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City, county OK tax hike

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Published: Wednesday, February 4, 2009 12:14 AM CST

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Messenger-Inquirer

After more than four hours of public debate Tuesday night, the Owensboro City Commission and Daviess Fiscal Court voted to raise the city and county's insurance premium taxes to pay for the \$79 million downtown development project.

Fifty-four residents spoke at the joint city-county meeting at Owensboro City Hall before elected officials cast their votes. At the end of the night, the City Commission voted 4-1, and Fiscal Court voted 3-1 in favor of the increase.

"We strongly feel it's time for us to do something," Mayor Ron Payne said shortly before the vote. "I truly feel this is more than just a downtown plan. This is going to affect this entire community."

"This is the boldest, boldest initiative in the history of our county," Judge-Executive Reid Haire said.

The city's tax rate will increase from 4 percent to 6 percent this year, and will increase again to 8 percent in July 2010. The county's tax rate will increase from 4.9 percent to 6.9 percent this year and to 8.9 percent next year.

The tax applies to auto, homeowners, boat and casualty insurance policies. No health insurance plans would be subject to the increase.

The downtown plan, which was created last year by the Gateway Planning Group, calls for the construction of a convention and multiuse center, a market square, an arts academy, additional parking, upgrades to Smothers Park and changes to downtown streets.

Before the final vote, county officials approved three amendments to their ordinance: One stating the tax increase will not raise more funds than needed to pay the construction bonds; an amendment exempting all kinds of crop insurance from the tax increase; and an amendment requiring Fiscal Court to review the tax rate at least once every five years to ensure more funds aren't being raised than needed to pay the bonds.

A fourth amendment suggested by Commissioner Mike Riney -- that officials not implement the tax increases until 2010 and 2011 -- died on a 2-2 vote.

The number of people who came to the meeting filled up the commission chamber and spilled into the lobby. Speakers were given three minutes each, although many ran over.

People in favor of the downtown plan said the tax increase would be more than matched by private developers pouring funds into downtown. Advocates also said the downtown plan would increase tourism and would create construction jobs in the near term and permanent jobs after the public projects are built.

"It's an economic development project for the entire community," resident Jerry Morris said. " ... The benefits of the project, both direct and

indirect, will accrue to the entire region."

Opponents argued that the poor national economy made it a bad time for officials to raise taxes. Others asked the two governments to delay the vote until the economy improves, or until residents could further review the downtown plan.

"Can we not table this long enough for taxpayers ... just to see the final implementation plan?" resident Mary Susan Huff asked.

Haire said even when detailed implementation plans are completed, they would not change the minds of people opposed to a tax increase.

"I look across this crowd, and I can count on one hand the people whose opinions would change by reading a 300-page document," Haire said.

Kyle Aud, a member of the chamber of commerce's Chamber Young Professionals, said the downtown project is needed to attract young workers to Owensboro. "We're excited about the prospects of a revitalized downtown," Aud said. "... The truth is the young and educated professionals have a choice (of where to live). The downtown project is the type of project young people like to see."

Roger Conner, a Utica businessman, said elected officials should abide by the opinion of what Conner said was the majority. "If you're stewards of the will of the people, (the increase) would be defeated," Conner said. "It needs to be defeated tonight, because people are not for it."

Resident Carl Anthony said he agreed downtown revitalization would be a benefit but questioned why private developers weren't already involved. "I'd also like to say private development could be more involved than it is," Anthony said. "I think we were somewhat deceived in the last election, because (the tax) wasn't addressed as a major issue at the time."

Dave Silver, who favors the downtown plan, asked opponents why they are "afraid."

"Are we afraid because of the (possibility) that business and industry might prosper?" Silver said. "Are we afraid our children might be able to back to live and work?"

"Are we afraid we might be able to get back in the convention business?" Silver said.

Resident Sue Fowler said: "Since 1943, we've talked about riverfront development, and we've talked about downtown development. I stand behind you in your difficult efforts to make this tough decision."

Some residents warned elected officials that -- if they voted for the increase -- they would be targeted for defeat in the next election.

County Commissioner Jim Lambert cast the sole "no" vote for the county. Lambert said he had been swayed by the number of calls he received from people against the increase.

"I believe we have a representative democracy ... but when the response I've received is 80 percent in opposition, I can't in good conscience (support) a tax increase," Lambert said. "My vote tonight will be a 'no,' because that's your wishes."

On the city side, Mayor Pro Tem Charlie Castlen cast the only vote against the tax increase. "We don't have the written (implementation) document, the details," Castlen said. "... I'm a little frustrated. ... I want to see a little more than a picture."

Castlen said he also wanted to see more private investment in response to the plan and said he was concerned about the city and county taking on debt. The city and county will use the tax revenue to bond the \$79 million for the projects.

"Communities and states that have not embraced debt ... are the strongest in these tough times," Castlen said.

All other city and county commissioners voted in favor of the tax increases for the downtown project.

"I believe we've reached a critical point in Owensboro," City Commissioner Candance Castlen Brake said. " ... The path of doing nothing or waiting a little longer looks safe, but it's not safe.

"To those of you who say we need to be recruiting jobs, this is what we're doing" with the downtown plan, Brake said. " ... Yes, it is going to cost each of us ... but the return each of us will receive is more than (we) can imagine."

City Commissioner David Johnson said he was unafraid of the political consequence of supporting the increase. "I can tell you without a blink of an eye ... if I have to choose between Owensboro's future and re-election, I choose Owensboro's future," Johnson said.

City Commissioner John Kazlauskas said commissioners studied 27 other cities that had invested public money in their downtown and reaped larger private investments. "The same economic return can occur in downtown Owensboro," Kazlauskas said. " ... Now is the time to move forward with a workable plan."

County Commissioner Mike Riney said: "We've got to try something if we're ever going to go anywhere.

"I'm going to support the future of this community," Riney said. "I'm going to vote for this."

County Commissioner Bruce Kunze said he understood people's concerns about raising taxes now -- but said the downtown plan would both create jobs and be an economic development tool.

"There's also the belief we're creating an economic stimulus package," Kunze said. " ... Unless we are willing to take some risk, we cannot expect to move Daviess County forward."

How they voted

Owensboro City Commission: Payne -- yes; Brake -- yes; Kazlauskas -- yes; Johnson -- yes; Castlen -- no.

Daviess Fiscal Court: Haire -- yes; Kunze -- yes; Riney -- yes; Lambert -- no.

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