The ACTA Watchdog

The Newsletter of the Arlington County Taxpayers Association

Keeping a Sharp Eye on Government

August 14, 2002

In this issue…..

FEAR JAMES BOND, MAYBE, BUT SHOULD YOU BE MORE AFRAID OF 'SUPERBOND'?

Two items on the County Board's July meeting were of particular interest to ACTA. First, the Board approved adopting a debt policy consisting of three ratios.

Working together, the three ratios of key financial information is designed to keep the county's debt load manageable and, more importantly, ensure the County maintains its coveted triple-A bond ratings. The set of three ratios form what the Manager calls a debt policy. It includes the ratio of tax-supported debt service (principle and interest) to general expenditures; ratio of tax-supported general obligation and 'subject to appropriation' financing to market value; and the ratio of tax-supported general obligation debt to income.

The second item involved how the $158.8 million bond referenda wwill be packaged on the November ballot. When the Board adopted the Fiscal Year (FY) 2003-2008 Capital Improvement Plan (CIP) in June, the adoption included approval of various bond referenda for this November. Action at the July meeting involved only how the bond questions would appear at voter registration sites and at polling places as well as on the ballot.

The ACTA board of directors has not yet considered which, if any, of the bond referenda to support, oppose, or take no action. A primary concern at this time is whether the Board should have put several smaller bonds into one large bond – what some are calling "superbond."

With permission of the **Arlington Sun-Gazette**, we are reprinting the paper's August 1 editorial. The editorial, which follows, focuses on this very issue.

THUMBS DOWN: To the County Board, for coming up with a "catch-all" bond referendum rather than one broken down into more reasonable chunks.

(continued on page 4)

The ACTA Watchdog

Timothy M. Wise, Editor

Timothy M. Wise, President
Patrick J. Spann, Vice President
Ralph Leonberger, Treasurer
Roger Morton, Secretary

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CORRECTION

In the previous newsletter, dated June 29, 2992, the membership of the Fiscal Affairs Advisory Commission (FAAC) was incorrectly described. One of the 15 members is nominated by the Arlington Chamber of Commerce without regard to political party.

INITIATIVE & REFERENDUM: A Complement to Representative Government

Writing in a September 2002 editorial, the Wall Street Journal criticized state and local officials for trying "to duck direct democracy by blocking voters from putting initiatives on the ballot."

Concluding the editorial, the WSJ editorial said:

> "The ideas of representative government and the right of petition should be viewed as complementary, not antithetical. In just the past two years, initiative efforts in California alone have led to the repeal of failed bilingual education programs and forced legislators to open more charter schools.
>
> "Not withstanding brickbats from elected officials of both parties, the initiative process is overwhelmingly popular. Voters want a final trump card over entrenched incumbents, who often feel free to ignore voters. So it's no surprise to see courts strike troublesome initiatives off the ballot before voters get a chance to even look at them."

HOW GOOD OF A FORTUNETELLER ARE YOU?

How much will real estate property assessments go up in 2002?

Will the County Board increase the current real estate tax of $0.993 cents per $100 of assessed valuation? Or will the Board keep it the same, or possibly lower it?

If you know the answer to both of those two questions, enter our contest, which we will also be featuring at this month's County Fair.

The specific question we want answered is how much will the real estate tax bill increase, i.e., how much will the tax payment increase for the average single family residence in Arlington? For reference, the following table provides relevant information from prior years:

Year	Assessed Value	Tax Rate	Tax Payment
1995	$186,350	$0.94	$1,752
1996	185,400	0.96	1,780
1997	186,030	0.086	1,834
1998	186,130	0.998	1,858
1999	191,350	0.998	1,910
2000	202,770	1.023	2,074
2001	224,390	1.023	2,296
2002	269,500	0.993	2,676

Non-members must provide their predictions at the County Fair while entries for ACTA members must be received no later than December 31, 2002. Entries must be in writing, and submitted to either the address in the masthead above or e-mailed to the Watchdog editor at timwise@dgs.net.

> A citizen can hardly distinguish between a tax and a fine, except that the fine is generally much lighter.
> -- G.K. Chesterton

THE 'BIG PICTURE' ON THE VIRGINIA SALES TAX REFERENDA

Although there are many reasons for opposing the sales tax referenda that will be on the ballot in November, it is helpful to first take an overall look at the effect that an an increase in the sales tax would have on Northern Virginia. If approved by the voters of Northern Virginia on November 5, the ½-cent increase would increase the current sales tax by 11%.

Would Virginia, and especially Northern Virginia's, economy continue to prosper?

The following article was written by Chris Edwards, director of fiscal policy at the Cato Institute. Edwards argues that Virginia risks its long-term prosperity if Northern and Southeastern Virginia voters approve the 11% increase in the sales tax.

The article was cyber-published by the Cato Institute. In addition, it was published by the **Northern Virginia Journal** on August 1, 2000.

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This November's sales tax referenda in Northern and Southeastern Virginia are not just about traffic congestion. They are also about preserving the long-term prosperity of the Virginia economy. That's because tax increases reduce economic growth. Thus, the costs of proposed sales tax increases include the out-of-pocket costs for every retail purchase, plus the costs of fewer business start-ups, slower job creation, and lower income levels in the long run.

High taxes drive away businesses, workers, and consumers, who are all increasingly mobile across state and international borders. High-tech companies and their workers are particularly footloose. Smart governments are recognizing this fact of the modern economy and striving to offer the lowest feasible tax rates.

At the international level, Ireland has flourished since it introduced a low 10-percent corporate tax in the 1980s. This small country of less than 4 million people now receives larger inflows of foreign investment than Japan, Italy, and other big countries. Ireland used to be a poor country in Europe, but now has one of the highest average incomes in the world. This is not the luck of the Irish, but the result of a successful low-tax policy. Virginia should aspire to be the Ireland among the U.S. states.

U.S. states that have lower taxes tend to have higher growth rates. This pattern can be seen by ranking the states by overall tax burden and comparing personal income growth rates over time. Between 1980 and 1999, the 10 lowest-tax states had an 88 percent growth in real incomes, on average, compared to just 51 percent real income growth for the 10 highest-tax states. Virginia was in the low-tax group with income growth of 85 percent during this period.

Certainly, other factors affect relative state growth rates, but numerous studies have confirmed the tax-growth link. A 1995 congressional Joint Economic Committee study looked at state taxes and income growth from 1960 to 1993 and concluded that "higher state and local taxes had a distinct and significant negative effect on personal income growth." A 1996 study published by the Federal Reserve Bank of Atlanta looked at taxes and income growth from 1960 to 1992. The study found that growth was negatively related both to marginal tax rates and to overall state and local tax burdens.

These big picture effects are really the sum of many small tax effects that accumulate over time. Higher Virginia sales taxes will give buyers of big ticket items more reason to shop in Delaware, which boosts no sales tax at all. And it will reduce the inflow to Virginia of consumers and retail businesses from neighboring states that have higher tax rates. The sum of many such small effects will generate a permanent drain on the economy.

Another negative effect of a sales tax increase this November would be to send state legislators the message that they don't have to make tough budget trade-offs. Rather than restrain spending, they simple need to put more tax increases in a nice wrapping and sell them as one-sided choices to voters.

Besides, Virginia families already pay 31 percent of their income in taxes to all levels of government. While proponents of sales tax increases point to the "needs" of the state transportation budget, Virginia families have their own needs, but only have 69 cents on the dollar after taxes to pay for them. With housing costs rising quickly - including property assessments rising 15 percent this year in Fairfax County - families have an even greater need to keep their own money from the tax man.

Alternatives are available to fund priority transportation projects. The state should consider private financing proposals, which were successful with the Dulles Greenway in Northern Virginia. And the state could cap general fund spending increases in future years at inflation plus population growth, with the excess channeled to transportation. The important thing for voters to realize is that Virginia has prospered because it is a relatively low-tax state. Hopefully, Virginians will vote to keep it that way in November.

ENVIRONMENTAL ARGUMENTS AGAINST THE SALES TAX REFERENDUM

Opposition to November's sales tax referendum has brought together two groups who most would have expected to be widely separated, i.e., anti-taxers and environmentalists. They've found themselves opposing the sales tax at debates and at numerous press conferences.

The primary leader of the group is the Coalition for Smarter Growth. In a paper explaining why the 11% increase in the sales tax doesn't make sense for Arlington, this coalition concludes that while traffic congestion is a problem in Northern Virginia, it is "bad government policy, will not solve traffic congestion, and is a bad deal for Arlington. Arlington citizens, civic associations and their elected officials should reject the sales tax and encourage regional elected officials to adopt smarter growth practices including doing more to link development to transit before throwing away billions of tax dollars."

(Superbond, continued from page 1)

Board members voted to send out three bond issues to voters on Nov. 5. One is a $79 million school bond question. OK there. The second is a $12.3 million utilities bond. Fine so far.

Then, at the recommendation of County Manager Ron Carlee, board members tossed all remaining funding requests together in one single $67.4 million "community projects" bond. Recreation, highways, Metro, storm drainage, neighborhood conservation . . . it's all in there, a mix of things that individually are great but, like ketchup and ice cream, do not need to be taken in one gulp.

There was no excuse for not cutting this package up into individual bonds for (1) neighborhood conservation, (2) parks/recreation, (3) highways/roads/pedestrian initiatives and (4) storm drainage. That is what's been done in past bond campaigns.

Critics see this as the County Board trying to ram all this spending down the throats of the electorate by giving us an all-or-nothing vote – kind of like the cable companies that make you purchase all the garbage on television rather than just the channels you want.

Unfortunately, there is a chance this may backfire. Voters have a lot of fiscal issues on the November ballot in addition to the local bonds, and they may be in no mood to support a bloated "community projects" bond. In that case, a lot of worthwhile projects will be delayed because the County Board was playing games with the voters.

We realize such a scenario is unlikely; instead, voters are likely to approve the bond, in essence giving county officials a blank check to pull this kind of stunt in coming years.

With Arlington's debt level steadily rising, this is the wrong way to go. The much-touted "Arlington Way" demands more choice, not less, for voters.

CONGRATULATIONS TO NEW VIRGINIA STATE SENATOR, KEN CUCCINELLI

In what the Richmond Times-Dispatch called a "borderline landslide," Mr. Cuccinelli ran what he termed a "referendum on the referendum" campaign against an opponent who was better funded and had the support of more big guns.

In a column the Roanoke Times headlined "The people versus the powerful in Northern Virginia," Preston Bryant wrote that while it is too early to predict how Northern Virginians will vote on the sales tax hike, "opponents of the tax referendum have gained momentum."

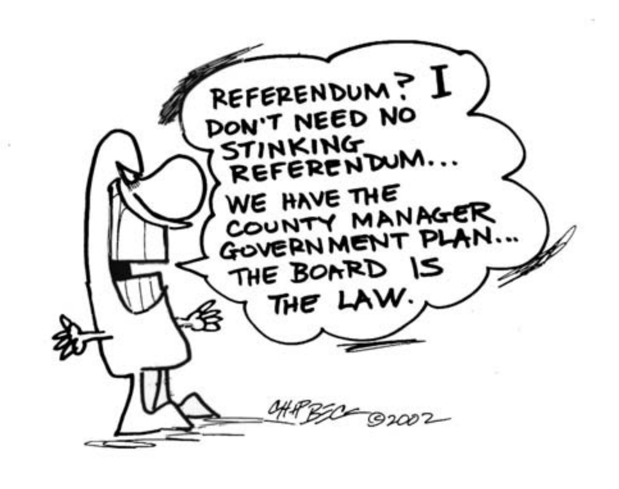
SCORING THE TAX VOTES OF THE NORTHERN VIRGINIA DELEGATION IN THE 2002 GENERAL ASSEMBLY

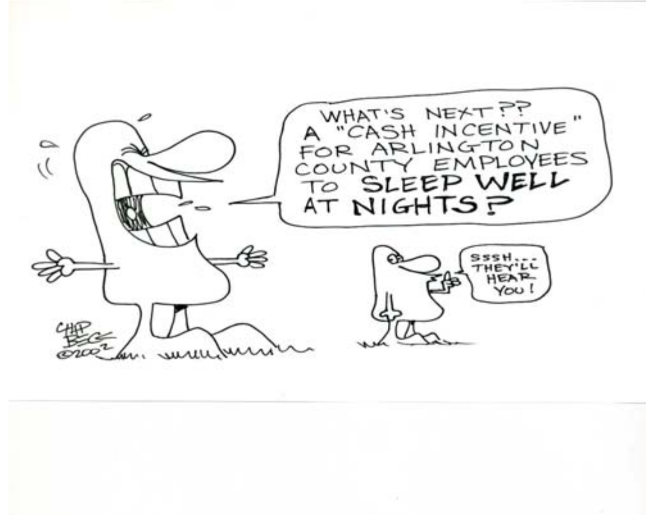
So much of the talk about the upcoming sales tax referendum seems to focus on how many members of Northern Virginia's General Assembly are supporting the referendum. Thanks to the Fairfax County Taxpayers Alliance (FCTA), Arlington taxpayers are provided an analysis of how Northern Virginia's delegates and senators voted on selected tax measures in the 2002 General Assembly.

The votes were compiled by John Toivonen, FCTA's lobbyist in Richmond this year. Nine votes in the House of Delegates and four votes in the Senate were used in this scoring.

The highest scores among Arlington's General Assembly were achieved by Delegates Bob Brink and Karen Darner (25 out of a possible 100).

The entire scorecard appears on page 8. We extend our thanks to the Fairfax County Taxpayers Alliance for permitting us to reprint the scorecard.





SCHOOL BOARD CANDIDATES GO HEAD-TO-HEAD ON SHARING OF TAX REVENUES

For the two fiscal years ending June 30, 2003), the County Board and School Board have agreed upon a revenue sharing formula for setting the County transfer to the Schools. The formula for Fiscal Year 2003 allocates 48.6% of net local taxes to the Schools.

According to the County Manager, the agreement allows "both Boards to have more strategically focused discussions on current and future budget issues." When advising the County Board in June, the Manager said the agreement "will continue until there are changes in condition that would lead either Board to request a modification to the agreement."

Are the Schools now on a budgetary auto-pilot, or is this a responsible way to finance the Schools budget needs? To help find an answer, we asked the two School Board candidates to answer that question in 350 words or less.

ACTA members can evaluate the two candidates' positions on this one issue on the following two pages (pages 6 and 7).

Mary Hynes, the incumbent, is seeking her third term on the Arlington School Board. She is being challenged by Beth Wolffe. Your can find out more about each of them at their websites:

- Mary Hynes www.maryhynes.com
- Beth Wolffe www.bethforschoolboard.com

POSITION OF MARY HYNES ON REVENUE SHARING

Is revenue sharing a fiscally responsible way of providing taxpayer revenue to the Arlington Public Schools?

Yes it is. For the last two years, revenue sharing has established a reliable financial framework for school and county budget planning. The agreement respects each Board's constitutional responsibility and preserves their joint budget discussions.

The results have been good for taxpayers. Revenue sharing lets them hold the School Board directly accountable for proper stewardship of 48.6% of Arlington's local tax dollars. This allocation reflects historical levels of county funding supporting the Arlington Public Schools. Revenue sharing provides a solid basis for community conversation about school system needs and priorities.

Revenue sharing has been good for the school system. The School Board is able to evaluate educational programming in the context of expected funding. It streamlines the process by providing accurate financial information about available funding early in the budget cycle. In addition, revenue sharing clarifies the relationship between operating and capital funds, since annual school debt service costs directly impact funding for other programs. The agreement does not unnecessarily limit the School Board's ability to seek additional funds from the County Board should they become essential.

The school system budget process is being re-oriented this fall. This new budget time-line is still evolving, but here is the likely FY04 scenario:

- August 8, 2002¯School Board considers re-establishing a Citizen's Budget Advisory Council to improve communication with the public.
- August 19—School Board provides a draft budget-planning document for citizen comment. This is a very important step in the budget process, since School Board budget direction directly determines resource allocations in the Superintendent's proposed budget.
- September 26—School Board will adopt a budget direction document and deliver it to the Superintendent.
- February/March 2003—School Board will meet twice weekly for budget review. As always, citizen comment will be actively sought and a full public hearing will continue to play a vital role in the process.

The bottom line—revenue sharing is good management, good government, good business, and good for our community. The revenue sharing agreement allows both the County Board and School Board to focus on long-term planning for the good of our community.

POSITION OF BETH WOLFFE ON REVENUE SHARING

WHAT'S WRONG WITH THE REVENUE SHARING AGREEMENT

Arlington's "revenue sharing agreement" is a euphemism for "auto-pilot."

It automatically gives the School Board 48.6% of local taxes every year, without any discussion or examination of what the schools actually need.

It's a bad arrangement because it takes responsible decision-making out of the process. We elect leaders to decide how to spend our money to provide the services we want. Arlington's leaders, however, have abdicated their budget responsibilities and substituted an automatic formula with this politically expedient "revenue sharing agreement."

If revenue sharing agreements are good, why not do the same for all the other county departments and send our elected leaders home? Police and fire can get a fixed percentage of County revenues, just like the schools.

Last September, Mrs. Hynes said that it's the School Board's job to ask for what they think the schools need, and the County Board's job to balance that request against other County needs and available revenues. She was right -- then. But the revenue sharing agreement avoids this important decision-making process.

Real estate assessments are projected to soar again next year. Should the School Board automatically get half of that windfall year after year? This year, the School Board used its windfall to establish a $ 4 million "reserve fund" – a first for the schools. Perhaps other County agencies could have used that money better. Or, just possibly, homeowners would have liked a smaller tax increase.

Alternatively, what if County revenues go flat and enrollments spike up one year? In that case, the schools may need more than 48.6% of our local taxes.

The revenue sharing agreement isn't necessary to demonstrate our commitment to education. We spend over $12,000 per student per year; our commitment is clear.

Nor is it necessary to make government "more transparent," as some have argued. To the contrary, what the agreement makes transparent is that our elected leaders aren't governing.

If the School Board can justify a budget that requires half of county revenues – or even more -- it should get the money. If it can't, it certainly shouldn't get it by an automatic formula.

General Assembly 2002 Scorecard (compiled by John Toivonen – FCTA Lobbyist)

Northern Va. DELEGATES				1	2	3	4	5	6	7	8	9	FCTA Score
Black, Richard H.	32nd	R	Sterling	+	+						+	+	100
Lingamfelter, L. Scott	31st	R	Woodbridge	+	+	+		+			+	+	100
Marshall, Robert G.	13th	R	Manassas	+	+							+	100
Petersen, J. Chapman	37th	D	Fairfax	+	+						-	-	50
May, Joe T.	33rd	R	Leesburg	-	-		-		-	+	+	-	29
Rollison, John A., III	52nd	R	Woodbridge	-	-		-		-	+	+	-	29
Albo, David	42nd	R	Springfield	-	-						+	-	25
Amundson, Kristen J.	44th	D	Mt. Vernon	+	-						-	-	25
Bolvin, Thomas M.	43rd	R	Alexandria	-	-						+	-	25
Brink, Robert H.	48th	D	Arlington	+	-						-	-	25
Darner, L. Karen	49th	D	Arlington	+	-						-	-	25
McQuigg, Michèle B.	51st	R	Woodbridge	-	-						+	-	25
Moran, Brian J.	46th	D	Alexandria	+	-						-	-	25
O'Brien, James K., Jr.	40th	R	Clifton	-	-						+	-	25
Plum, Kenneth R.	36th	D	Reston	+	-						-	-	25
Reese, Gary A.	67th	R	Oak Hill	-	-						+	-	25
Scott, James M.	53rd	D	Merrifield	+	-						-	-	25
Almand, James	47th	D	Arlington	+	-	-		-			-	-	17
Hull, Robert D.	38th	D	Falls Church	+	-	-		-			-	-	17
Watts, Vivian E.	39th	D	Annandale	+	-	-		-			-	-	17
Dillard, James H., II	41st	R	Fairfax	+	-		-		-	-	-	-	14
Van Landingham, Marian	45th	D	Alexandria	+	-		-		-	-	-	-	14
Callahan, Vincent F., Jr.	34th	R	McLean	-	-		-		-	-	-	-	0
Devolites, Jeannemarie	35th	R	Vienna	-	-						-	-	0
Parrish, Harry J.	50th	R	Manassas	-	-	-		-			NV	-	0
Rust, Thomas Davis	86th	R	Herndon	-	-						-	-	0

1. HB1296 passes 52-47, half cent sales tax increase for NoVa transportation. FCTA position (+) is "nay".
2. SB170 passes 54-45, income tax hike for schools, sales tax hike for transportation. FCTA position (+) is "nay".
3. Finance Committee Vote on HB1296, voted to report to Appropriations 15-7. FCTA position (+) is "nay".
4. Appropriations Committee Vote on HB1296, voted to report to House Floor 23-2. FCTA position (+) is "nay".
5. Finance Committee Vote on SB170, voted 13-9 to report to Appropriations. FCTA position (+) is "nay".
6. Appropriations Committee Vote on SB170, voted 16-8 to report to House Floor. FCTA position (+) is "nay".
7. Appropriations passes by indefinitely HB1170, 15-10, half -penny for schools, FCTA position (+) is "yea".
8. House votes to adjourn sine die, ending session prior to a vote on SB170. FCTA position (+) is "yea".
9. SB668 passes 67-30, half-penny sales tax increase for transportation. FCTA position (+) is "nay".

Northern Va. SENATORS				1	2	3	4	FCTA Score
Warren E. Barry	37th	R	Fairfax	-	-	-	-	0
Leslie L. Byrne	34th	D	Falls Church			-	-	0
Charles J. Colgan	29th	D	Manassas	-	-	-	-	0
Janet D. Howell	32nd	D	Reston	-	-	-	-	0
William C. Mims	33rd	R	Leesburg			-	-	0
Linda T. Puller	36th	D	Mount Vernon			-	-	0
Richard L. Saslaw	35th	D	Springfield	-		-	-	0
Patricia S. Ticer	30th	D	Alexandria			-	-	0
Mary Margaret Whipple	31st	D	Arlington			-	-	0

1. Finance Committee approves 9-7 SB170, statewide 1-penny tax increase for transportation and schools. FCTA position (+) is "nay".
2. Senate Finance votes 9-6 not to report SB178, a 5-cent increase in the gasoline tax. FCTA position (+) is "yea".
3. SB170 passes 32-8, income tax hike for schools, sales tax hike for transportation. FCTA position (+) is "nay".
4. SB668 passes 34-6, half-penny sales tax increase for transportation. FCTA position (+) is "nay".

AN ALTERNATIVE TO THE SALES TAX REFERENDUM

When anti-taxers make their arguments against the sales tax referendum, the pro-sales tax crowd likes to ask how will all the needed roads get built. Part of the answer is supplied in a recent commentary posted at the Virginia Institute of Public Policy's (VIPP) website.

The views in the following "Virginia Viewpoint" is that of Ronald D. Utt, Ph.D. Mr. Utt is the Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation, and an adjunct scholar with the Virginia Institute for Public Policy, an education and research organization headquartered in Potomac Falls, Virginia.

You can find other "viewpoints" posted at VIPP's website:
www.VirginiaInstitute.org

Virginia's Transportation Needs Shortchanged by Flawed Federal Program

Escalating levels of road use now make traffic congestion in the Washington area third worst in the nation. How to address the problem has been a source of debate for years. The solution now recommended by many state officials and the business community is a half a percent increase in the sales tax in northern Virginia, and a full percent increase in Hampton Roads to fund more road and rail projects. On November 5, residents in both locations will vote for or against the increase. Both sides are gearing up for a fight between now and then.

Before frustrated Virginia commuters commit themselves to higher taxes, they might want to have their elected officials take a closer look at how the federal highway program mistreats the Old Dominion. Doing so will reveal opportunities for fundamental reform that can send substantially more federal highway money to Virginia at *current* tax rates. One promising reform - called "turn back" - would devolve the federal program to the states by allowing each to keep the federal fuel tax revenues raised within their borders rather than sending them to Washington. If enacted, this reform would guarantee that federal fuel taxes paid by Virginia drivers will no longer subsidize motorists in the wealthy states of the North, or the special interests that divert fuel taxes to other purposes.

For the most part, the predominant share of public spending for roads and transit comes from the fuel tax motorists pay every time they fill their tank with gasoline. In Virginia the price of each gallon of gas includes a state fuel tax of 17.5 cents and a federal fuel tax of 18.4 cents. The Virginia tax stays in the commonwealth for local transportation purposes, but the federal tax first goes to Washington before a portion is returned to the state. In the case of Virginia as well as twenty-nine other mostly southern states, the amount of money returned in 2000 was less than the taxes paid. The other twenty states, mostly in the North and West, got more back than they paid in.

Between 1992 and 1996, Virginia received only an eighty-three percent share of what it paid into the highway trust fund, while Massachusetts got back two and a half times its contribution. Several other southern states fared even worse than Virginia, receiving less than eighty percent of their contribution. All the states in the northeast, however, received paybacks exceeding the fuel taxes they paid.

Although federal legislation passed in 1998 was supposed to lessen these disparities, the effort fell short, and southern states still subsidize highway spending in the North. In 2000, Virginia received back only eighty-nine percent of its contribution to the program, and the missing eleven percent was a costly loss. Had Virginia received back as much as it paid in that year, it would have had an extra $95 million dollars for roads, and an extra $80 million in 1999. With annual deficiencies like this stretching back over the past decade, is it any wonder our roads are so inadequate?

Obviously, a more equitable program would eliminate much of the need for an increase in the sales tax. Given how poorly Virginia fares under the federal law, perhaps a more useful endeavor for Senator John Warner would be to restore to Virginia its fair share of the federal money, rather than promote an increase in a regressive tax to compensate for his inaction on a problem that has existed for much of his twenty-four years in the U.S. Senate.

A second congestion-causing flaw in the federal program that burdens Virginia is the diversion of the federal fuel tax revenues to purposes other than roads. When the trust fund was created in 1956, all federal fuel taxes were spent on the interstate highway system, but by the early 1980s as the system neared completion, the federal fuel tax was increased with more and more of it siphoned off into non-highway programs such as mass transit and other uses of little value to motorists.

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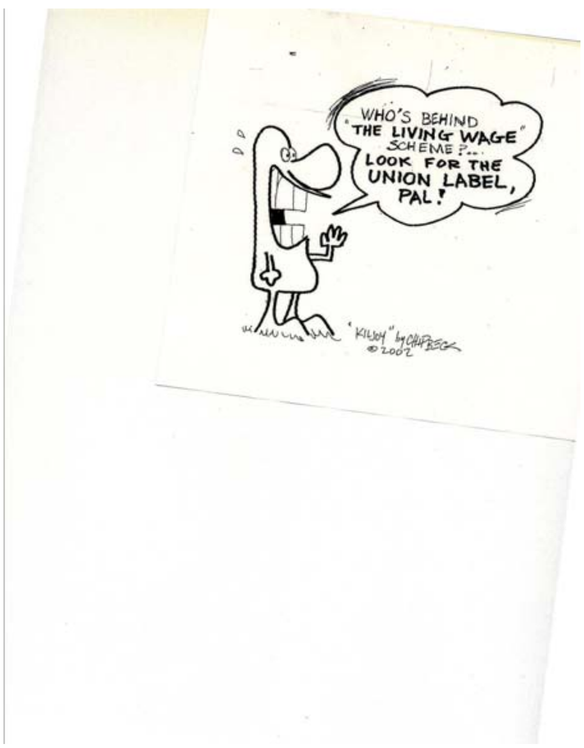
Although motorists contribute almost twenty percent of their fuel taxes to transit programs, this diversion leads to even greater regional inequities because seventy-five percent of transit ridership occurs in just seven metropolitan areas. As a result of these competing claims on the trust fund and the diversion of federal highway money from the South to the North, Virginia motorists are getting back as little as 58 cents in general purpose highway money for every tax dollar they send to Washington.

The enactment of turn back legislation will rectify this persistent inequity and allow each state to spend its gas tax revenues on the transportation priorities of its own choosing, not Washington's.

It also allows states to do so unencumbered by costly federal regulations that try to force a one-size-fits-all program on a diverse nation. And most importantly, the fast growing southern and western states would keep their fair share of the funds, and end the traffic congestion that past inequities, and Senators asleep at the wheel, have helped create.



YOUR GOVERNMENT AT WORK

The Washington Post recently included in an editorial the comment that "America is a society built around suspicion of government action." Two recent outrageous news items fully support why Americans need to be concerned with what their governments are really about. Serving the American people certainly doesn't seem part of the mission.

According to the August 11, 2002 edition of South Florida's **Sun-Sentinel**, the Department of Children & Families (DCF) was unable to account for 532 children who run away from foster homes or been abducted by parents against court orders.

The Sun-Sentinel examined 24 cases, and found that it was quite possible to locate some of the kids. Of the 24, the paper found nine, including two in less than three hours. The liberal mantra of doing things "for the children" apparently means less than nothing.

If the newspaper could accomplish this without access to the detail records which DCF has access, imagine what DCF employees should be able to accomplish. If the list of missing kids was pared down, however, someone might question the need for as many employees in the department. Or is increasing the number of government jobs what it is all about?

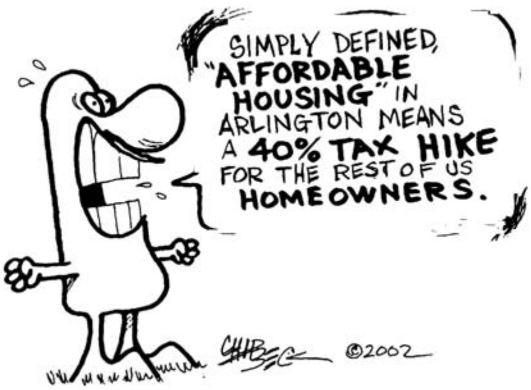
The second story meriting taxpayer outrage was reported by the **Washington Post** on July 31. An Arlington lawyer and an accomplice are accused of immigration fraud in U.S. District Court. They are also being investigated for submitting thousands of similar forms in other states.

According to the Post article, federal agents found a suitcase in one man's apartment stuffed with about $940,000 By charging $8,000 to $20,000 each, the paper noted the two may have made between $11 million and $21 million over the past 18 months.

The two filed applications claiming that individual restaurants could not find American works and needed the immigrants. However, the U.S. Labor Department said the restaurants did not even know of the applications. In fact, the Silver Diner restaurant in Arlington had 184 applications filed on its behalf.

The scheme started to unravel only after a restaurant manager was mailed U.S. Department of Labor forms about the immigration status of people she had never met.

The case raises questions about who designs the internal controls systems that are supposed to prevent such fraudulent activity. In this case, however, the design seemingly verges on the incompetent. Again, was this just another case of creating government more jobs?



RISKS TO TAXPAYERS FROM RESTRUCTURING OF VIRGINIA'S TAX STRUCTURE

Virginia has a part-time, citizen legislature, but the work of the General Assembly continues throughout the year through various study commissions, which are created by the General Assembly to carry over legislation from past sessions and to conduct detailed studies of issues that may be considered in future legislative sessions.

According to Virginia State Senator Bill Bolling, one such commission or subcommittee "will require close observation during the 2002 legislative interim." He specifically singles out the *Joint Subcommittee to Study and Revise Virginia's State Tax Code*. The subcommittee will make recommendations that will be considered by the 2003 General Assembly.

Senator Bolling adds that Governor Warner "has promised to work with the Commission (sic) to develop a new state tax code that is 'fairer and more efficient for every Virginian, <u>and better positions the Commonwealth to meet its long term commitments</u>." (emphasis in the original).

Senator Boll writes that it "remains to be seen whether its recommendations will result in higher taxes or lowers taxes for the people of Virginia. The Commission's recommendations could be revenue neutral . . . and result in a tax system that is 'fairer and more efficient for every Virginia,' or it could simply be an effort to enact higher taxes under the guise of tax reform?"

Arlington Senator Mary Margaret Whipple is a member of this tax study subcommittee.

Your ACTA president attended the subcommittee's May session when the subcommittee spent a great deal of time debating whether the result of any changes should be revenue neutral. During that debate, there was no mention of how Virginia taxpayers would be protected from the tax-and-spend instincts of so many politicians.

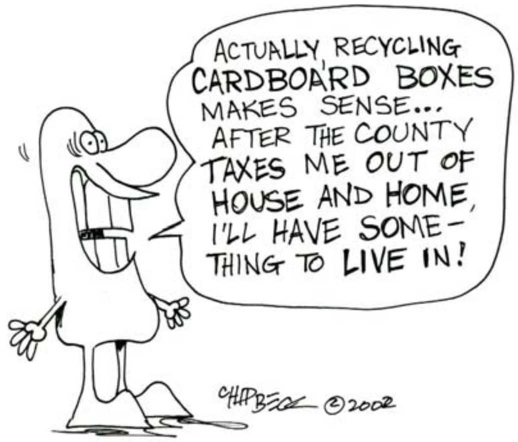
Membership Form

Mail to: Arlington County Taxpayers Association
P.O. Box 5335
Arlington, VA 22205

Please enroll me, or renew my members, in the Arlington County Taxpayers Association. My check for $15 is enclosed. This price of membership includes dues and a subscription to our newsletter, **The ACTA Watchdog**.

Before sending your renewal check, look at the mailing label to see whether your membership dues are current.

Name ____________________________________
Address __________________________________
Arlington, VA _____________________ (ZIP Code)
E-mail Address ____________________________


ACTUALLY, RECYCLING CARDBOARD BOXES MAKES SENSE... AFTER THE COUNTY TAXES ME OUT OF HOUSE AND HOME, I'LL HAVE SOME-THING TO LIVE IN!
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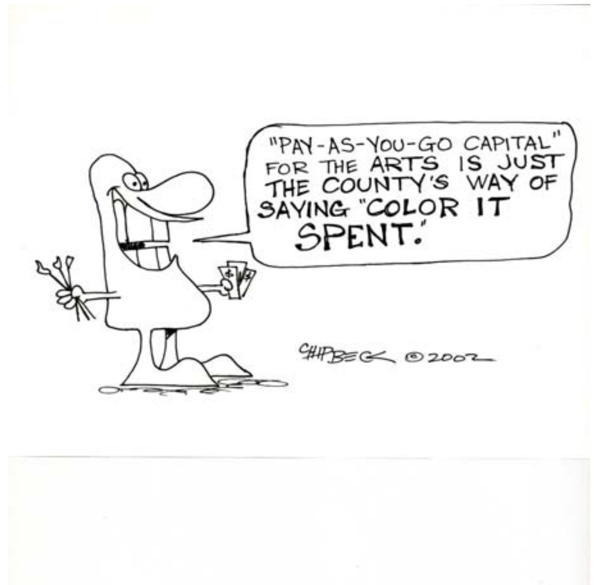
"PAY-AS-YOU-GO CAPITAL" FOR THE ARTS IS JUST THE COUNTY'S WAY OF SAYING "COLOR IT SPENT."
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