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Phil Andrews : Council member, executive spar over property taxes

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One of the most important decisions the County Council will make this year is whether to approve or to reject County Executive Isiah Leggett's proposal to raise the property tax rate by 4.2 cents, an increase of about 4.5 percent. The council should reject this proposal, which would place a regressive, multiyear, and unnecessary burden on county homeowners, renters and businesses.

Although Leggett deserves credit for proposing a budget that adheres to the charter limit (not exceeding the area's cost of living rate) on property tax revenues, homeowners, renters and business owners should hold tight to their wallets when told that a property tax rate increase would be good for them.

If approved, the proposal would reverse the council's efforts to gradually reduce the portion of the county budget funded by property taxes. In 2004, I proposed that the council decrease the property tax rate, which was at the same level as 1994. From 2004 to 2006, the council reduced the property tax rate by 10 cents per $100 of valuation, a reduction of about 10 percent. Combined with an increase in the local income tax in 2003, this resulted — for the first time — in the county receiving more revenue from the relatively progressive income tax than from the relatively regressive property tax.

In the past six years, the council approved $2,911 of income tax credits against the property tax to homeowners — without raising the property tax rate. These one-time credits shouldn't be used, however, if funding them requires increasing the property tax rate, but this is what the county executive proposes: hike the property tax rate indefinitely to fund a one-time credit of $692 per household for next year.

This would be a bad deal for homeowners, renters and businesses. Although many homeowners would pay a few dollars less per month next year under this approach, most homeowners would soon pay more, because a hike in the property tax rate would lighten wallets year after year. An increase in the property tax rate would hurt renters too — already squeezed from substantial rent increases due to the tight rental market — because owners of apartment buildings would pass along increased property tax bills to tenants. Increases in property tax rates would also be difficult for businesses operating on tight margins.

Fortunately, a much better alternative is available. Rather than increase the property tax rate, the council should reduce the executive's proposed one-time income tax credit from $692 to $407. Homeowners would still receive a significant one-time credit, but wouldn't pay more in coming years because of an increase in their property tax rates, renters wouldn't face rent hikes driven by property tax rate increases, and businesses wouldn't take a hit to their bottom line at a difficult time.

The writer is a member of the County Council.