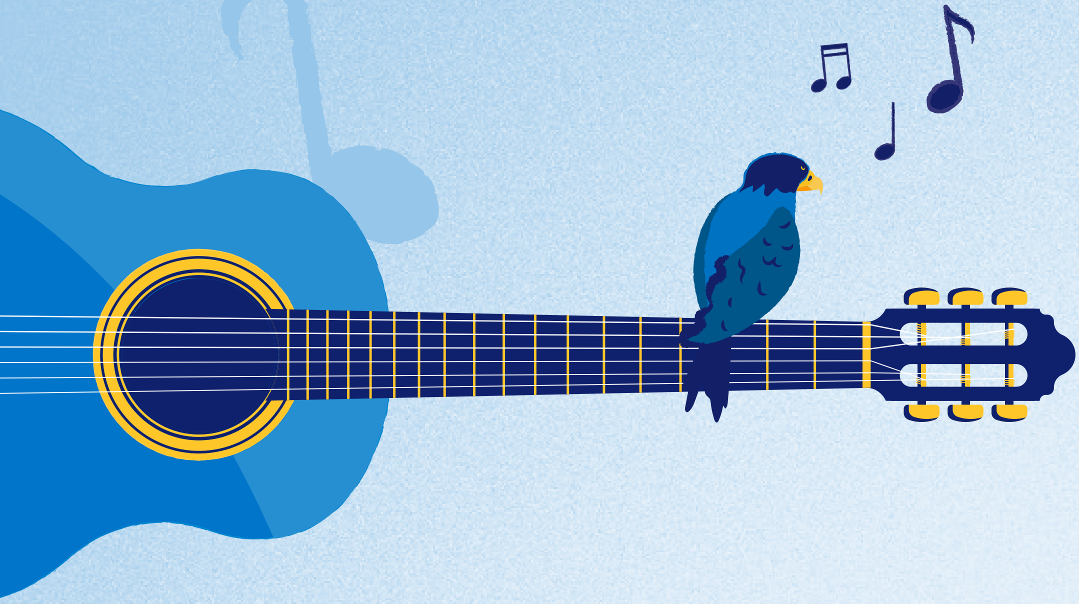
Beacon
CENTER OF TENNESSEE

PORK REPORT

2023



Ill-eagle Search and Seizure

The Tennessee Wildlife Resource Agency (TWRA) engaged in some "fowl" play when agents seized 13 birds from a Nashville woman who provided bird experiences and conservation. Though the business owner complied with state and federal rules by obtaining the necessary permits to own the birds, TWRA conducted a raid on her house, seizing animals, personal property, and charging her with 30 wildlife violations with up to 15 years in prison. The Davidson County District Attorney's office dropped all charges against the business owner and called TWRA actions an "abuse of the law." They also required TWRA to return all the illegally seized birds and property. Unfortunately, one of the birds, a peregrine falcon, died while in state custody. The business owner is now suing TWRA officers for their illegal actions.

Solution

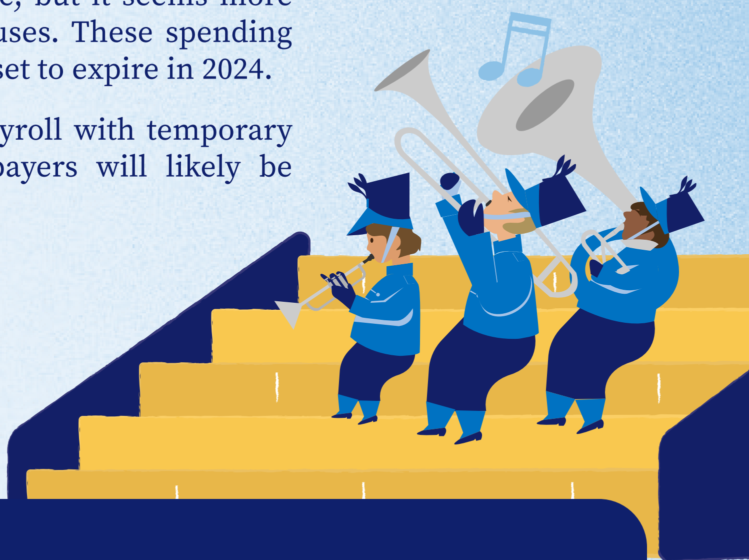
Government officials shouldn't prey on Tennessee residents and business owners, especially if they don't know the law. If the government is going to enforce its laws and regulations to the point of the demise of an animal's life, it should know without a doubt which laws have been broken. Government officials must put in due diligence around the scope of their duties, or risk Tennesseans' livelihoods and tax dollars on improper actions or future lawsuits.

A Refresher on ESSER

COVID and governments' responses to it had a major impact on everyone's lives. One such program was the billions of federal tax dollars given to Tennessee schools through the Elementary and Secondary School Emergency Relief Fund (ESSER). While it was intended to address learning loss and the safe return to in-person learning following COVID, a substantial amount of the money spent had nothing to do with the stated goal. Last year, Beacon published a report showing how millions of dollars was spent or budgeted on non-school related items, such as administrator travel, retractable bleachers, and walk-in coolers. This year, it was uncovered that some school districts chose to disregard their internal policies around how to appropriate relief funds, with unauthorized bonuses going to positions that have nothing to do with teaching children, such as directors and administrators.

However, it's important for us to not only look backward but also to look forward in order to prevent even more government waste. Even with all the spending that wasn't related to education, there is still (a lot of) relief money that has yet to be spent. In fact, less than 62 percent of the $3.5 billion given throughout the pandemic to Tennessee school districts was spent as of September 2023. These billions are supposed to go towards helping students whose learning was severely disrupted by the pandemic, but it seems more of the focus was on districts' wishlists and bonuses. These spending habits will be felt locally as the federal funds are set to expire in 2024.

For districts that have hired and grown their payroll with temporary relief funds, despite enrollment declines, taxpayers will likely be called on to continue to fund them at similar levels once federal relief expires. This could possibly lead to local tax increases. How much will Tennessee taxpayers be forced to backfill federal relief funds? That is the multi-million dollar question.



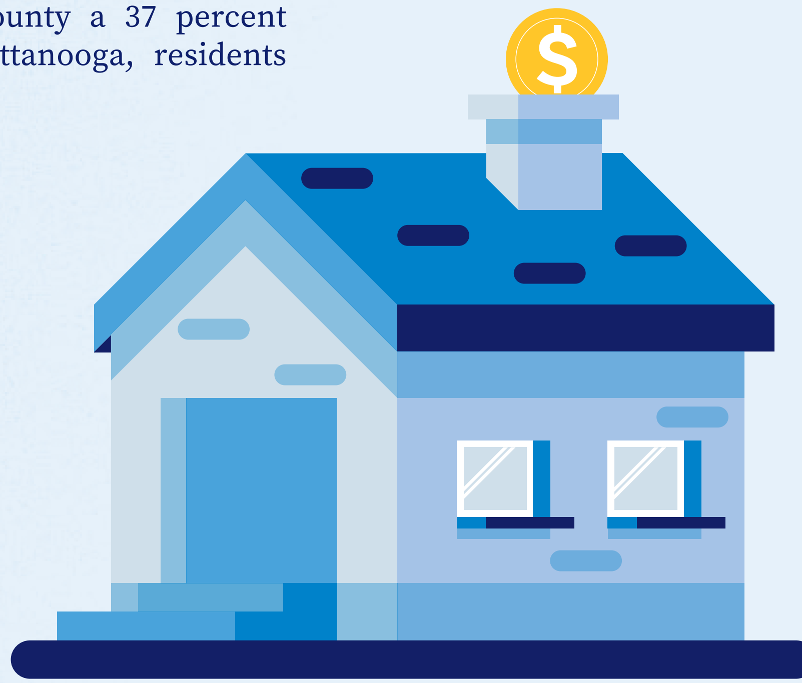
Solution

While just over half of the relief funds have already been spent, Tennessee policymakers can play a role in making past and future ESSER spending more accessible with live, online information like dozens of other states already do. While taxpayers should be upset with how some of this money was spent, a legislative committee should look at ESSER spending to gather more data on how much of these relief funds were really spent on education-related purposes and if there was a significant impact on student achievement.

Tennessee is One of Four to Get Taxed More

Tennessee gets a lot of things right, but when it comes to property taxes, the state has few friends to bond with. Tennessee is one of only four states that does not have some form of property tax cap to protect taxpayers, along with Hawaii, New Hampshire, and Vermont. We have all felt the pressures of inflation, but residents across Tennessee face the burden of huge increases in their property tax bill because there is no limit on how high local governments can go when it comes to raising property taxes. Just this year Rutherford County saw property tax rates go up 16 percent, Greene County saw a 30 percent increase, and Lincoln County a 37 percent increase. In Red Bank, just outside of Chattanooga, residents were dealt a whopping 52 percent tax hike.

These are just a few examples of property tax increases taking place this year. All across the state, local governments, both rural and urban, are passing massive property tax hikes instead of getting their financial health in order. Even small increases tied with sky-high assessments leave residents with less of their hard-earned dollars. Since Tennesseans are not afforded the same protections offered in 46 other states, these tax hikes are likely to continue, year after year. No one likes the tax man, but in almost every other state, residents know what to reasonably expect when the bill comes. But in Tennessee, this bill knows no limit.



Solution

Despite fiscal conservatism and low taxes at the state level, Tennessee residents have felt few of these benefits when local governments pass massive tax increases. Policymakers should afford Tennesseans the same protections offered to residents in 46 other states by passing some form of property tax cap.

Getting Flack for TPAC

The Legislature was apparently reading off the wrong cue card when it approved $200 million to help move the Tennessee Performing Arts Center (TPAC) out of the state-owned James K. Polk Cultural Center. Even worse, this pork spending will make an expected encore in next year's budget to the tune of $300 million, for a total of half a billion dollars to TPAC.

Just in the last couple of years, Tennessee taxpayers have paid admission to see $500 million in tax dollars given to Ford, $500 million for a new Titans stadium, and now a planned total of $500 million for TPAC to find a new home. The cost of relocating entertainment venues shouldn't be forced on taxpayers, the majority of whom will never see a performance. This move should be funded by arts patrons, ticket revenue, and private philanthropy, not another tax subsidy. Let's hope the state rewrites the plot in the next budget and removes tragic corporate welfare deals as these half-billion dollar sequels are taxing.

Solution

Tax dollars funding private venues is not economically beneficial or fair to the millions of Tennesseans who will never set foot into them. Taxpayers shouldn't be used as props to justify massive government handouts to move or attract private businesses or foundations.

Pitfall at the Mall

The city of Jackson spent $4 million to buy an abandoned strip mall in hopes of building a convention center, but the price tag doesn't include anything but the purchase of the land. This is yet another example of the city wasting tax dollars after spending more than $13 million over a 10-year period to keep the Jackson Generals playing in front of a mostly empty stadium.

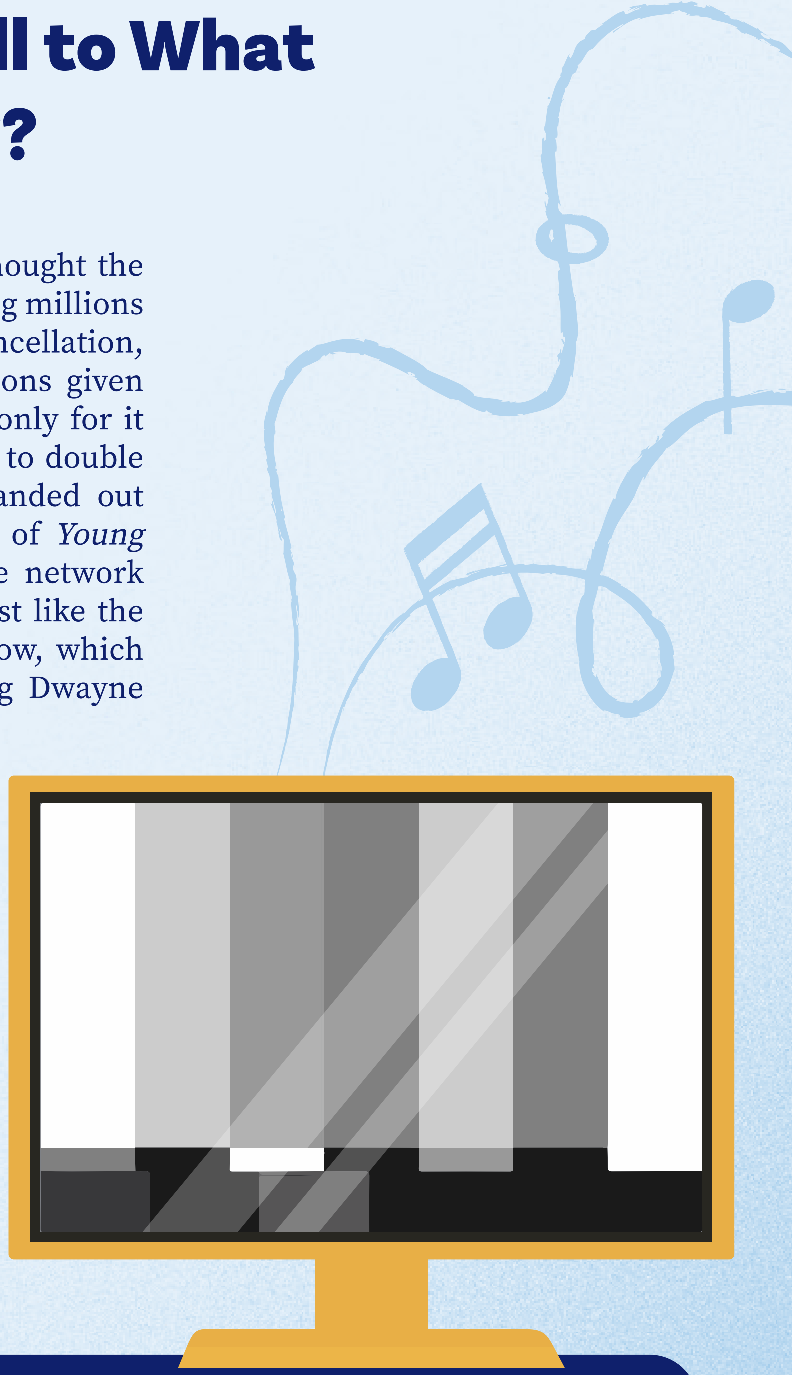
In a town with only about 70,000 people and one civic center already, the idea of building a second one is a real slap in the face to taxpayers. The bills for this project will continue to stack up on the backs of local taxpayers. Jackson housing prices are up nearly 15% year over year and building a convention center on 21 acres of prime real estate when thousands are expected to move to the area in coming years doesn't seem like smart government planning.

Solution

The government should get out of the business of using taxpayer funds to buy privately owned, dilapidated property in the name of government-owned real estate.

Can You Say Farewell to What The Rock is Cooking?

Memphis has done it again. Just when you thought the city would learn from its past mistakes of giving millions of tax dollars to a TV show on the verge of cancellation, you were proven wrong. Following the millions given to the uncritically acclaimed *Bluff City Law*, only for it to be axed by the network, Memphis decided to double down on its poor decisions. City leaders handed out $1.25 million in tax dollars for season three of *Young Rock* to be filmed in Memphis, only for the network to cancel the show due to low viewership. Just like the rest of America, we've never watched the show, which is apparently a fictional show about a young Dwayne Johnson (aka the wrestler "The Rock"). Governments need to stop funding the unsuccessful pet projects of TV networks at the expense of taxpayers. The most disappointing part of this whole debacle was that it was so predictable since it is a rerun of what the city did just a few years ago. Memphians should be outraged that a city that so desperately needs better schools and public safety is instead squandering millions of tax dollars on a show that no one watched.



Solution

Governments should stop giving taxpayer handouts to TV shows and movies, which is not the role of government. In addition to our philosophical view on corporate welfare, film subsidies consistently have among the worst return on investment of any incentive program, especially when these government-funded TV shows sink to the bottom of the ratings just to get canceled.

Not So Concrete Plans

While Metro Nashville's "sidewalks to nowhere" have made headlines, another Tennessee city's sidewalk issues cemented their place in this year's edition of the *Pork Report*. After spending $280,000 on engineering plans to install sidewalks around the town square, the Charlotte, Tennessee City Council voted to stop the project due to the fact that "citizens and businesses either don't want or are simply indifferent about the sidewalks." Being the county seat of Dickson County with a population of around 2,000, one would think government leaders would have had a chance to speak with plenty of residents and business owners about the proposed $3.5 million project before wasting what one council member called "basically six months of tax revenue" on engineering and planning. While it is commendable that Charlotte city leaders stopped a government project when they realized it was not wanted by the community, Charlotte taxpayers likely wish the revelation came before those dollars were essentially lit on fire.

Solution

Wasted taxpayer dollars on non-existent sidewalks is rock-solid evidence of an idea that didn't go according to plan. Local governments should ensure their projects are supported by those whom they will affect before spending hard-earned tax dollars on planning and construction.

Double-Double Burger Trouble

No one is more excited than the Beacon team about the addition of In-N-Out restaurants and corporate headquarters to the Middle Tennessee area, but we have a real problem with the government subsidizing the insanely profitable California chain. The city of Franklin and the Williamson County Commission decided to offer their own double-double to the burger giant by giving In-N-Out nearly $2 million combined in tax dollars to move their headquarters to Franklin. This is in addition to the $2.75 million the state of Tennessee gave to the burger chain. The CEO of In-N-Out apparently became enamored with Williamson County, but instead of standing on our state's strong fiscal record, low taxes, and great workforce to lure the chain to Middle Tennessee, Williamson County officials decided to use tax dollars to sweeten the deal despite the county being in debt. Commissioner Greg Sanford said it best when talking about this deal, "Here we go again. Welfare for the rich…The handouts have to stop."

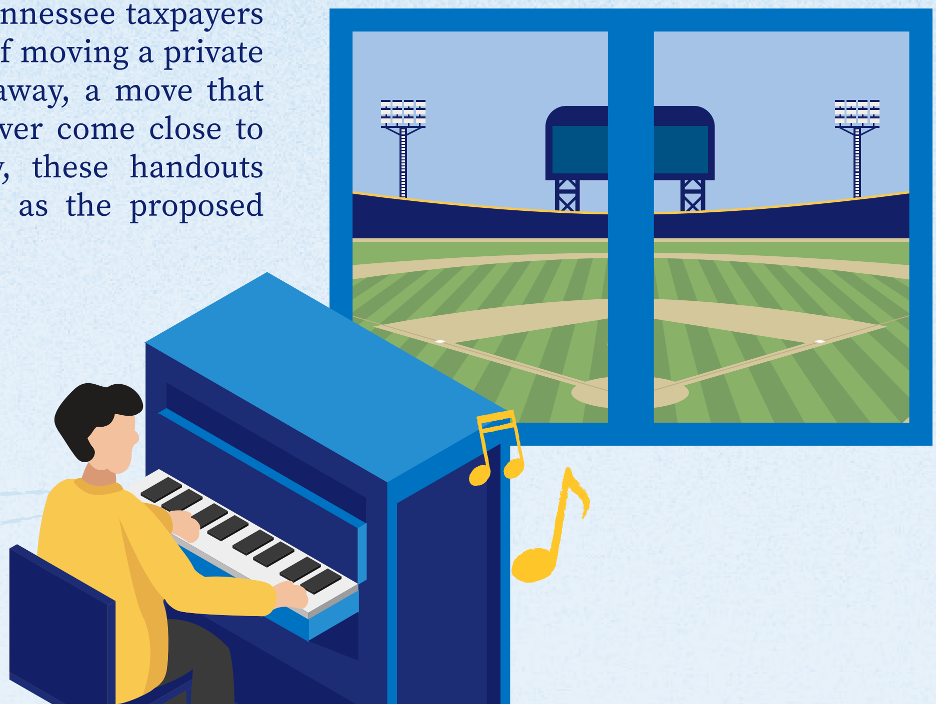
Solution

The government should stop picking winners and losers by subsidizing private businesses at the expense of taxpayers. Instead of lowering taxes or improving the business climate, government leaders decided to make cheap fast food an expensive venture.

Sidelining Stateline Taxpayers

A year after setting aside $1 million for pickleball courts, Bristol, Tennessee grounded into a double-play of bad policy by offering up $5 million in tax dollars to move the Bristol State Liners, a collegiate summer league baseball team, just a few miles south from Virginia to Tennessee. After the team determined that their facility in Virginia was not up to snuff, the Bristol (Tennessee) City Council generously offered tax dollars to solve the problem by upgrading a local softball field for the team. The unpaid president and general manager of Bristol Baseball, who also serves on the city council, was quoted as being the "loudest voice in the process" for getting the ballpark deal done.

While basically every study ever done has shown stadium subsidies don't create new economic benefits or increased tax revenues, the situation is even more bleak for the State Liners. The team has some of the smallest crowds in the league, bringing in just $349 in admission tax revenue in 2021. Even the Bristol, Virginia mayor said the team leaving the city would have minimal impacts on tax revenue. Bristol, Tennessee taxpayers are now bearing the cost of moving a private sports team a few miles away, a move that basic math shows will never come close to paying off. Unfortunately, these handouts will be felt by taxpayers, as the proposed 2024 budget had the city manager pitch a property tax increase for the next budget.



Solution

Governments should stop throwing taxpayers curveballs and giving public funds to build or improve private sports teams' facilities. If there were real economic benefits to be realized from these deals, private investment would step up to the plate.

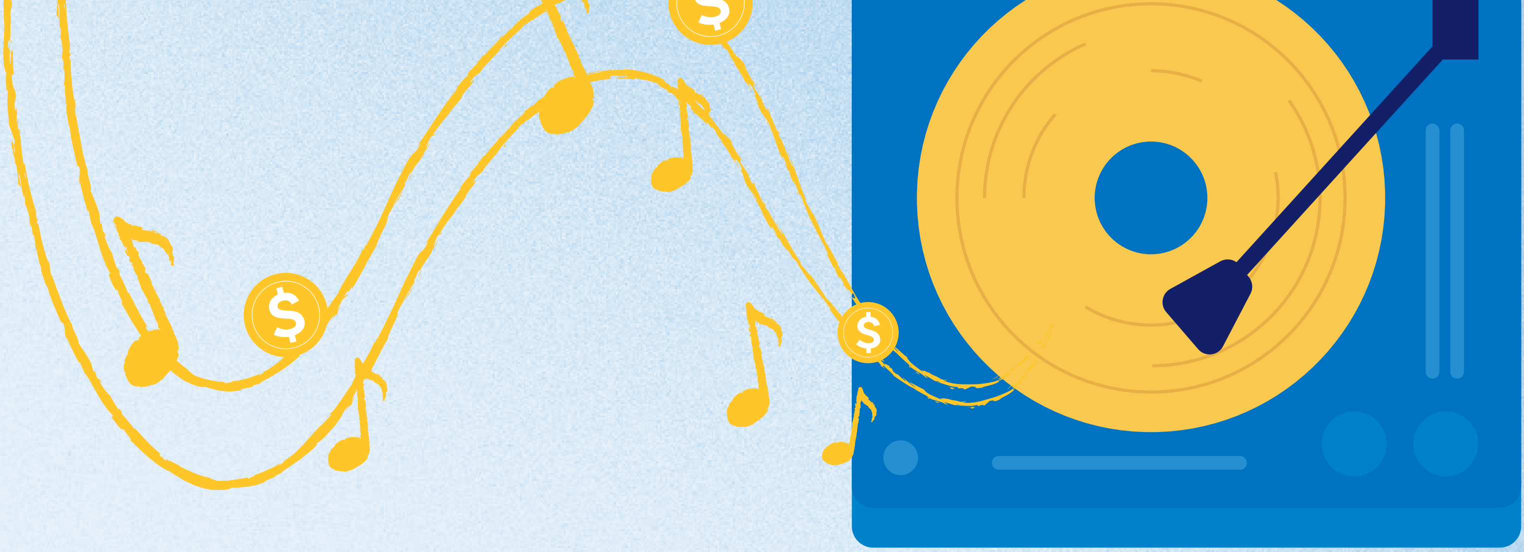
Throwing Tax Dollars Down the Sinkhole

Just two years ago, Beacon featured the $16 million purchase of the McDonald Farm by Hamilton County without any business commitments in this very report. The entry criticized the Hamilton County Commission for using millions in tax dollars to buy a piece of land with no firm plan, and we stated, “One can only hope this project doesn’t continue to cost taxpayers like the countless government properties that require more funds than disclosed down the road.” Well, guess what: the project required more funds. The same commission that made this terrible deal for taxpayers now has to spend at least another $100,000 to review a sinkhole on this property, and that’s cheap compared to what it will cost to fix the problem.

Since the county now owns the property, it is required to fix the structural problems, which will cost at least another $1 million. Even worse, a majority of the land may not be usable for the planned development, because 28% of the land is located in another county, and only about 100 acres of the over 2,000 are designated “prime industrial land.” Now some county commissioners are wondering if the deal was money well spent with the initial purchase price, this sinkhole issue, and estimates for infrastructure on the usable land coming in at around $200 million, likely to be paid by taxpayers. This deal was bad from the start and unfortunately just keeps getting worse as our concerns in the 2021 *Pork Report* have come to fruition.

Solution

These types of deals historically have been a drain on taxpayer dollars as the government gets away from the basics of roads, schools, and safety. Elected officials should focus on their core duties, make the business climate more attractive, and stay away from deals where projects become literal sinkholes for tax dollars.



Taxpayer Loot on Another Lawsuit

After appearing in last year's *Pork Report* for suing (and losing) to get streaming services to pay city fees similar to cable companies, the city of Knoxville is making another appearance. This year, the city tried to circumvent open records laws by hiring a third party to conduct a search for a new police chief to avoid a paper trail. This is akin to asking your dog to eat your homework, just so you can say you don't have it. Props to the mayor's office for the creative workaround, but transparency shouldn't be shrouded in secrecy, and luckily a judge agreed.

Making this even more offensive, one of the private attorneys representing the city admitted to the court that the whole scheme was done intentionally to skirt open records laws. Kudos to the attorney for his candor to the court. Instead of using its own human resources department that is already funded by taxpayers, the third party search firm cost taxpayers $43,000 plus an additional $67,000 in legal services to defend this move meant to avoid transparency.

Solution

Governments should rethink their strategy and give open records laws the respect they deserve. An open and transparent government is not only the right thing, but it would seem to save a lot of time and taxpayer dime.

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Source for taxpayer costs for legal fees came from open records requests to the City of Knoxville.

Beacon
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