**Portsmouth Concerned Citizens**

**N E W S L E T T E R**

*"If we are to guard against ignorance and remain free, it is the responsibility of every American to be informed." – Thomas Jefferson*

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**October 18, 2022 - Volume XVII, Edition 1**

***From the President* *--* Larry Fitzmorris**

The winds of political change are blowing throughout our country. The question before us is whether or not the wind is up in Portsmouth.

This year’s elections will offer our citizens a choice for the first time in a number of years. Our political systems work only when an educated electorate implements their political desires through the ballot box. But we require a competitive election in order to implement changes. Our elections only work when there is a contest of ideas among those running for office. This year we have one.

Our organization’s Executive Committee has made recommendations for change in the Council and State Government in this newsletter. We believe that our recommendations for Council, if all are elected, will be instrumental in changing the path of taxation and will implement a new respect for the interests of the people who pay the bills.

**Truck Tolls** - The Rhode Island Federal District Court has shut down the State’s Truck Tolling system. Judge Smith ruled the procedures being used by the State are unconstitutional and in violation of Federal law. The State’s political leaders immediately shut down the system and declared that cars will not be tolled. The people of East Bay should be proud of themselves. Our opposition to the Sakonnet tolls strongly suggested to State government that they wanted no part of a toll fight going into the November elections.

***In This Issue:***

**The PCC’s Election Recommendations –** The PCC’s Executive Committee present our recommendations to the voters of Portsmouth.

**Changing Course –** The Council majority is not going to change course on its own initiative. We have had a long list of truly unwise decisions from this body of elected leaders. It is time to find new leadership.

**The Budget and the Surplus** – A review of budget trends and discussion of the impact of large surpluses.

**Inflation will Bite –** We address the effects of the current recession on people’s personal finances and its effects on town budgets and our taxes.

**Where is the Senior Center? –** Transfer of the Senior Center/Ann Hutchinson property was approved in a very close election in November of 2021. What is going on now?

**Governor**

Ashley M. Kalus

Election Recommendations

The PCC’s Executive Committee recommends the following candidates running for election in Portsmouth and the Governorship. We have not made recommendations in the Portsmouth House District in which there is no competitive election.

**Portsmouth Council**

David M. Gleason

Keith Hamilton

Sharleen M. Patton

David Reise

This election is a rare opportunity to change the political direction of the Council. Two members are departing for the Senate District 11 race and the Republicans have fielded a strong set of candidates. For the Portsmouth local races, we recommend the candidates above for the Council. We also strongly recommend that electors cast only votes for those candidates they actually approve, and not a vote for all seven seats. This will concentrate votes among those whom we are familiar with and support.

There are four candidates for four positions in the School Committee election, and therefore no competitive contest.

**Senate District 11**

Kenneth J. Mendonca

**House District 69**

Robert E. O'Neill

**House District 71**

Kobe James Taylor

**House District 72**

None

For the Assembly, this is another key election in the Progressive effort to gain a voting majority in the House and Senate. Should they be successful, we can count on a hard turn to the left and a powerful increase in spending. The climate change movement will dominate the bills coming out of the Assembly and we can expect rapid increases in the cost of living in Rhode Island as well as substantial increases in taxes and fees. Everyone should keep in mind that the State cannot print money and must pay for these climate programs with direct taxation. And it will be expensive

The Governor’s race is highly competitive this year. What is different is that the Republican candidate is very capable and well-funded.

The Governor McKee’s opponent, Ashley Kalus, is a very experienced businesswoman who has started and grown her own successful business in the medical services field. She is also extremely well educated in finance, with a master’s in Finance from Columbia University and the London School of Economics.

We do not consider Governor Daniel McKee an acceptable candidate. Our objection is to his involvement in the hiring of the ILO Group and his continued use of the unconstitutional Emergency Management Act.

According to the Rhode Island press, the ILO Group was formed two days after Mr. McKee was sworn in and awarded a $5.2 million contract for which there were much lower bids by established firms. Principals in the ILO Group are reported to be associates of the Governor. The award of this contract is under investigation by the Rhode Island Attorney General and Federal authorities.

Governor McKee’s continued use of the Emergency Management Act to declare an emergency in response to the rise of Covid19 Omicron is the second use of that Act to establish Executive rule through edicts that “have the force and effect of law.” The main point is that the state constitution, in its separation of powers clause prohibits the Assembly from delegating legislative powers to the Governor, and the Governor from using those powers.

Changing Course

Changing the course of the Portsmouth government requires an election to establish a new Council majority with new members. The PCC’s election recommendations are above. If returned to their seats, this Council will change nothing. They have become the most unresponsive Council in memory. Anything short of a new majority, with new ideas, will fail to produce change.

This Council has a six-member majority in a seven-seat body. In many cases, major policy decisions receive approval, no matter what opposition rises from the people. The members of this Council have been in office for four years, and have become more unresponsive with time in office.

If citizens expect a change in Town policies, they must change the people who are making policy. While a number of key policy decisions were apparently made by the administration, the Council’s lack of engagement is a signal of support. As is often the case, silence is consent. Under the Charter, the Council is the sole maker of policy. The rest of Town government implements that policy. Recent examples of stealth policy making are the details of the Senior Center/Ann Hutchinson deal which has had almost no public Council votes. Another is the development of the solar farm ordinance, which was developed by Town staff and unanimously approved by the Council without substantive debate or change. A later backlash from Portsmouth residents forced the Council to make important changes, but there was a clear reluctance to make modifications, except for Daniela Abbott and Keith Hamilton.

Taxes are important, but this Council has abandoned its public vote on tax rates to provide guidance to the Town Administrator as he drafts his budget proposal. There is a long list of other policies that have worked to the disadvantage of the people, including: Despite a firm promise to a citizen advocate that the non-partisan Council change to the charter would receive a reasonable review, that was blocked from the ballot in 2020. Another is the Council approval of the Aggregation of Electricity plan that changes our electricity providers without our permission to force more green energy use. The Council also tolerated the administration’s persecution of a Town resident for his critical signs in a brutal violation of his First Amendment rights.

The basic facts are clear; if you do not like the decisions being made (or tolerated) by this Council, vote for someone else. Elections are how we make changes to government. It is our duty and our primary obligation as citizens.

Thomas Jefferson is often quoted in these pages, and we offer this thought from our august founding father:

*“When the people fear the government, there is tyranny. When the government fears the people, there is liberty.”*

*– Thomas Jefferson*

The Budget and the Surplus

Our taxes continue to grow at near 4% rates with budgets that continue to produce large surpluses. That is, of course, because the size of the budget continues to grow.

On the tax side we continue to see residential property tax increases at rates above other East Bay communities. The tax rates continue to drive out the lower middle class from Portsmouth. When added to fees charged by the Town, the total revenue generated locally is 88% of revenues. Residential property taxes over the last three years are in the table below. The Fiscal Year 20 – 21 can exceed the 4% cap because other property tax categories declined in value.

The total allowable property tax levy is limited by state law to 3% of all taxable property in Portsmouth. The annual growth of the tax levy is limited by the tax cap law to 4%.

**Recent Increases in Residential Property Taxes**

|  |  |  |
| --- | --- | --- |
| **FY 20 - 21** | **FY 21 - 22** | **FY 22 - 23** |
| 4.38% | 2.05% | 3.08% |

The total budget is now $70,086,959, with the total tax levy at $59,664,448.

Two years ago, the Council made the decision to grow the tax base in order to more easily accommodate larger debt. There are only two ways to accomplish that, but the Council is largely constrained by law in such an effort. The tax base can be grown by increasing the number of taxable buildings in Portsmouth. The other is to increase the value of taxable property in the Town. While the growth in property values will increase the size of the tax base, the Council is not supposed to have direct control over those values. They are supposed to be derived directly from actual property sales. But there are exceptions, as the home owners in Island Park neighborhood 0040 discovered in the 2020 valuation. The value of their land went up an average of 62%. No reasonable explanation was ever offered by the Town.

**Surpluses.** On a separate, but related, matter the surpluses in the past three years have been too high. Those surpluses come from property taxes. While a surplus is always better than a deficit, large surpluses are also a problem in that the tax rate must be increased to generate the funds. The last budget year had a surplus of about $810,000, and the previous two years had surpluses of about the same amount. The entire increase in taxes for the last budget was $1.6 million. A more reasonable surplus would have cut the tax increase by a quarter at least. We are being overtaxed.

Inflation Will Bite

Milton Freidman has said that the only source of inflation in this country is increasing the money supply without a corresponding increase in production. In other words, printing money causes inflation. In Washington those who make policy are finding out once again that Mr. Friedman was right. The Federal Reserve is now rapidly increasing the cost of borrowing in an attempt to avoid a disaster.

This year Mr. Freidman once again looks like a prophet and we the citizens of Portsmouth will get to pay the price, both at home and in our tax bills.

The rapid growth in prices and the cost of borrowing is bound to affect the Town’s budget for the immediate future. But when the PCC pointed out to the Council the signs of an impending recession, they rejected our views, as they always do. Instead, they adopted a budget for this year which contained optimistic predictions of Town revenues from new construction. Nationally, the housing market, under pressure from rising housing construction costs and increasing mortgage rates, is plummeting. The idea that Portsmouth’s housing market will be different, presumes that Rhode Island will avoid the effects of the nation’s economic difficulties.

We have now entered a recession, with two consecutive quarters of declining Gross Domestic Product (GDP) – which is the formal definition of a recession. In addition, the year over year inflation rate of 8.3% seems likely to extend beyond this year’s first two quarters, probably for another year. While motor fuel prices have fallen in recent weeks, heating oil prices remain high. The coming cold weather is going to be quite expensive. Food and other core costs continue to increase significantly. Inflation will impact our living costs and will likely impact the cost of government as well.

The cost of labor is always the major expenditure in the Town’s budgets. With this year’s explosive growth in inflation, labor costs are likely to be the biggest factor in new labor contract negotiations. Town government is now impacted by the new binding arbitration laws in all municipal and education department unions, which have significantly eroded the Town’s bargaining position. This combined with the economic factors strongly suggest rising labor costs. The Firefighter contact was approved September 12 and the NEA contract is coming to the end of its negotiations.

The idea of reducing the cost of government to solve problems of rising taxation is an alien concept in Portsmouth. Our government, unlike all those around us in East Bay did not reduce spending, and therefore taxation, to flat levels when the economic impact of the Covid19 crises hit us all. With inflation now at a crisis stage, and probable shortfalls in construction revenues, this Council’s majority will not look to economizing to reduce costs. They just do not think that way. It is going to be a tough year for the citizens.

Where is the Senior Center?

The people of Portsmouth decided in a referendum in November of 2021 to grant the Council authority to give away development rights for the Ann Hutchinson School property. While the proposal survived by only a hundred or so votes and was accompanied with dubious explanation documents produced by the Portsmouth Canvassing Authority, it is now over. While the Church Community Housing Corporation has received approval from the Planning Board of its proposed design, to date the Council has taken no steps to implement anything.

Our guess is that the Council is taking a low political profile until the election is over. Then we will see what the real deal is going to be.

*PCC has a number of fundamental goals: limited and moderate property tax increases, open, efficient and responsive town government, access to decision makers and the deliberative process and superior public schools.*

**BECOME A PCC MEMBER TODAY!**

**PORTSMOUTH CONCERNED CITIZENS MEMBERSHIP APPLICATON FORM**

NAME \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ DATE \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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ANNUAL DUES: $20 (Single) $25 (Family) $100+ (Founder’s Club)

Call: 683-6127, or mail this form and your contribution to: Portsmouth Concerned Citizens, 50 Kristen Ct., Portsmouth, RI

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***Election Edition***