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The Tax Man Demands a Rain Check - Er . . . Stormwater Fee.

An EPA mandate to reduce runoff is inspiring a new levy on precipitation in my Virginia town.

When it rains, it pours—and where I live, stormy weather will soon be subject to a new tax. Such is life in a deep-blue Washington suburb that's trying to comply with a mandate from the Environmental Protection Agency.

Six years ago, the EPA issued a regulation forcing D.C. and the states in the Chesapeake Bay watershed to control the quality of their rainfall runoff. Alexandria's solution is to implement a new "stormwater management fee" to fund green pet projects like rooftop gardens on municipal buildings and permeable pavement in parks.

Maryland tried a similar approach under Gov. Martin O'Malley, a Democrat, in 2012. The state law required nine counties and Baltimore to levy a fee on every property owner in their jurisdiction. But the "rain tax," as it came to be known, was a point of public anger—and mockery. Republican gubernatorial candidate Larry Hogan made its repeal central to his 2014 campaign, and he fulfilled his promise by devolving the mandate down to local jurisdictions.

Virginia's system is roughly the same. It allows counties and independent cities like Alexandria to decide for themselves how to best comply by minimizing or treating runoff. But higher taxes seem to be what politicians are most eager to entertain.

That's certainly the case in Alexandria. Last month residents received an email inviting them to a public meeting with the city's Environmental Policy Commission, which would detail its proposal to meet the runoff mandate. My interest was piqued by a line suggesting that the city had decided not to "raise taxes or cut spending" but would instead pursue a "fee" on residents.

On the night of the meeting, several people—a mix of citizens, environmental activists and state and federal bureaucrats—crowded into the small conference room to watch a slideshow and ask questions. From the start, the committee described the new levy as a matter of fairness, that great progressive principle.

Currently, 70% of the money that the city is spending to comply with the mandate comes from the general fund, with the rest coming from property taxes. According to the city's math, this means residential properties—including homeowners like me—pay about 58% of the total cost, although we contribute only 37% of the rainfall runoff.

The committee's solution is a fee based on the percentage of a property's land that is covered with non-permeable surfaces—meaning it contributes to runoff. That way all parties would pay "their fair share." Commercial properties that contribute 63% of the runoff would pay 63% of the new fee. Homeowners would pay about \$145 a year for a typical single-family dwelling, according to the city. That might seem low, but local taxes and fees add up quickly.

There are also a number of fictions hiding under the surface. Most glaring is the claim that the fee isn't a tax. This is a distinction without a difference—especially since the fee will be assessed annually with property taxes.

Nor does the facade of “fairness” hold up. Alexandrians might assume that the new fee will replace the existing taxes they pay toward complying with the mandate. It won't. When pressed by several attendees, city officials conceded that the fee will exist on top of the old revenue stream. The committee tried to deflect criticism by saying that the city council could decide to return that money to taxpayers later.

This elicited a few disbelieving laughs. The man seated next to me asked a pointed question: Had Alexandria ever passed a tax cut or refund in conjunction with a new fee? The city official couldn't think of an example—hardly a shock in a town as blue as mine.

Naturally, the rain tax will increase over time. One slide, which the committee sped by, indicated that the fee is expected to rise by 32% in its first four years. When one attendee pointed this out, another ruefully shook her head and mumbled, “That's how it always goes.” After four years the city provides no projections, but the fee will probably keep on rising.

One official expressed hope that the rate would level off after a few years, but he also said the city's environmental projects will only require more capital over time. Although the updates to the city's infrastructure are supposed to be completed in 10 years, the fee will doubtless outlast it.

Judging by the meeting, it's unlikely that my fellow Alexandrians will respond the way voters did in Maryland. The general mood was one of approval, even excitement. One aging hippie could hardly contain his glee; another resident thought the tax didn't go far enough. By my count, only three people, including me, seemed opposed.

Before we broke for the evening, the Environmental Policy Committee reminded us that the rain-tax proposal was still subject to change. Lowering or eliminating the storm-water fee for churches, which will average \$2,000 in the first year, was mentioned. But the City Council—composed entirely of Democrats—is all but guaranteed to include some version in its 2018 budget. Here's hoping it rains the day they vote.

THE WALL STREET JOURNAL

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Nov. 25, 2016 5:07 p.m. ET

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