

"Federation Corner" column
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Is it time for an Occupy Montgomery protest?

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There are those in the mainstream media who have criticized the Occupy Wall Street protest movement for not having a clear, unified message. It is true that citizens hitting the streets to join the OWS protests taking place in cities across our country and the rest of the globe are not all carrying signs with the same slogan printed on them. This distinguishes the current protest from past social movements which had short, simple messages that defined their efforts, like "end the war" or "civil rights for all."

The organizers of the Occupy Wall Street protest in Manhattan have stated that each demonstrator is encouraged to carry a sign that expresses their own reason for participating in the protest, and this gives the movement a unique strength. Some protestors are against corporate influence over government. Some oppose spending so much of the Federal budget to wage two wars abroad. Still others are concerned that millionaires and billionaires who make up one percent of the population control a disproportionate amount of the country's wealth, and enjoy special benefits of that wealth to the detriment of the other ninety-nine percent.

Many of the problems that concern the protestors in the Occupy Wall Street movement are confronting residents in Montgomery County, too. Take, for example, corporate influence over government.

When the County Council raised the energy tax by eighty percent in May 2010, the original proposal was to equally divide the cost, or pain, of this tax 50-50 between residents and businesses. But when businesses came out strong against the increase, led by the County Chamber of Commerce, the majority of Council members relented and voted to increase the burden of the new energy tax on residents so they could reduce the impact on companies. According to county figures, the average annual residential energy tax bill rose from \$99 to \$251.

Also in May 2010, the Council increased the tax on cellphones by seventy-five percent. As a result, the tax burden, including state and Federal taxes and other fees, is over thirty percent of the total bill received by cellphone users. It is obvious that the cellphone tax increase targeted only residents and not businesses also, since the Chamber of Commerce did not rail against its imposition.

When an office building in the county experiences a sustained vacancy rate the owner of the building can apply for a reduction in the assessed value of the building, kicking in over a period of years, which results in lowered property taxes. Wouldn't it be nice if elderly couples who are "empty nesters," whose children have grown and left home, could apply for a reduction in assessed value of their houses because two of the three bedrooms in the home are now vacant? It would certainly make retiring in place more possible in a county where homeowners' property taxes are expected to increase by ten percent each year for the foreseeable future.

Now consider the wealthy one percent that the OWS protestors claim get special tax treatment. When Montgomery County increased taxes for the wealthiest residents of the county, the so-called "millionaires tax," the result was that many of these folks claimed their houses here were second homes--that they lived for the majority of the year, at least six months and a day, in another home located in another state. As a result, they pay no county income tax here. The state of Vermont has solved this problem. To make up for the loss of income tax revenue from those who claim their homes

in Vermont are not their primary residences, that state imposes a higher property tax rate on vacation, or second, homes to insure the wealthiest property owners pay their fair share.

Finally, the County Council is currently considering legislation that would postpone the collection of development impact taxes. Bill 26-11 was introduced by Council member Hans Reimer (D.-AtLarge), and was co-sponsored by all of the other members except Councilmen Phil Andrews (D.-Dist.3) and Marc Elrich (D.-AtLarge). Development impact taxes are monies collected from new construction projects to help the county pay for infrastructure needed to accommodate their impact. For each new residential building project, a school impact tax is collected to help provide school capacity in the local schools to handle the new students who will move into the project. And a transportation impact tax is collected from new residential and commercial projects, to help the county provide road and transit capacity to handle new residents or commuters to jobs created in new retail and office space.

Development impact taxes are currently collected when a developer applies for the Building Permit for a new construction project. This insures the county has the money in sufficient time to program, budget for, and build the infrastructure improvements--added schools, road or transit capacity--to accommodate new development before the building is finished and new residents or jobs arrive. The businesses who supported passage of Bill 26-11 at the October 4 public hearing argued that it would help developers to defer collection of impact taxes from time of Building Permit to the time construction is finished and they apply for the Use and Occupancy Permit, when their cash flow improves due to sale or rental of the newly created building space.

The most compelling testimony at the hearing on Bill 26-11 came from a resident who pointed out the inequity, stating the Council would never consider granting a similar benefit to individual residents and let them put off payment of taxes until their cash flow problems improve. He's right, as are the Occupy Wall Street protestors. Corporations and the wealthy do receive special treatment from government, in large part because they have the money to lobby for it.

Maybe it's time for an Occupy Montgomery protest.

The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to theelms518@earthlink.net