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Conroe mayor proposes countywide 1-cent sales tax to fund surface-water plans

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Area lawmakers failed to reach an accord over Montgomery County's surface-water plans during the recent state legislative session, but Conroe Mayor Webb Melder has an idea he believes will float with elected officials, voters and taxpayers.

Implementation of a countywide one-cent sales tax will generate the revenue needed for construction of a surface-water treatment plant on Lake Conroe, as well as contribute to the lake's long-term economic viability – all at a lower cost to water customers, Melder said.

Referring to his proposal as a "water penny," Melder said the sales tax would raise in excess of \$1.8 billion over the next two decades, more than enough to fund a variety of water-related projects.

"This is a countywide problem," he said. "This is not a Woodlands problem, Lake Conroe problem or city of Conroe problem. We're all rowing in the same boat. To solve it we must work together."

Melder said the revenue would solve the county's water problems for the "next 100 years" as well as strengthen its economic base.

"I don't have to have a \$500 million highway or a new college, but I will need a drink of water," he said. "We won't have the jobs here if we don't have the water for the workers and their families.

"We can be a leader on this issue. Solve the water problem and everything else falls into place. We can carve a path for years to come."

A countywide one-cent tax – above existing state and local sales tax – would fund only those projects that would solve Montgomery County's water issues, Melder said. As a user-based tax, that additional penny would capture revenue from recreational and non-resident users of the county's water.

"Right now, they're not paying for the use of water (in the county)," Melder said. "This (tax) is a fair and equitable method."

Reaction to Melder's proposal is mixed. State Sen. Robert Nichols, R-Jacksonville,

whose district includes Lake Conroe, praised Melder for seeing "the whole picture" of the surface water issue.

"I support the concept of coming up with a funding source, but we have to build a consensus first," he said. "We need to figure out what to accomplish, then take the pieces and figure out legislatively what needs to be done."

Jace Houston, deputy general manager for the San Jacinto River Authority, said the question is not method of collection (sales tax versus water rates), but the purpose for spending the money.

Because the Lone Star Groundwater Conservation District has mandated a 30-percent reduction in the county's use of groundwater by 2015, the San Jacinto River Authority, which currently owns one-third of the water in Lake Conroe, has proposed spending at least \$2 billion over the next 40 years to develop a surface-water system. The plan calls for pumping water to Conroe and The Woodlands Township to meet the LSGCD's deadline.

The SJRA sought to have its plan approved by legislative means, but a bill by state Sen. Tommy Williams, R-The Woodlands, failed to reach a vote in the Senate. Nichols opposed the bill because he has sought greater assurances about maintaining Lake Conroe's water level, as well as greater effort expended on water conservation.

Although Lake Conroe's primary purpose is that of a water source, the growth and economic development around the reservoir the past three decades is one of the main sticking points over the proposed legislation. One idea is to secure an alternative water source. Houston estimates it would cost \$300 million to pump water from the Trinity River Authority's nearest source to Lake Conroe.

While an estimated 30,000 people live in the Lake Conroe area, Houston said there are "420,000 people in Montgomery County who don't want to pay more to go to Lake Livingston to get water, instead of using the supply the state developed for Lake Conroe."

However, Melder said, his one-cent proposal would easily cover the cost of that project.

"Give me a penny and I'll write you a check," he said, noting that the Lake Conroe area has become an "economic bonanza" for the entire county.

"If we lose that revenue, where do three school districts (Willis, Montgomery and Conroe), as well as cities in the county, make up that difference?" Melder said. "No sector of the county can afford to be selfish."

Funding projects with interest bonds is 2.5 times more expensive than sales-tax revenue, he said. The latter would ease the area's bonded indebtedness and make the future price of water less expensive.

"How long before the wagon's overloaded?" Melder said. "We can save hundreds of millions of dollars. Show me a taxpayer who's not interested in that."

Melder's revenue projections are based on "conservative" factors like 2 percent

economic growth in the county and 4 percent earned interest.

Montgomery County Judge Alan B. Sadler said he had not heard of Melder's proposal until Monday.

"If there is a one-cent increase, I request half go to a county property tax reduction and the other half to funding water projects," he said.

Project costs not paid by the half-cent sales tax would be paid for by the county's water uses, he said.

Melder said he came up with the idea for the one-cent sales tax while in Austin attending a hearing on Williams' water bill in April.

Williams was unavailable for comment Monday.

Melder said he has challenged local lawmakers and leaders to find fault with his proposal.

"I realized there are so many moving parts that people couldn't agree on all parts," he said. "I've lived here 46 years and I have faith people here have the faith to see the big picture. I want what's best for the the taxpayers in this county."

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