

ON TAXES AND OTHER PRICES

by Thomas C. Dority, East Lansing

I have listened to commentators and read articles decrying that "... the typical middle American family pays more in taxes than it does for food and shelter combined." Apart from the logical inconsistency of such statements, they also devalue the important public services provided by government.

The logical inconsistency is the comparison of a private service (housing, utilities) to a public price (taxes). A more logical comparison is between private services and public services. We will not illuminate the public debate over taxes and services if we do not compare apples and apples. Americans pay a price for private services and another price for public services. What do Americans get for the prices paid?

We will never balance budgets satisfactorily so long as taxes are viewed as "lost money" unrelated to the services residents count upon.

These illogical comparisons also convey the notion that while housing services are provided the American family for a price, taxes are simply paid out. It's like money down a rat hole! And the farther from home we send the taxes, (say, Washington, D.C.), the less we know about the value received. In Michigan, where local governments have few alternatives, local property taxes must be understood for the value they purchase. We will never balance budgets satisfactorily so long as taxes are viewed as "lost money" unrelated to the services residents count upon.

What is the value of the services provided? How do the prices compare to other services of equal value or to other providers of the service? We can select from various retail services according to price and value. We may be unable to select from lower-priced public services in the same way, due to political boundaries. However, we can measure the comparative cost of our services. And we can judge the value of those services in our own community.

In East Lansing, I calculated in 1993 that the typical homeowner paid local property taxes, adjusted for Homestead Credit in approximately these amounts for tax supported services:

About the Author

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Service	Annual Tax "Price"
Police Protection	\$205.00
Fire Protection	\$65.00
Public Works/Parks	\$60.00
Library	\$24.00
Administration & Code Enforcement	\$137.00
Art Commission	\$0.91

Since then, of course, the total property tax burden has been reduced by Proposal A for the typical homeowner, but not for these city services.

How do these prices for public services compare to other typical household expenses?

Product/Service	Annual Price
Cable TV	\$240.00
Water & Sewer	\$420.00
Car Payments	\$2,500.00
Refuse Collection	\$110.00
Four Family Dinners "Out"	\$150.00
Family Pizza Once Per Month	\$180.00
Two Movie Tickets Per Month	\$100.00
Newspaper Subscription	\$156.00
Gasoline For Two Cars	\$1,450.00

What is the value received for private prices and for public prices? Police protection for \$205 per year looks pretty valuable compared to Cable T.V. for \$240. Since 1993, this disparity has widened as City budgets stagnated while Cable T.V. raised its price more than once.

It costs this typical family less to support the public library each year than for one family dinner out in a nice restaurant. Fire protection costs less than two movie tickets per month. And the vague costs of administration and code enforcement are less than one family pizza every month.

To return to the first claim that we "...pay more in taxes than for food and shelter combined" we must also include other taxes and services. State taxes provide for road repair and traffic safety, penitentiaries, equalized education, health care and other services we count upon. Federal taxes provide for national defense, highways, social welfare, urban aid and countless other services.

Altogether, we probably do pay more for local services, state services and federal services than we do for food and shelter combined. Have we decided that this is wrong? American families probably pay more for shelter alone than for national defense, highway patrols and local police protection combined. Is this wrong?

But these aggregate comparisons are mostly nonsense. The debate over taxes and services must be made on the basis of value for each service. Do we want or need

this service? How much does it cost and can the cost be reduced?

How much is the American family willing to pay for this service? How do we value this in light of the value placed on pizza, on other discretionary family expenses? How much price inflation is acceptable public service or in private?

Let's turn the claim around: "The typical middle American family now pays more for movies and popcorn than it does for libraries and parks combined." Now that is something to be concerned about!

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WETLANDS RESERVE PROGRAM SIGN-UP

Landowners in 43 Michigan counties have an opportunity to enroll wetland areas in the U.S. Department of Agriculture's Wetland Reserve Program (WRP). "The sign-up for the Wetlands Reserve Program will be held May 30 through June 30, 1995", said Carole Jett, State Conservationist for the USDA-Natural Resources Conservation Service.

The WRP protects and restores wetland areas to help purify water supplies in rural and urban areas; helps absorb flood waters and provides habitat for migratory birds and other wildlife. Enrolled acreage is restored as wetlands with ownership and control of access remaining with the landowner.

Under the Wetland Reserve Program, conservation easements are purchased from landowners for wetland areas that have been previously drained and are now or have been used for crop production. Limited areas of natural wetland, plus nonwetland areas needed to protect or buffer the wetland from disturbance or to establish reasonable field boundaries, also may be included in the program.

For more information, interested landowners should contact their local office of the USDA Natural Resources Conservation Service (formerly the Soil Conservation Service). □