

Not just another Free Lunch. If you're tempted to ignore this as just another one of those complicated "free government money" programs that doesn't concern you as long as it's not a new tax, that's exactly what they want you to do. Even the title, "Tax Increment Financing" is calculated to put you to sleep. That's why you should pay attention because the "no tax increase" TIF revenue bonds they will issue WILL affect your taxes and fees for services for years to come. Remember, **all local taxing districts that get PROPERTY TAXES and or SALES TAXES to run the county, school district, library, etc. from the taxable properties in the TIF district will be frozen at the 2003 tax level. For up to 23 years, as the value of those properties and sales tax revenues increase, the school district, the county and other taxing entities will not get any of the increases in those property taxes and will get only 50% of the incremental sales tax revenue from the taxable sales in the TIF area.**

If you really think the schools and the county won't, over the next two decades, come at us whining that TIF took away their tax growth money in the designated TIF districts for 23 years, and they need to increase taxes or charge us more in fees-for-service to make up the loss, you must have just hatched out of the egg. *Taxpayers will be forced to compensate for the stolen taxes one way or another with either reduced services or increased taxes and fees.* Don't get the idea that you get any personal tax break or tax relief here, you still pay every tax dime you owe every year, the only difference is that part of what your tax bill says is going to the Rolla schools, Phelps County and the Developmentally Disabled Board (and we think it may also include the one mill library tax that is the only support for the Rolla Public Library) is really being diverted to the TIF district project(s) so the City of Rolla can spend it on another one of their cure-all development schemes.

Schmuck and Gullible get TIF'd. Try looking at it this way. Suppose your boss tells you that you, Joe Schmuck and your co-workers George Gullible and Wylie City will each get an annual raise of 3% every year for the next 23 years, but, he says that two of you (Schmuck and Gullible) will have to give your annual raises to Shrewd every year for 23 years. You both will be frozen at the same salary you're getting today and Wylie City will get each of your annual 3% raises for the next 23 years. On the 24th year you will start getting raises again and so will George Gullible. "But",

you protest, “What about our last 23 raises, our money Wylie will spend on himself for 23 years? Doesn’t he have to repay us?” “No,” the boss says, “but if you’re real lucky and nothing goes wrong, in 23 years maybe you will be better off.”

If you still don’t get it (or still just can’t believe it) this is as simple as we can make it.

TIF: *With a simple ordinance the city council gets to legally rob the other taxing districts of every annual increase in revenue from property taxes and half of all sales tax increases generated in the TIF district(s) for up to 23 years.* That’s TIF in a nutshell.

The TIF Commission. After the council (with as little as a simple majority) has approved the TIF ordinance, the mayor and council will appoint six TIF commissioners who will decide how to spend the money (the money we voted to go to the county, schools and etc.) on Joe’s Road, a new city hall, development of the Southside and/or special deals for any developer who locates a project in the TIF area. The about-to-be-plundered county and school district each get to appoint two representatives to the TIF commission and there will be one at-large member. That’s a total of eleven TIF Commissioners at first, but only at first. The four county and school delegates on the TIF Commission can only stay on

until the TIF Plan is adopted then they are kicked off and the six city commissioners control everything for the next two decades. Notice that the deck is carefully stacked so the six city members always outvote the school and county delegates.

The bulletproof TIF Commission. The plum in this pudding is that the TIF law absolves everyone of blame no matter no matter how badly they bungle the projects and even if they default on the revenue bonds! *“Neither the municipality, its duly authorized commission, the commissioners or the officers of a municipality nor any person executing any obligation shall be personally liable for such obligation by reason of the issuance thereof.”* No accountability and no liability. There’s no doubt about who wrote this law is there? Is it legal? Yes, it is legal, it’s rotten and underhanded but so far it has survived all lawsuits by school boards and citizens whose homes were in the path of the bulldozers of TIF developers. When do “The People” get to vote on it? “The People” don’t get to vote on it at all. TIF’s frequently create lawsuits, fist fights at public meetings and recall elections but that’s the only thing “The People” can do about it. We keep telling you that elections count and this is why. You voted for the people who are voting for TIF – that’s the only vote you get on TIF.

Last 20¢ installment of new school levy (teachers raises) may go to Rolla’s “blighted” TIF development area(s).

Schools get special TIF surprise. There are two Scud Missiles concealed in the TIF law and they are aimed solely at the school district. For 23 long years the amount of the TIF rake-off from school property/sales taxes that go to the city to spend *cannot be counted by the district as local tax effort to get state matching money under the School Foundation Formula!* How’s that for a double kick in the rear? But that’s not all. It’s possible that the last 20¢ increase in the school’s new 80¢ levy will also go to the city from the TIF district or districts. No one is sure because no other TIF district ever involved a school district that had to split up their levy increase into three annual parts so the voters wouldn’t see their total tax bite for three years. Quite a tidy windfall for the city isn’t it? Welcome to Rolla Dr. Adams. You inherited a school board on a spending binge, a kiss-and-tell scandal, the state is going to cut back your funding and the “We’re So-o-o Positive” city council has just stuck a TIF shiv in your ribs. The truth is, around here a lot of lip service is given to being “for the children” but when push comes to shove some people will eat their young if there’s a buck to be made.

Where is the first TIF district? Petersen hinted that they are considering the **Warren Dean** property at the intersection of Hy. 63 and 72 for “something like a Walgreen store” but the dilapidated old Kentucky Fried Chicken property or his rusting WWII salvage on the highway wouldn’t generate enough anticipated tax increment revenue in 23 years to issue the \$9 to \$15 million in revenue bonds

the city ‘needs’ to cover all their ‘wants’ immediately. Everyone wants something done about Warren’s junky properties (that the city hasn’t had the backbone to force him to clean up for the last 30 years) so targeting them was designed to make the TIF idea more palatable to you - at first. Later, they can amend the TIF plan and you won’t notice the other things they add to the TIF menu. **Quiz:** What property just down the street from that intersection generates the largest sales tax revenues in the county; sits on very valuable property and would easily provide the anticipated surplus revenue they need to issue multi-millions in revenue bonds? Bingo.

Where was the School Board while this was going on? While the city was planning this felony theft our school board members are busy, busy, busy with their building plans; they bought \$216,000 of property recently and lately have been spending a lot of time behind closed doors trying to keep the wraps on a personnel mess they should have nipped in the bud two years ago. They appointed Bob Larivee to the RREC (he is the Vice President in fact) to be their lookout but it looks like their lookout sold them out. They are, you recall, the “superior governmental entity” that refuses to comply with city codes. It wouldn’t occur to them that anything the city could do would affect their superior selves and their best-case scenario expansion plans that will appear on the April ballot. Well, that “inferior governmental entity” a few blocks away has just fired a big one up their

“superior governmental” backsides and Larivee didn’t even yell, “Fore!”

NSN has criticized (OK, hammered) the school board frequently (constantly) for wasteful spending instead of putting cash away in restricted reserves for a rainy day. This is not just your typical rainy day - this could be a financial tsunami. Thanks to the city TIF plan and the state’s billion-dollar shortfall the school board is being tied to the track between two oncoming trains. One would assume that with the close relationship between City Councilman Charlotte Wiggins and Board Pres. Annie Bass, the district would have had plenty of advance warning but as late as their December 20th meeting the school board was assuming there will be “no significant change to their future revenue expectations” and were merrily planning to build more buildings which will add at least a half million dollars or more to their annual operating overhead. Bass is also on the Phelps County Bank Board with RREC members Randy Verkamp and Bill Marshall, and then there is Larivee the Lookout. All these sources so tight with the Prez and no one told Annie anything? Maybe our school board has so much money that giving up some school taxes (and the state matching funds) for two decades just doesn’t concern them. If that’s so, then they can do without more of our money to throw around in April.

Where were the board members for the Developmentally Disabled, the Library Board, and the County Commissioners? They were all in the dark along with the rest of us while the TIF raid was being planned in quiet RREC meetings at the bank and city hall. TIF was not some last minute inspiration, as early as a year ago Butz and Petersen proposed TIF at their January 14, 2002, RREC meeting. One of people who wasn’t in the dark all year was Phelps County Presiding Commissioner Randy Verkamp, Randy joined the RREC despite the decision of the other two Phelps County Commissioners not to get involved with another of Rolla’s WaCo-type deals. Verkamp joined anyway then insolently voted for the plan to ‘TIF’ his own county’s revenues! Randy’s last unopposed election softened his brain. He thinks he was elected Presiding Commissioner of the City of Rolla. From the WaCo Landfill scam to TIF, Randy is always eager to follow Butz and Morgan’s lead into any fiscal swamp. Like Larivee, Randy gave his fellow commissioners, Bud Dean and Glen Klossner no warning until after the cat was well out of the bag. Phelps County needs a Presiding County Commissioner not a Presiding County Follower.

Why is the city doing this to the other taxing entities in the county? Because they are desperate for cash and know the voters won’t give it to them. TIF is the last resort of spendthrift politicians who have been imprudent in their budgeting, spent too much money on the wrong things, raised the wrong taxes and fees, exhausted voter patience and know that they can’t justify their plans (or their self-created ‘needs’) to voters to get them to approve another bond issue or sales tax increase. Morgan and Butz lied to

voters on the Southside annexation and can’t deliver the infrastructure and services they promised. They ‘want’ money for sewers and water and roads out there – developers (like the Mayor) who bought up land on the Southside are getting impatient to make a killing but they can’t do anything until the city finds money to pay for the infrastructure. Morgan ‘wants’ his Lions Club Road, they ‘want’ to buy land to expand the industrial park, they ‘want’ a new city hall...they ‘want’ ‘want’ ‘want.’ They, like the school board, belong to the generation whose ‘wants’ must be gratified even if they have to shoplift to do it. The Rolla City Council includes a former school board member, Sharon Meusch, and two former school principals, Don Brown and Harry Kiefer. It is surprising that they are going along with stealing taxes from the school district. Do they not know? If they don’t know - why don’t they know?

Bamboozled again? If you look at the material explaining TIF in the council packet the night they started the TIF ordinance process and hired the TIF consulting firm, you would not find any clue that the TIF mystery money is being cannibalized from the county, schools and the disabled. So far they’ve been very careful not to say from whom they’re stealing the money. The so-called presentation to the council by RREC President Bill Marshall (the bank guy who doesn’t live here) and Petersen was brief, mushy mouthed, devoid of facts – in short, designed to bamboozle a council that is easily bamboozled. There were only two questions, which were quickly fobbed off by Petersen. It is possible that some members of the council have no malice against their fellow taxing districts, it is possible that they once again just didn’t ask enough questions and simply voted for what they thought was another one of Administration’s financial magic tricks. A poor excuse but the only one we can think of. We might be tempted to believe it except for three things. Marshall started his talk by reminding the city council of the “educational meeting we all had on TIF three or four months ago.” The meeting he referred to was held in the Recreation Center last summer. The company the city just hired for \$50,000 to do their Economic Development Action Plan (the TIF plan) discussed the TIF system with them at that meeting. The second reason we can’t believe they don’t know what they’re doing is the coincidence of the many unexplained closed meetings under the real estate excuse the council has been having since last summer, while at the same time the RREC group was having their unpublicized illegal meetings gearing up for TIF. With the interlocking memberships between the city and the RREC it is improbable that the subject never came up in all those backstairs meetings. The third reason we can’t give them the benefit of the doubt is because it is the council’s habitual practice to rubber stamp anything put before them and whine later that they weren’t told what was really going on. They just played that sucker game with the railroad crossing mess and if the council is once again clueless about what TIF really is they simply can’t be excused for it again. Only geese and sheep wake up in a new world every day; how many more times will this flock wake up to find that Morgan and Butz have sheared them again? Their final vote on the

TIF ordinance January 6, will tell us whether they are callous co-conspirators or lazy fools - what a choice.

body. There was no doubt whose dead body they were talking about. Ferrell didn't bring up TIF again.

Footnote: About ten years ago former Mayor Ferrell was also desperately searching for money that didn't have to be voter approved. He too hired a consultant and was going to try this TIF scheme. The County Commissioners and School Board members went to Ferrell's TIF meeting and told Floyd that he would take 'their' tax money over someone's dead

Attention City Voters: Filing for six city council seats (one is in your ward) opened on **December 24th at 8:00 a.m.** and closes on **January 21 at 5:00 p.m.** Think about filing for the open seat in your ward. It's the only way you will get to vote on Tax Increment Financing.

Coming next, TIF Part 2 – “Smoking Guns” The names, the connections and how the TIF “honey pot” works.

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