

What's My Beef With The Sales Tax? ... by J. Adam Lowe

Over the past few weeks, I have oscillated from apathy, to concern, to anger, and finally to disappointment. The recent sales tax referendum has passed, with a dismal turnout of just over 3,000 voters, thus providing some sense of a mandate for increasing the local sales tax.

Many, including myself, were completely astonished that the measure passed. After weeks of debate with residents and conversations with community officials, I believe that the school system and the city council did a good job of selling this move to the public. And that is my beef... the "sell."

Let me preface my statements by saying that I have the utmost respect for the city council and city management. The offices are filled with professional people that have good intentions. However, their likability didn't prevent me from addressing them with some concerns at the council meeting on Wednesday, March 25th.

The grief with this referen-

dum, or "sell," has to do with three key issues; the impact on small business, the biased presentation of the referendum, and fundamental issue of representation.

According to the Tennessee Department of Economic and Community Development, 72% of businesses in the Cleveland area are small businesses (30 or fewer employees). Of those, an estimated 12% are engaged in competitive bidding. This tax referendum was sold to the public on the assumption that this increase would be passed on to local consumers; however, in the world of competitive bidding, businesses must eat this cost in order to stay competitive. The math is simple: A contractor from Cleveland (9.75% sales tax) bids against a contractor from Dalton, GA (6% sales tax) and is automatically 3.75 points to the negative for the Cleveland business. In the realm of competitive bidding, a half percent of gross sales can be substantial, es-

pecially if the majority of the goods rendered are not single article items. The Tennessee Tax Code states that there is a \$1600 maximum taxable amount per single article sales; however, the code lists labor as taxable but specifies that only "tangible property" is considered single article. In layman's terms, 11% or \$82 million dollars came from the competitive bidding industry last year. As much as \$500 thousand dollars of the proposed revenue from the tax will come from these small businesses. This tax could hurt. Many other local governments have shown troubling effects on small business during times of increased taxes. And margins are tighter now more than ever. Perhaps that half percent is the only piece of the pie a small business man takes home this year. (Of course I was informed post council meeting by one of our council men that if your margins are that narrow, you shouldn't be in business anyway. I obviously do not con-

cur.)

This leads me to the biased presentation of this referendum. I am unaware of any information concerning the negative impact of this increase being shared with the general public. I am aware of an active campaign by the local schools to push it through. I was told by a member of the school board at the council meeting, "people were welcome to attend the public forums and present opposition." (paraphrased) But shouldn't a true debate have invited someone to discuss such. The troubling thing is that when I contacted the Tennessee Department of Economic and Community Development, I was informed that the comprehensive data to assess this impact was vaguely available and had never been requested by any local official. No opposition was invited to debate the measure because no local entity had taken the initiative to truly investigate the possibilities.

Lastly, there is a funda-

mental problem with the way this vote was taken. I am an owner of a small business in Cleveland, TN. I rent our office and warehouse space but personally reside in the county. I was not able to vote on the referendum and am now being taxed without representation. Something definitely seems troublesome with that.

As a business owner and active citizen, I am not suggesting that there will be negative impact from this referendum but I am suggesting

that the move was made, in my opinion, without adequate research by the development office and without an honest discussion with the public. Everyone should have considered that this tax does not put additional teachers in the classroom but puts paint on the walls; that it only fends off property tax increases in 2009, not for years to come; and that the notion that "no one will feel it" speaks only to the consumer, and not to the bidding contractor.

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Concerns About Cleveland Housing Authority Finally Heard

by Ashley Murphy

At the February 23 City Council meeting, several questions arose regarding the Cleveland Housing Authority Board and Administration, including Paul Dellinger, Brian Gillenwater, Charlotte Hagen and Tom Lay. There were about a dozen public housing residents present at this meeting and several had concerns, which they voiced aloud to the Council members. These concerns ranged from lack of communication to maintenance problems to a "veiled" threat of eviction. After the Council heard the residents speak, it was suggested that the Housing Authority be present at the next meeting on March 9 so that "both sides" could be heard. Councilman Richard Banks put this into a motion and the vote passed.

However, a meeting was called on March 2 for Mayor Tom Rowland to meet with the Housing Authority Administration and members of the Housing Authority

Board. Vice Mayor Avery Johnson, Councilman Bill Estes, and City Manager, Janice Casteel were also present. Ed Lay, Board Chairman, began the discussion by stating that the auditors have no findings and that the authority is in excellent financial shape. Discussions continued even further and included the eviction process, current finances, Housing Authority goals, and employees personal use of company vehicles and warehouse space. Ed Lay continued on to say that the Council should not jump to conclusions and to be thankful that the Cleveland Housing Authority isn't terrible and to take a look at Chattanooga and be glad they aren't down there.

Vice Mayor Johnson's response was simple, if there wasn't a problem, the residents wouldn't have come to the City Council publicly for help, they would have kept it within the Housing Authority offices.

Rhonda Furgeson, the latest resident appointment to

the Board, closed the meeting by saying she was very upset with local papers questioning her integrity after printing that Ms. Furgeson attended church with Paul Dellinger and was receiving special treatment from the Housing Authority. Ms. Furgeson stated she was not receiving any type of special treatment and that people need to get the facts before making accusations, to which she then stated, "I will fight for my integrity."

The March 9 City Council meeting quickly ran out of seats which left several people standing. The majority of the people were former Housing Authority employees, or public housing residents that came to voice their concerns, and many were there to support those going before the Council. Again, Ed Lay opened the discussion by stating that the Authority has collected over \$700,000 in rent, while HUD contributes over \$2 million. HUD stands behind Paul Dellinger and the Authority always operates by

HUD's guidelines, rules, and policies. Dellinger stood to speak, saying all of this is mis-communication, there is an open door policy and anyone with concerns is encouraged to contact the Housing Authority office. He also made it clear that the Board's next meeting would be March 16 at noon and encouraged residents to attend. When Mr. Scott Kanavos stood to speak about the existing administration "running off" five former members that would actually help these residents, The City Council brought up Mr. Kanavos serving the residents by becoming a Housing Authority Board member. The conversation soon switched to other matters, due to Mr. Kanavos' serving being a conflict of interest. Some residents went on to say that Mr. Kanavos has in his possession an official letter from the Housing Authority stating that any resident that calls the police department for assistance of any kind would be evicted. *The Peo-*

ple News later found this to be not true. The Housing Authority discussion ended with accusations toward Brian Gillenwater and Brian Holloway taking German Shepherd "police" dogs into residents' units to intimidate them. Mr. Gillenwater stated that he does own two German Shepherds and they have been on HUD property, but they are not police dogs and have never been in any resident's unit.

The Housing Authority Board meeting on March 16 was an open meeting. General agenda items were discussed and any resident that had further concerns was allowed to speak freely and were positively acknowledged by the Board.

Anyone that has questions, concerns, or needs assistance regarding HUD or the local Cleveland Housing Authority is encouraged to contact the Cleveland office at 423-479-9659. The Housing Authority office is located at 450 Walker Street NE, Cleveland, TN 37311.

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...continued from pg. 10.

Usually if I want to use the money from the sale of something I must know its value to know how much to spend. Maybe "if it's not really my money, who cares how much I spend" is the attitude. But really, the bottom line to this airport issue is... if the airport stays where it is nobody makes money, if the airport moves some people make money. But it won't be us average citizens, we just get to fund it and all the future extra cost.