

## PERPETUAL TAXES

Thomas R. Cuba

2016 1025

Taxation is such a repugnant topic, yet I find myself writing about it again and again. Perhaps, like taxation itself, complaining about taxation is also a perpetual state. For a moment, consider the origin and longevity of taxes. Not in general, but as an individual levy. In theory, a need arises and the governing body raises money to address the need. The unsaid corollary is that when the need abates, the tax would be repealed. What I find is much to the contrary. But let's examine it by example.

One example might be the toll road. In many places, long ago, new roads were constructed by private enterprise and a toll was then exacted as the price to travel that road. Many of these were later given to the government as transportation became a governmental duty. In our example, toll roads were built and paid for by the tolls. Investors even earned a little profit. Then the toll went away. Government used the same template at first but that didn't last long. Tolls became perpetual and then in 2007 (in Florida) the legislature decided that tolls would not only be ongoing, but would be automatically increased as the cost of living rose. That way the legislature doesn't need to vote on it again and be exposed to criticism. That tax is not only perpetual, but self-bloating.

City governments build marinas, swimming pools, art museums, and public piers using tax dollars. Most run busses and some even build trains. The problem is in the Catch-22. Once the Albatross is built, it invariably fails to break even in operating costs and never, ever, earns enough to repay the tax investment. Yet it cannot be abandoned. It must be "subsidized" each year to assure it continues, usually for a misconstrued "public good." In this way, every so often, new subsidies are added to the budget, each as a perpetual tax. Budget talks and workshops always address new spending and projects to improve the standard of living and ignore the perpetual base. Occasionally, when the burden of an unwise investment does arise, the discussion is quickly quelled with the threatened institution of a "user fee" which only serves to generate opposition because the user already paid to have it built through the taxes. I know that all sounds convoluted, but that's what makes it a Catch-22.

The point is that any time any government official or entity comes up with a new project or program for the public good, we need to accept the fact that it will never pay

for itself, will never be abandoned, and will be a foregone tax burden on us for the foreseeable future.

The worst case scenario is when the government accepted an already failed private enterprise and instituted perpetual subsidies (taxes) to keep it running: Amtrak. Will we ever learn?

© 2016, Thomas R. Cuba