

**Jonathan Schechter – “Corpus Callosum” Column**  
**Jackson Hole News&Guide – October 31, 2012**

The Specific Purpose Excise Tax (SPET) is a one percent sales tax used to fund voter-authorized capital projects in Teton County. On Tuesday, local voters will consider three different proposals:

- Proposition #1 – \$13.5 million for the Town of Jackson to buy the Bridger-Teton National Forest headquarters property on North Cache, and fund an extension of Mercill Avenue to improve access to that property.
- Proposition #2 – \$4.3 million to build a bicycle and pedestrian pathway from the five-way intersection in town to the Stilson Parking lot at the intersection of Highway 22 and the Moose-Wilson Road.
- Proposition #3 – \$14.5 million to properly cap and close the county’s old landfill in Horse Thief Canyon, as well as re-configure the trash transfer station to allow more efficient use of the space for trash hauling, recycling, and composting.

Combined, these projects total \$32.3 million. If all three are approved, it will take around three years to pay for them. As a result, regardless of how many of the projects are approved, voters can expect to see more SPET proposals on the ballot two years from now.

I’m going to vote for all three. One reason for doing so applies to all three propositions. I also have reasons specific to each project.

The reason which applies to all three propositions is basic economics: For every dollar these projects cost, you and I will pay only 60 cents. Add them all together, and residents will pay \$19.4 million for \$32.3 million in benefits, with our visitors picking up the additional \$12.5 million. Can’t beat that deal.

I came by this 60/40 local/tourist split through a four-step process involving some pretty simple math.

First, for every year back to 2000, I took the month with the lowest taxable sales figure. After correcting for the lag between when a taxable sale is made and when the state reports it, in most years this low-figure month was April. In all but one other, it was November. So far, so good – even with the vagaries of the state’s monthly tax reports, having either April or November be the slowest month each year passes the smell test.

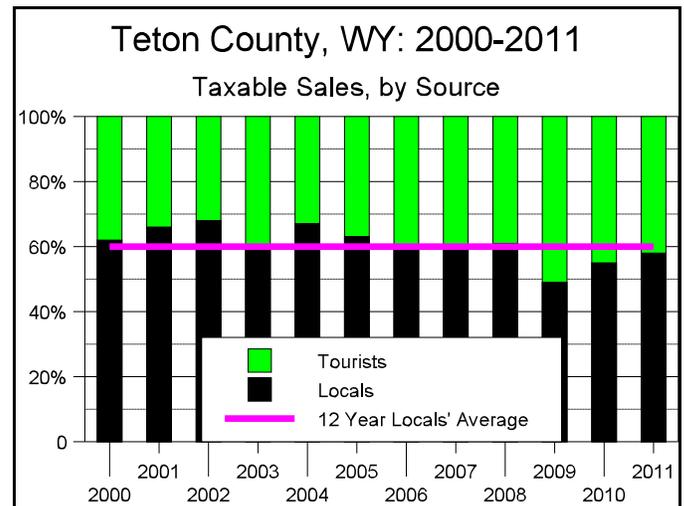
Second, I assumed the following: “Since tourism is essentially dead in April and November, almost all taxable sales made during those months are to locals. And while there are some tourists in town, their purchases likely balance out the purchases not made by locals vacationing during mud season.”

Third, I multiplied each year’s monthly low figure by twelve to develop a rough proxy for locals’ annual purchases.

Finally, I divided the “locals’ annual purchases” figure into total taxable sales for that year.

Graph 1 shows the results. Over the past 12 years, locals accounted for between 49 and 68 percent of Teton County’s annual total taxable sales. Over the entire 12 years, the average was an even 60 percent.

Is the methodology perfect? Of course not. But I can’t think of any better. And whether or not the precise local/tourist split is 60/40, the important point is that the actual figure is in that ballpark. The even larger point is that roughly 40 percent of any SPET tax project is going to be paid for by someone who isn’t you or me. That



Graph 1

makes the SPET a complete no-brainer.

My specific reasons for supporting Propositions 2 and 3 have similar no-brainer qualities.

I support the bike path from town to Stilson because I've had close calls on Broadway and Highway 22. Throw in our growing bicycle tourism economy, and I can't figure out a meaningful argument against Proposition 2.

Capping the landfill is equally obvious. Simply put, since we are legally obliged to fix the old landfill, the only question is how we'll pay for the project.

One option is raising property taxes. While some of that would be paid by second home owners, most of this option's burden would fall on locals.

A second option is paying for it out of general revenues, whether directly or through bond payments. Because roughly half of local government's general revenues are from sales taxes, tourists would end up contributing some of these funds. If we take this route, though, we'll ultimately have \$14.5 million fewer dollars available for local government services, a heck of a whack.

The third alternative is for locals to pay 60 percent through the SPET tax, let tourists pick up the other 40 percent, and leave general government revenues untouched.

As with Proposition 2, I can't figure out a meaningful argument against Proposition 3.

Proposition 1 – the Forest Service property – is a more complicated question, but supporting it is still pretty much a no-brainer. To understand why, let me start with some context.

As I write this, the eastern seaboard is getting walloped by Hurricane Sandy. To me, the storm is sending three messages.

First, we ignore global warming at our peril.

Second, both because the nation has neglected its infrastructure for decades, and because global warming will be placing tremendous new demands on all aspects of our infrastructure, the nation's future prosperity depends on massive new infrastructure investments.

Third, when major environment-related problems hit, be they droughts, storms, fires, or what have you, there is no substitute for the federal government, well-funded and working well.

I mention this because it helps explain why Proposition 1 is on the ballot.

All three of Hurricane Sandy's messages are heresy to the current Republican catechism, a gospel which has shaped the federal budget over the couple of decades. Drill down a level, and during budget battles, the Forest Service usually loses because it has no political clout: Environmentalists are perhaps the nation's most impotent special interest group; unlike the national parks, forests have no impassioned advocacy groups; and most of the national forests are located in rural states represented by Republicans who embrace their party's shrink-the-government philosophy. The net result has been the slow strangulation of the Forest Service's budget: while it's roughly the same size as it was 20 years ago, the amount allocated to fire fighting has tripled, leaving hundreds of millions less for general operations.

Without those operating funds, the only way the Forest Service can afford to fix its dilapidated Bridger-Teton headquarters building is to sell the land on which the building sits.

This headquarters dilemma is a trivial but instructive microcosm of the messages being sent by Hurricane Sandy: as global warming's effects escalate, the role of federal agencies such as the Forest Service

will become increasingly important. Yet just as that need is increasing, antipathy toward government is resulting in less money for the Forest Service's operations and infrastructure. Logically, it makes no sense, but as the current campaign has shown, logic and politics long ago went their separate ways.

As a result, no matter who is elected next week, there's no doubt the Forest Service property will be sold. A Romney administration will likely eviscerate the Forest Service's budget; a second Obama administration will merely whack it. Either way, the only way the Forest Service can afford to rebuild the Bridger-Teton headquarters is to sell off its seed corn.

In this context, the question then becomes: "What shall become of that property?" Proposition 1 will enable the town to buy it, and I'll vote for the proposition for three reasons.

First, because locals will pay only 60 percent of the cost, tourists will pay \$5.4 million toward the property and infrastructure improvements. For the community to get \$13.5 million in value for \$8.1 million in local tax dollars is a screaming deal.

Second, having the headquarters here is important to the qualities that make Jackson Hole distinctive, and the only chance we have for keeping the Bridger-Teton headquarters in Teton County is for the town to buy the land.

I've long argued that the greatest threat to Jackson Hole's future prosperity is to allow ourselves to become homogenized – every change that makes us more like every other place is another step in killing our distinctiveness through a thousand cuts.

What makes us truly distinctive? What can't be replicated by other communities? Only three things: our landscape; our wildlife; and our community character. Integral to each is the Forest Service, which controls roughly half the land in Teton County and whose local history dates back to 1897, 17 years before the Town of Jackson was incorporated.

Keeping the Bridger-Teton headquarters in Jackson will enhance all three legs of the distinctiveness trifecta. During the era of global warming, it will not only allow the Forest Service to keep a more watchful eye on the county's forest lands and wildlife, but provide us with a constant reminder of our intimate and long-standing connection to the community's original conservation organization.

I say this knowing that, even if the town buys the Forest Service land, there's no guarantee the Bridger-Teton headquarters will stay on that property. But given that the sale of the property is foreordained, the only realistic chance we have of keeping the Bridger-Teton headquarters in Jackson is if the town controls the property.

Third, what if the Bridger-Teton decides to move its headquarters anyway? That would be a blow to the community's character, but I don't see it as an argument against the deal. Two reasons here. First, to remain distinctive, Jackson Hole doesn't need another hotel or commercial development: we have plenty, thank you. Yet that's almost invariably what would go on the site if the town doesn't own it. Far better to have the opportunity to turn this gateway parcel into something that continues to reflect the community's non-commercial character, and the only way to do that is for the town to own the property.

The other reason is my faith in Jackson Hole's future. As is true for the nation as a whole, it's clear from the data that Teton County is pulling out of its economic slump. And while there's a chance we could go back into recession, that's a short-term consideration.

In contrast, buying the Forest Service property is a long-term consideration. Buying it with SPET dollars would afford us the luxury of taking a long-term view. We'd hope to keep the Bridger-Teton headquarters here, but would have the freedom to do something that would enhance our character if the B-T ultimately decided to pull out.

Then assume the worst case, namely that the town is forced to sell the property somewhere down the line. If you believe in Jackson Hole's future, you have to believe that, ten or twenty years from now, that property will be worth far more than the amount the town will pay today. And then when you consider that tourists will be paying 40 percent of the cost, purchasing it holds the promise of a tremendous long-term windfall for the Town of Jackson: in the worst case economically; in the best case in helping retain or enhance a prized element of our character.

As I say, a no-brainer. Just like the other two SPET proposals.