

On My Mind
4/08/05

Last year, the governor submitted a budget to the Legislature that depended on what he called an "integrated fiscal plan" to make his proposed expenditures match revenues. The proposed revenue-generating measures included such measures as a reduction in rebates, an increase in garment factory user fees, increases in vehicle and driver license fees, and an increase in the hotel occupancy tax, none of which were in place at the time.</P>

To what extent the governor may have worked with the legislature in coming up with those ideas for generating the additional revenue needed to balance his budget is not clear. But the fact of the matter is that the legislature did not support the ideas, and as a result, the budget never did pass -we were left with a "continuing resolution" from the year before.</P>

This year, the governor has done it again: proposed a budget that depends on measures not yet in place, not sure of legislative support, and, moreover, not likely to receive legislative support: an increase in poker machine license fees, and use of funds in the Tobacco Settlement Fund. So once again it appears that we are faced with a long, drawn-out battle over the budget, which, in the end, will only be approved in reduced form.</P>

Doesn't responsible budget preparation mean listing one's existing income and expenses, and if income doesn't cover expenses, trying to pare down expenses to match the income? To be sure, there's nothing wrong with including, in a budget presentation, proposals for additional activities should additional funds be identified, but to the best of my belief and understanding, realistic, responsible budgets are not built on resources that are only hoped for, that are known not to be there, that only might materialize. The budget should be re-drawn, based only on known, available resources.</P>

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There is a deep-seated antipathy in the CNMI against the idea of increasing revenue by levying taxes across the board. There have been tax increases, in the guise of increases in fees for one thing or another, but to the extent that such increases go into the general fund to underwrite the costs of services for all taxpayers, such fees are unfair - they do not affect everyone equally - so only some are paying for services for everyone.</P>

Much fairer would be a more broad-based tax that everyone would have to pay, such as a sales tax. I've no idea just how much of a tax would be necessary to make it all worthwhile - but surely a tax of ½ to 1 per cent would not be all that much of a burden - and could generate enough revenue to begin to ease the strain for the school system, for the police department, for CUC and CHC, and perhaps even for the retirement system.</P>

The CNMI has operated under a system that primarily hands out benefits for far too long. At some point it will have to begin paying more of its share of the costs for those benefits as well - and the sooner the better. Of course, there is the problem of efficiency, effectiveness. No one wants to pay taxes only to see the money mis-handled, or thrown away on political favors, or wasted on unnecessary and poorly-designed projects.</P>

But once the people of the CNMI begin to feel they are paying more realistically for the government they have elected, for the services they receive, one can expect that their demands for accountability will become not only stronger, but also more legitimate. It wouldn't be just the expenditure of others' money, but of their own, that they would be concerned about. They can be expected to become far better watchdogs of where the money goes than is now the case.</P>

It's true that this is an election year - not the best time to talk about imposing a broad-based sales tax. But there is never a good time. It would be fiscally responsible, wise, far-seeing - and courageous - to introduce such an idea now. Aren't those characteristics we want to see in our leaders anyway?</P>

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A Marianas Variety story this past week seems to have set off a mild tizzy - the article quoted a CUC engineer as saying that CUC was paying more than \$500,000 for archaeologists in connection with a major sewer project along Beach Road. The archaeology firm involved, SHARC, Inc. (Swift & Harper Architects together with associate Michael A. Fleming), quickly protested, saying that not even their gross income over the past five years has come anywhere near that figure, much less the work of several months on a single project.</P>

The engineer recanted, sort of, admitting that the archaeologists were getting only a small portion of the \$500,000+, but then added that it would have saved CUC considerable money if the Historical Preservation Office had enough archaeologists on its staff so that CUC would not have to hire outside consultants to do such work. But this is not true. The work is being done with federal funds, and the federal government requires that its funded projects be examined by independent experts. Thus, even if enough archaeologists were on the HPO staff, they would not be eligible to do the work required on the sewer project.</P>

Which is as it should be. As anyone knows who has observed the excavation now underway - or previous archaeological work done by professionals - it is slow and painstaking work. Just last week, several ancient skeletons, in near-perfect shape, were unearthed in front of a restaurant in Chalan Kanoa. I watched as the two archaeologists recorded detailed descriptions of just where the bones of what were thought to be a child and an adult female were found, their condition and how they were laid out, and did equally detailed measurements of each of the bones' positions. Once the descriptions are complete, and pictures taken as well, the bones will be carefully removed, one at a time, and labeled and wrapped, so that they can be accurately identified, and sent off for further tests. This work was being done on a Sunday in order to minimize the delay in putting in the sewer pipes for which the excavation was originally dug.</P>

Such work cannot be left to government employees, who could be subject to political and economic pressures in the conduct of their work, for whom issues such as over-time and the need to meet construction schedules could take precedence, who might not be free to do a proper professional survey and accounting of all that was found at the site. The federal government is correct: independent experts - such as the well-established and highly qualified firm of SHARC, Inc. - are required.</P>

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Short takes:

- It's a wonder the businesses on Paseo de Marianas don't all get together and speak up against the rather silly response they were given when they complained, recently, about the lack of parking for their customers. They were told that it was their responsibility to provide parking spaces, not the government's. Yet before the Paseo was made into a pedestrian mall, those businesses did have parking spaces in front of their doors. Who took those parking spaces away? Certainly not the businesses themselves. And while there was talk, at one point, of making satellite parking available, that has not materialized, much less accommodation to the physically disabled.</P>

The Paseo was designed primarily for tourists. Yet local residents would also like to patronize its businesses, especially its restaurants. It does not seem at all unreasonable to me that their interests be accommodated as well. Even central Garapan cannot survive on tourists alone. Garapan's remodellers - Public Works, the CIP office, SEDC - owe it to the legitimate businesses as well as local residents, to find a better solution to the parking problem than pointing a finger at the complainants and telling them it is their fault.</P>

- Also on the subject of parking: a recent news item in the Marianas Variety reported that the Department of Lands and Natural Resources will asphalt two parking areas in Susupe as part of its beautification drive. Since when is asphalt beautiful? Particularly in light of the Northern Islands Company's demonstration of a variety of environmentally friendly parking solutions along Beach Road, would it be too much to ask that DLNR and Public Works pay attention, and adopt a similar approach? The "asphalted concrete paving" that is planned will only create another hot spot along the road, as well as increasing rain-water run-off, adding to the pollution of the nearby lagoon. Better solutions are available.

While Public Works may not necessarily be sensitive to such ideas, one would certainly expect that DLNR, and its Division of Parks and Recreation, under whose auspices the paving is being done, would be more environmentally responsible.</P>

- Last but not least: before easing the conditions required to be given a "Qualifying Certificate" for tax waivers from the Commonwealth Development Authority - as hotel owners are requesting, it might be prudent to re-examine the whole principle of QC issuance first. The idea was initiated to encourage new investors. It was modified to apply to "semi-investors" - not new ones, but large existing ones. And now comes the request that it be made even easier to qualify.

QC's, however, can be said to deplete government revenues, in that holders of QC's are excused from any number of taxes ordinarily paid into the general fund - and for varying lengths of time. There does not seem to be much data about whether the income generated by the construction or re-construction/renovation is indeed enough to make up for the loss of revenue that the tax waivers provide. Without such knowledge, it would be a mistake to make the QC even easier to obtain, particularly now, when revenue in general is in short supply.</P>

