

TIME TO REPEAL THE BED TAX

- In difficult economic conditions, our local businesses are struggling. Some favor policies of taxation, stimulus spending, government takeover, and bailouts. History shows that reducing and eliminating taxes lead to economic prosperity. There is no historical basis for taxing yourself into prosperity.
- By reducing taxes and the resulting economic prosperity, tax revenues rise. This has been proven many times.
 - “High taxes, sometimes by diminishing the consumption of the taxed commodities, and sometimes by encouraging smuggling, frequently afford a smaller revenue to government than what might be drawn from more moderate taxes.” (Adam Smith, *The Wealth of Nations*, [Book 5, ch.2])
 - Reduced tax rates lead to greater tax revenue, described by the “Laffer Curve” (Dr Arthur Laffer, economic advisor to President Reagan), observed under Reagan and Bush tax cuts.
- We can send a message that Lago Vista is open for business, that existing business owners have hope, and we are a haven for entrepreneurs.
- Revenues from the bed tax cannot be used for police, public works, or any other general funds, but the tax hurts businesses that contribute sales and property taxes to the general fund.
- There is no evidence that the bed tax has resulted in growing tourism in Lago Vista. Reasonable observation would conclude that tourism has declined.
- We are sitting on top of over \$140,000 that can only be used to promote tourism. This money could be used as a stimulus for tourism right now.
- Politicians on city council are not the clients of the Chamber of Commerce. The member businesses in the local community are the clients. While it is beneficial for the city to remain engaged in the dialog, politicians should not use coercion to force businesses to pay taxes to the Chamber.
- There is nothing in state law precluding the city from repealing the tax and distributing the remaining funds (over \$140,000) for the purpose of promoting tourism