

Written by

Reza Gostar

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Tax increase would help Desert Hot Springs boost public safety



The City Council will hear a recommendation Tuesday to raise the property tax on vacant land to help bolster the city's public safety funding, especially to its police force. / Desert Sun file photo

DESERT HOT SPRINGS — The City Council will hear a recommendation Tuesday to raise the property tax on vacant land to help bolster the city's public safety funding, especially to its police force.

If this proposed parcel tax increase is approved by the City Council, it would still need to be passed by two-thirds of voters on June 3, said Interim City Manager Bob Adams.

The purpose is to make the current public safety tax, passed by voters in 2000, more equitable between the vacant land tax rates and those that are developed, he said.

“We have more vacant land than we have anything else, and having a good police department helps improve the value of that land,” Adams said.

Currently, 12,084 acres of the city’s 14,192 acres are undeveloped. Owners of undeveloped land are levied a \$29.80 per-acre annual tax. Meanwhile, homeowners pay \$593.17 per acre.

The City Council will consider five increase scenarios on Tuesday. On the low end, the increase for vacant land would go to \$198.91 per acre. On the high end, \$593.17 per acre.

If the lower scenario is approved, the city would receive \$4 million in revenue from public safety parcel taxes. The high end would be \$8.7 million.

The city currently collects about \$1.9 million from the public safety parcel tax and nearly \$700,000 from other property taxes.

The proposal comes on the heels of several cost-cutting measures that were aimed at saving the city from bankruptcy, such as capping incentive pay for city employees and cutting police salaries by more than 22 percent.

Desert Hot Springs police Chief Dan Bressler said the police department will more than likely lose between 5 to 10 officers in the next couple of months because of the decrease to police salaries.

This public safety parcel tax increase will allow the city to restore many of the “cuts already made to the police department and get the department fully staffed,” Adams said, adding that the city was “already down five police positions when we realized we had a (budget) problem, and we kept those positions vacant.”

“If something like this passes, we can reinstitute some of those cuts,” he said.

The city spends about \$17 million on city services while only collecting \$14.1 million in revenues, according to recent estimates by Finance Director Amy Aguer. Public safety funding takes up nearly 70 percent of the city’s spending.

While city officials are expecting to finish this fiscal year with a balance of more than \$200,000 because of cuts already made, more than \$1.2 million in additional savings must be found in order to continue normal city operations before next fiscal year’s budget is drafted, according to city documents.

“Right now, we have a \$3 million hole to fill, and we are looking at everything. We will see how this plays out,” said Mayor Pro Tem Russell Betts. “We are out of places to cut.”

Betts said he was not in favor of anything that increases taxes on homeowners.

“The information we are getting on this proposal is that it will not impact homeowners,” he said.

Adams said he hopes the parcel tax increase also will stimulate growth and development.

There might be some investors who are waiting for the prices to change before they sell their land “but this might increase the cost of just holding it” and speculating, Adams said.

“We are hoping to incentivize development or make (vacant landowners) think that it’s not worth holding, so that they want to sell it or sell it to someone who wants to develop it,” he said.

Adams said most of the vacant land is owned by outside corporations, such as The Walton Group Inc., based out of Canada.

“Residents won’t see an increase in their taxes, but they will see an increase in public safety services,” Adams said.

Sherrie Johnson, who owns multiple acres of vacant land in Desert Hot Springs, was skeptical of the idea.

“If there are no incentives and tax breaks to allow the very expensive process of developing to be encouraged, that makes development more difficult to occur,” she said. In turn, it “doesn’t employ people to go to work, and create a better economic tax base for the city in the long run.”

The City Council meeting is scheduled for 6 p.m. at the Carl May Community Center, 11-711 West Drive.