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# **Policy and Budget Council**

**March 9, 2007  
9:00 a.m.  
212 Knott Building**

## **ACTION Packet**

**Marco Rubio  
Speaker**

**Ray Sansom  
Chair**

# COUNCIL MEETING REPORT

## Policy & Budget Council

3/9/2007 9:00:00AM

Location: 212 Knott Building

### Attendance:

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Ray Sansom (Chair)	X		
Kevin Ambler	X		
Loranne Ausley	X		
Aaron Bean	X		
Dorothy Bendross-Mindingall	X		
Ellyn Setnor Bogdanoff	X		
Marsha Bowen	X		
Mary Brandenburg	X		
Donald Brown	X		
Dean Cannon			X
Joyce Cusack	X		
Charles Dean	X		
Bill Galvano	X		
Andy Gardiner	X		
Michael Grant	X		
Adam Hasner	X		
Will Kendrick	X		
Dick Kravitz	X		
Stan Mayfield	X		
Matthew Meadows	X		
Joe Pickens	X		
Ron Reagan	X		
Curtis Richardson	X		
David Rivera			X
Yolly Roberson	X		
Dennis Ross	X		
Ron Saunders	X		
John Seiler	X		
Priscilla Taylor	X		
Anthony Traviesa	X		
Baxter Troutman	X		
Shelley Vana	X		
Juan Zapata	X		
<b>Totals:</b>	<b>31</b>	<b>0</b>	<b>2</b>

# **COUNCIL MEETING REPORT**

**Policy & Budget Council**

**3/9/2007 9:00:00AM**

**Location:** 212 Knott Building

## **Workshop**

**HB 7001 by Government Efficiency & Accountability Council and Attkisson -- Ad Valorem Tax Millage**

**PCB PBC 07-01 -- Property Tax Relief**

# COUNCIL MEETING REPORT

## Policy & Budget Council

3/9/2007 9:00:00AM

**Location:** 212 Knott Building

### **Other Business Appearance:**

Hank Fishkind, President (General Public) - Information Only  
Hank Fishkind & Associates / Representing FAC  
12051 Corporate  
Orlando FL  
Phone: 407-382-3256

Mike Anderson, Mayor (General Public) - Information Only  
City of Fort Walton Beach  
(had a handout during meeting) P.O. Box 4009  
Fort Walton Beach FL 32549  
Phone: 850-833-9509

John Bush, Mayor (General Public) - Information Only  
City of Winter Springs  
(had a handout during meeting) 1126 E. SR 434  
Winter Springs FL 32708  
Phone: 407-782-6230

Ed Brimmer, County Commissioner (General Public) - Information Only  
Wakulla County  
P.O. Box 788  
Crawfordville FL 32327  
Phone: 850-251-8709

Raymon Thomas, County Commissioner - Information Only  
Holmes County  
2429 Brooks Drive  
Bonifay FL 32425  
Phone: 850-547-4563

Frank Hibbard, Mayor - Information Only  
City of Clearwater  
212 Osceola Ave.  
Clearwater FL 33755  
Phone: 727-562-4042

Rick Brown, Commissioner (General Public) - Opponent  
City of Winter Springs  
211 Nandina Terrace  
Winter Springs FL 32708  
Phone: 407-341-6025

Joanne Krebs, Commissioner (General Public) - Information Only  
City of Winter Springs  
1126 E. SR 434  
Winter Springs FL 32708  
Phone: 407-699-4391

Kurvia Qualls, Mayor - Information Only  
Jacksonville  
3022 Hwy. 4  
Jacksonville FL 32565  
Phone: 850-675-4556

# COUNCIL MEETING REPORT

## Policy & Budget Council

3/9/2007 9:00:00AM

**Location:** 212 Knott Building

Ron McLemure, City Manager (General Public) - Information Only  
Winter Springs  
1620 Eaglenest Circle  
Winter Springs FL 32708  
Phone: 407-327-5957

Chris Holley, Executive Director (General Public) - Information Only  
Florida Association of Counties  
100 S. Monroe Street  
Tallahassee FL 32311  
Phone: 850-922-4300

Lou Ann Palmer, Commissioner (General Public) - Information Only  
City of Sarasota  
Sarasota FL

Ellen Posivach, City Manager (Lobbyist) - Information Only  
Tarpon Springs @ Request of FL League of Cities  
324 E. Pine Street  
Tarpon Springs FL 34689  
Phone: 727-938-3711

Susan Kirk, Council Member (General Public) - Opponent  
Crystal River  
123 NW Hwy. 19  
Crystal River FL  
Phone: 352-220-0804

Larry Campbell, Sheriff (General Public) - Information Only  
Leon County  
P.O. Box 727  
Tallahassee FL 32302  
Phone: 850-922-3300

Cyndi Stevenson, County Commissioner (General Public) - Information Only  
St. Johns County

Julie Conley, Mayor (General Public) - Opponent  
City of Monticello  
245 S. Mulberry St.  
Monticello FL 32344  
Phone: 850-997-6559

Paul Belcher, Sr. Vice President (Lobbyist) - Information Only  
Florida Hospital Association  
306 E. College Ave.  
Tallahassee FL 32309  
Phone: 850-222-9800

Jim Catron, Mayor Protempe (General Public) - Opponent  
Madison FL 32340  
Phone: 850-973-5081

# COUNCIL MEETING REPORT

## Policy & Budget Council

3/9/2007 9:00:00AM

**Location:** 212 Knott Building

HB 7001

Brian Desloge, Commissioner (General Public) - Opponent

Leon County

301 S. Monroe Street

Tallahassee FL 32301

Phone: 850-606-5300

HB 7001

Paul Piller (Lobbyist) - Opponent

City of Midway, City of Bonita Springs

2664 Egret Lane

Tallahassee FL 32308

Phone: 850-933-5592

HB 7001

Buddy Lamb, County Commissioner (General Public) - Information Only

Dixie County

11938 NE 349 Hwy.

Old Town FL

Phone: 352-542-9353

HB 7001

Paula DeLaney, County Commissioner (General Public) - Opponent

Alachua County

Phone: 352-258-0093

HB 7001

Richard Bailar, Citizen (General Public) - Opponent

1023 Maine Ave.

Monticello FL 32344

Phone: 850-997-0676

HB 7001 and PCB PBC 07-01

Sophia Diaz-Fonseca, Councilwoman (General Public) - Opponent

Inverness City

212 W. Main Street

Inverness FL 34450

Phone: 352-726-2611

PCB PBC 07-01

Antonio Jefferson, City Manager (General Public) - Information Only

City of Gretna

P.O. Drawer 220

Gretna FL 32332

Phone: 850-856-5257

PCB PBC 07-01

Allen Douglas, Legislative Affairs Director (Lobbyist) - Information Only

National Federation of Independent Business

(had a handout during meeting) 110 E. Jefferson Street

Tallahassee FL 32301

Phone: 850-681-0416

# COUNCIL MEETING REPORT

## Policy & Budget Council

3/9/2007 9:00:00AM

**Location:** 212 Knott Building

PCB PBC 07-01

John W. Smith, Assistant Director/Legislative Affairs (Lobbyist) - Information Only  
Florida League of Cities  
300 S. Bronough St.  
Tallahassee FL 32301  
Phone: 850-222-9684

PCB PBC 07-01

Joyce Shanahan, City Manager (General Public) - Opponent  
City of Fort Walton Beach  
107 Miracle Strip Parkway  
Fort Walton Beach FL 32548  
Phone: 850-833-9504

PCB PBC 07-01

Howard Wiggs, Commissioner (General Public) - Opponent  
Lakeland  
228 S. Massachusetts  
Lakeland FL 33801  
Phone: 863-644-4444

PCB PBC 07-01

Ralph Fletcher, Mayor (General Public) - Opponent  
City of Lakeland  
228 S. Massachusetts Ave.  
Lakeland FL  
Phone: 863-834-6005

PCB PBC 07-01

Todd Bonlarron, Legislative Affairs Director (Lobbyist) - Information Only  
Palm Beach County  
360 Hunter Street  
West Palm Beach FL 33405  
Phone: 561-355-3451

PCB PBC 07-01

Sarah Bleakley, Special Counsel (General Public) - Proponent  
Florida Association of Counties  
1500 Mahan Dr.  
Tallahassee FL 32308  
Phone: 850-508-5816

Property Tax

Donald Gilmore, City Commissioner (General Public) - Opponent  
City of Winter Springs  
803 Leopard Tr.  
Winter Springs FL 32708  
Phone: 407-699-0368

Property Tax Relief

Delores Madison, Mayor (General Public) - Information Only  
City of Midway  
P.O. Box 438  
Midway FL 32343  
Phone: 850-574-2355

# COUNCIL MEETING REPORT

## Policy & Budget Council

3/9/2007 9:00:00AM

**Location:** 212 Knott Building

Property Tax Relief

Brenda Hold, County Commissioner/Chair - Opponent

Gadsden County Commission

(had a handout during meeting) P.O. Box 935

Quincy FL 32353

Phone: 850-875-8650

Tax Plan Legislation

Bob English, Commissioner (General Public) - Opponent

Polk County

330 W. Church Street

Bartow FL 33831

Phone: 863-534-6450



# **COUNCIL MEETING REPORT**

## **Policy & Budget Council**

**3/9/2007 9:00:00AM**

**Location:** 212 Knott Building

**Summary:** No Bills Considered

**Power Point presentation  
by Hank Fishkind**

# AD VALOREM REVENUES AND COUNTY SPENDING WHERE DID THE MONEY GO?

Prepared for  
Florida Association of Counties  
P.O. Box 549  
Tallahassee, Fl. 32302  
850.922.4300 ·

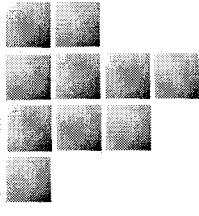


Prepared by

Fishkind & Associates, Inc.

12051 Corporate Boulevard  
Orlando, Florida 32817  
407-382-3256 or Fishkind.Com

**FISHKIND**  
& ASSOCIATES



# Introduction

- Fishkind & Associates, Inc. retained by the Florida Association of Counties (“FAC”)
- Study focuses on three main issues:
  1. Analyze growth in ad valorem revenues
  2. Identify what Counties did with their growth in ad valorem revenue using two methods
    - a) Uniform Chart of Accounts
    - b) County Surveys
  3. Construct a Florida Local Government Expense Index and compare it to the CPI

# Growth in Ad Valorem Tax Revenues Received by Florida Governments

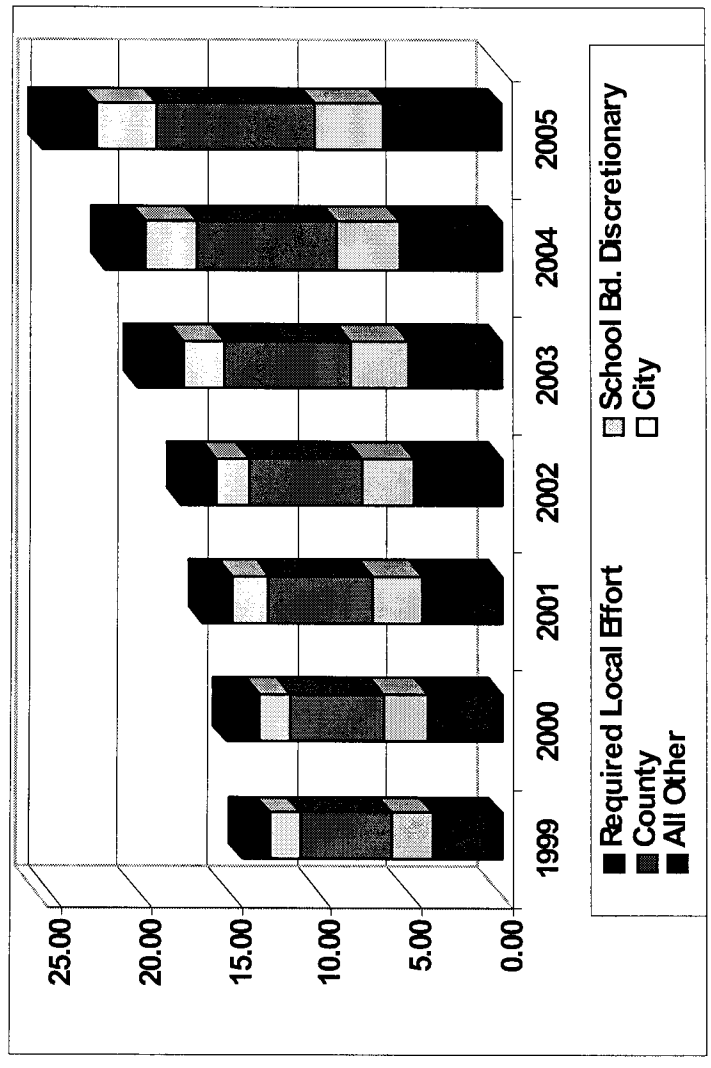
# Ad Valorem Tax Revenues Received by the State, Counties and Cities

■ **Ad Valorem**

- State RLE schools
- County
- City
- Other

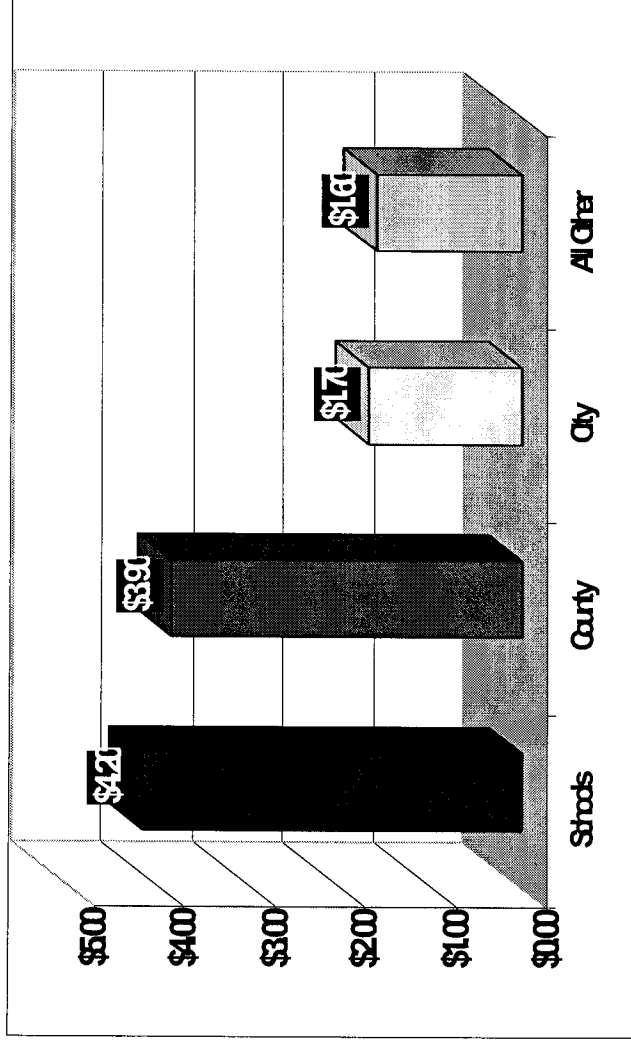
■ **Collections 2005 \$25.7 Billion**

- \$10.3 Billion schools
- \$8.9 Billion Counties
- \$3.4 Billion Cities



# Growth in Ad Valorem Tax Collections 1999-2005 \$ Billions

- Total \$11.4 Billion
- Schools \$4.2 Billion
  - RLE \$2.7 Billion
  - Local \$1.5 Billion
- Counties \$3.9 Billion
- Cities \$1.7 Billion
- Other \$1.6 Billion



**Where  
Did the Money Go?  
What did the Counties Spend their  
increased revenues on?**

**Analysis Using  
the Uniform Chart of Accounts  
and a Survey of 51 Florida  
Counties**



# Where did the Money Go?

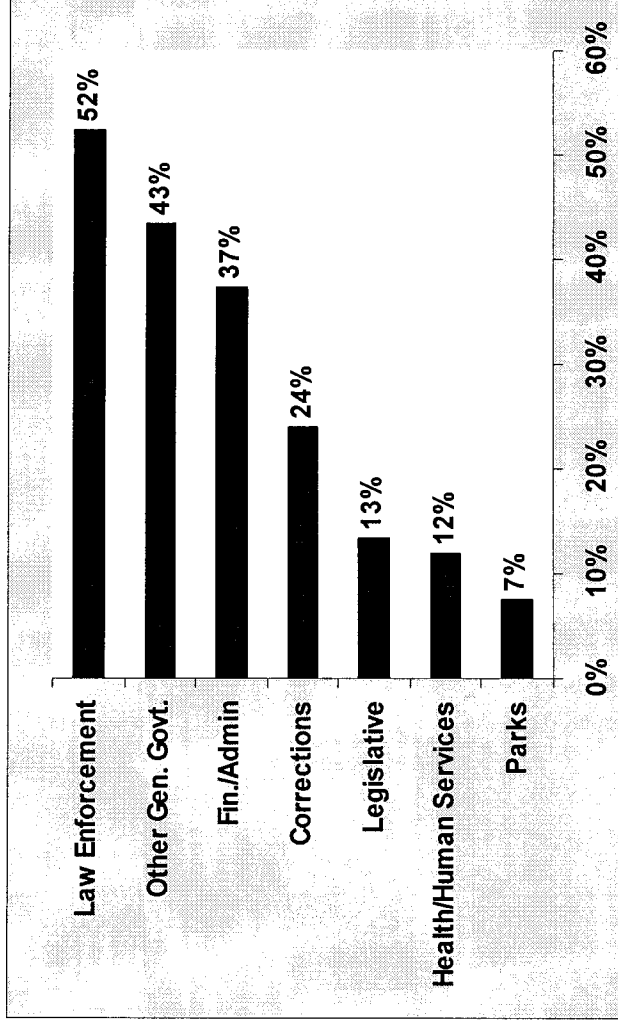
- Budget data 1999-2005 for all 67 counties analyzed in detail
- Uniform Chart of Accounting “UCA”
  - All local government must submit annual financial reports to the Department of Financial Services using UCA
  - Chapter 218.32, F.S
- Supplemented UCA data using a survey
  - 51 of 67 counties responded
  - 93% of Florida’s population covered

# Which Areas of Expenditures Grew Strongly? Percentage of Counties Experiencing Statistically Significant Increases 1999 to 2005

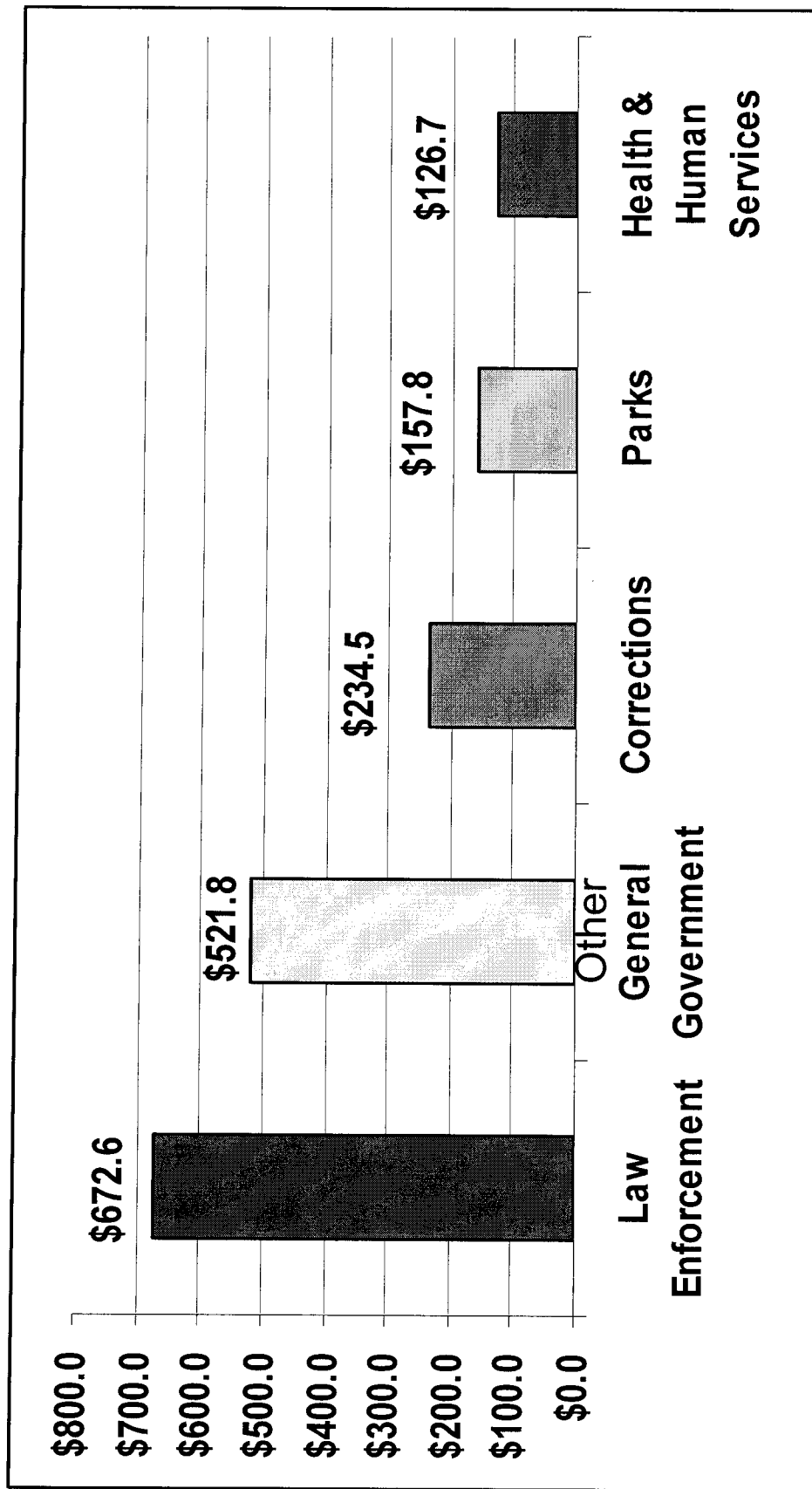
Analysis of Chart of Accounts shows that most counties had strong growth in these spending categories

■ Most counties experienced very strong growth in spending for:

- Law enforcement and corrections
- Other general government
- Finance/Admin
- Legislative functions
- Health/Human services
- Parks



# Dollar Amount of Growth in Spending Categories that Grew Strongly (\$Millions Totalling \$1.5 Billion)



# Discussion

**Summary of growth in ad valorem revenues compared to growth in five fastest growing categories of Spending by counties 1999-2006**

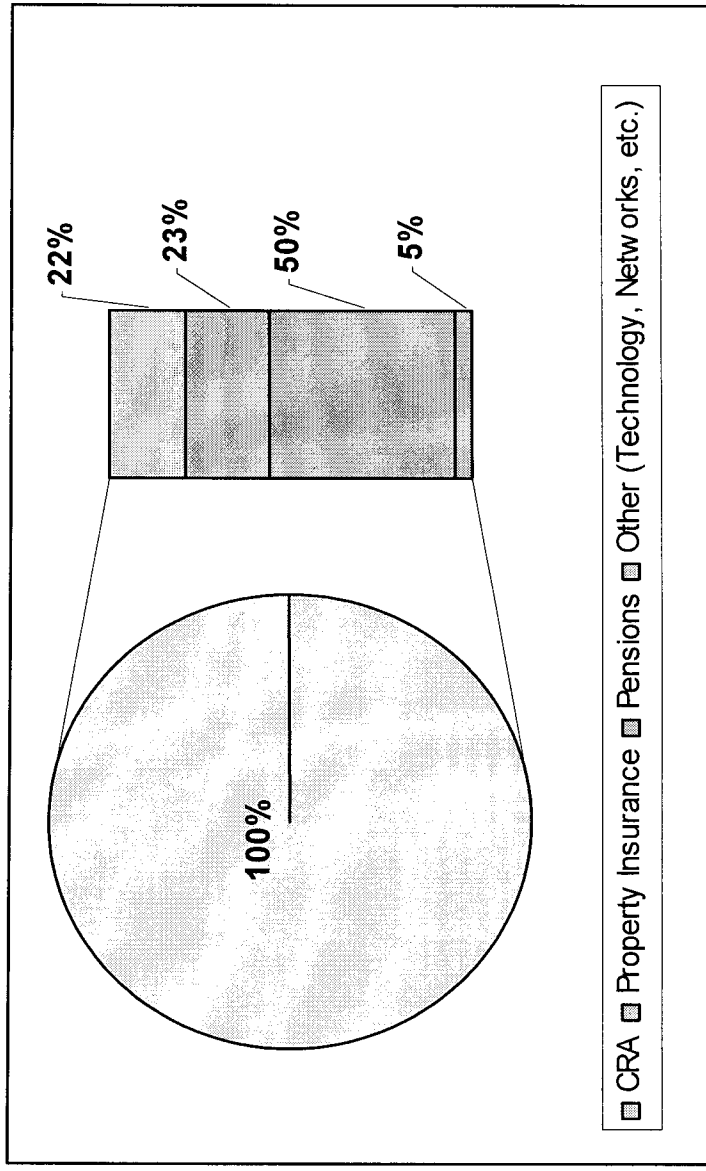
Category	Amount	% of Total Growth in Ad Valorem
Ad Valorem Revenue	\$3,900	100.00%
Law enforcement	\$673	17.26%
General Govt	\$522	13.38%
Corrections	\$235	6.03%
Parks	\$158	4.05%
Health	\$127	3.26%
Total	\$1,715	43.97%

- Ad Valorem revenues received by counties grew \$3.9 Billion
- The five fastest growing categories of spending grew by \$1.7 Billion
- Spending in these five areas represent about 50% of gain in ad valorem tax revenues
- Spending growth in other areas is in part attributable to:
  - Inflation increases the cost/unit of providing services/facilities
  - Population growth increases the demand for services

# Analysis of Growth in Other General Government- Account#519

- Other General Government catchall
- Survey of counties reveals
  - 50% Pensions
  - 23% Property insurance
  - 22% CRA pass through money
  - 5% other

**Breakdown of Other General Government**

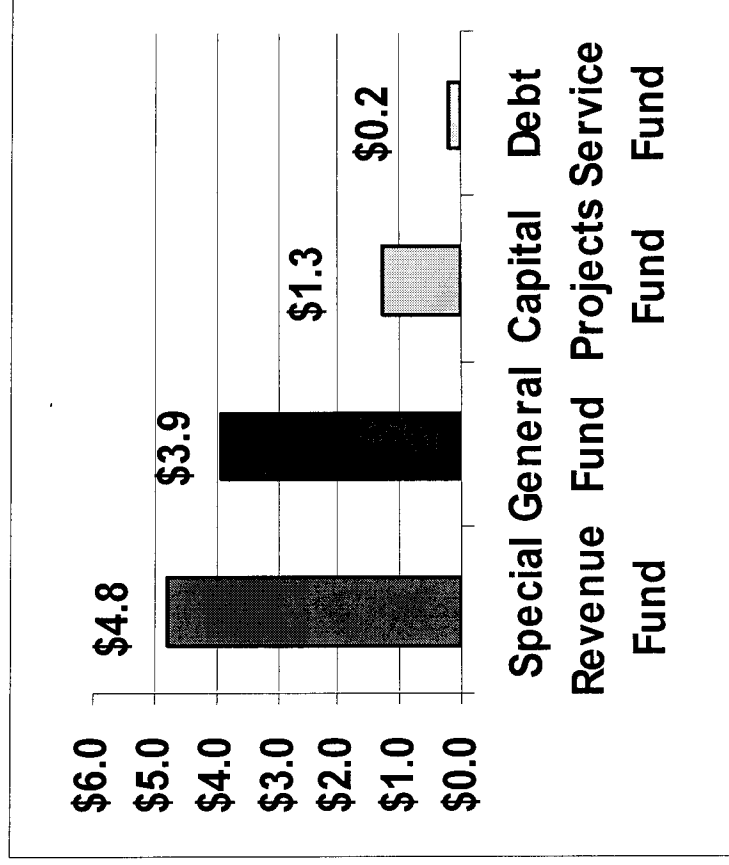


# Overview of Growth in Spending by Fund Type – Another Perspective on Growth in Spending

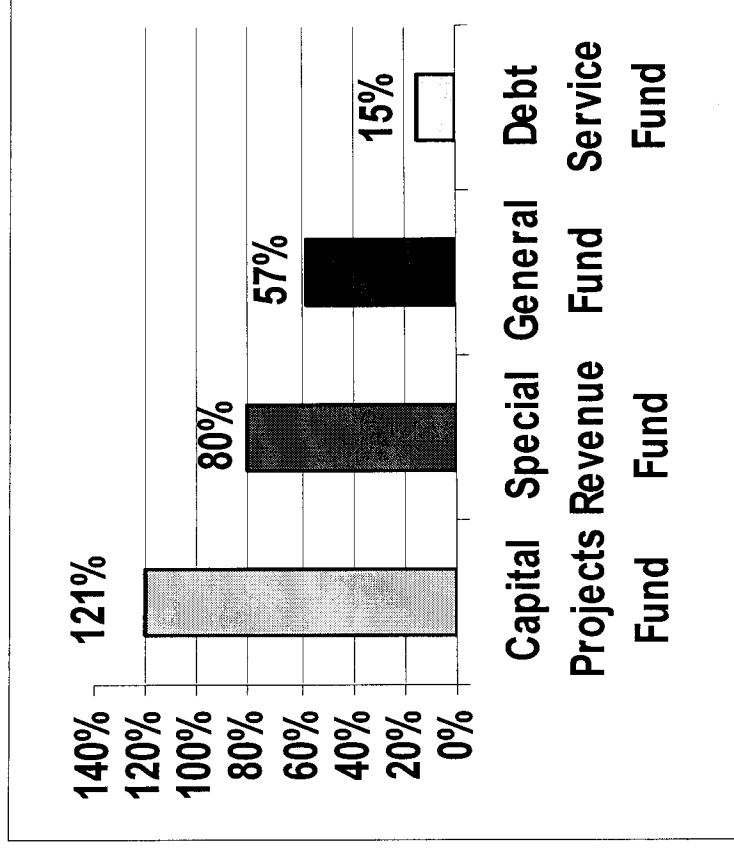
- Local government budgets are organized by Fund Type
- Analysis of growth in spending by counties at the fund level provides perspective on what counties have spent new money on
- Special Revenue and Capital Projects Funds grew the most

# Overall Growth in Costs by Fund Type

*Increase in \$Billions*



*Percent Growth*



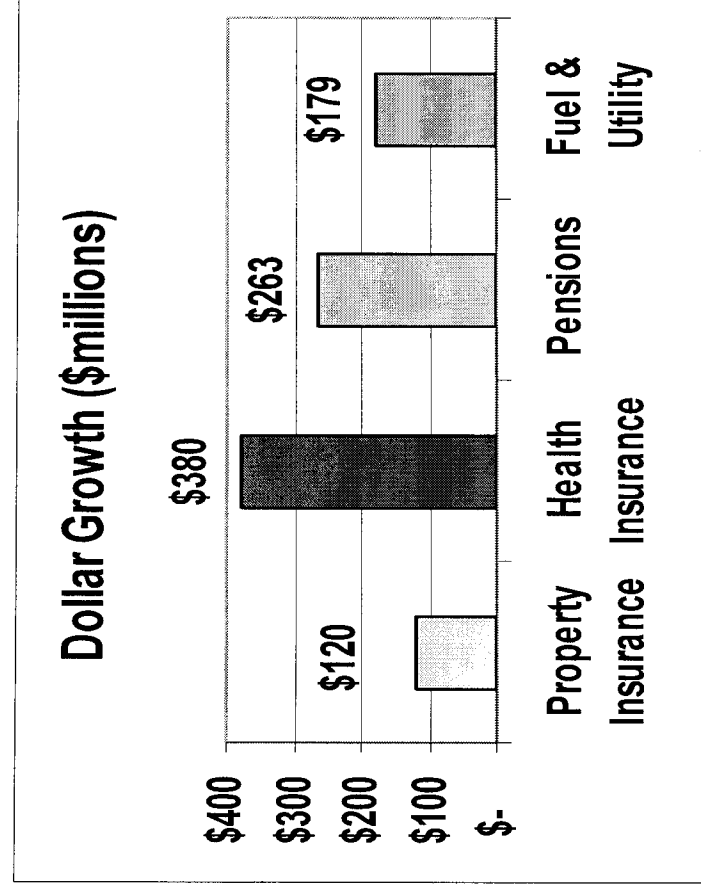
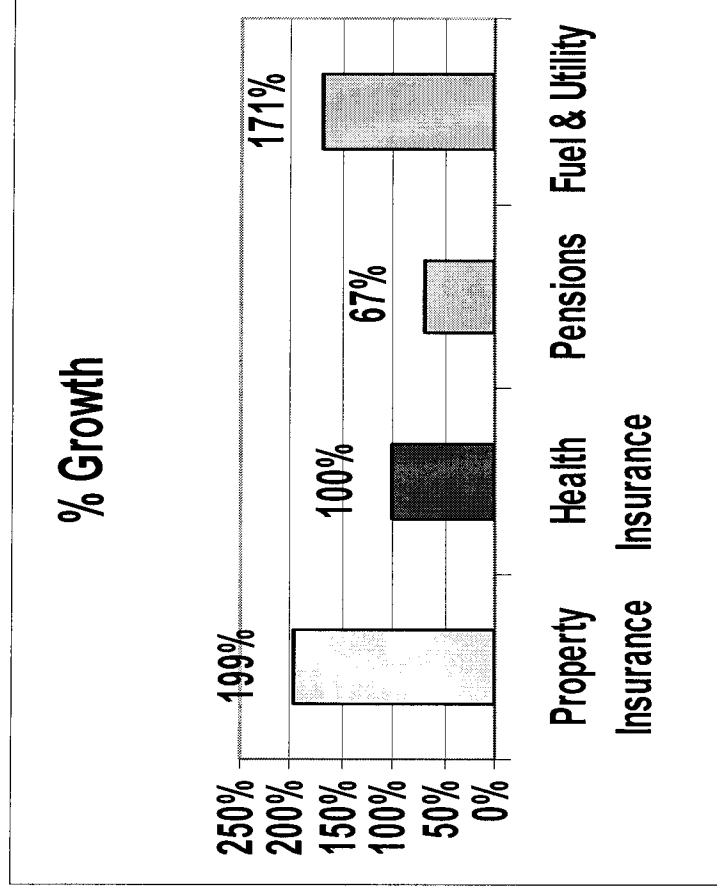
# County Survey Data Analysis



# County Survey Methodology

- Surveys were sent to every County in the State.
- Capital and operating expense information was requested regarding Law Enforcement, Constitutional Officers, Jails, Roads, Court Facilities, Insurance, Fuel, etc.
- 51 out of 67 Counties responded
  - 93% of State's population covered
- The following slides discuss the absolute dollar growth and percentage growth in specific categories from the Counties that responded

# Cost Driven Categories These Spending Categories Increased Due to Increases in Costs



# Cost Driven Categories

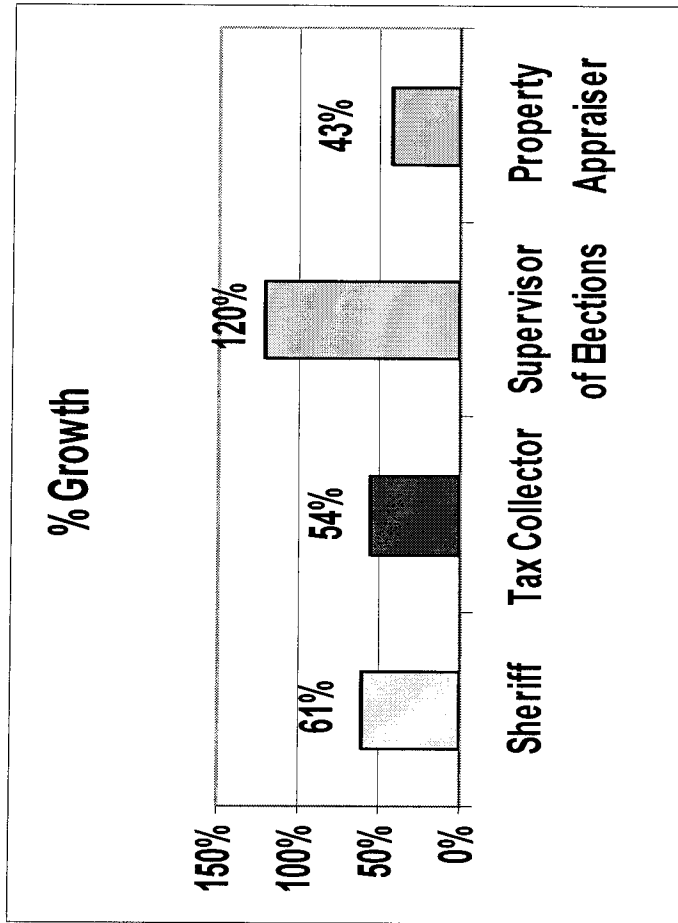
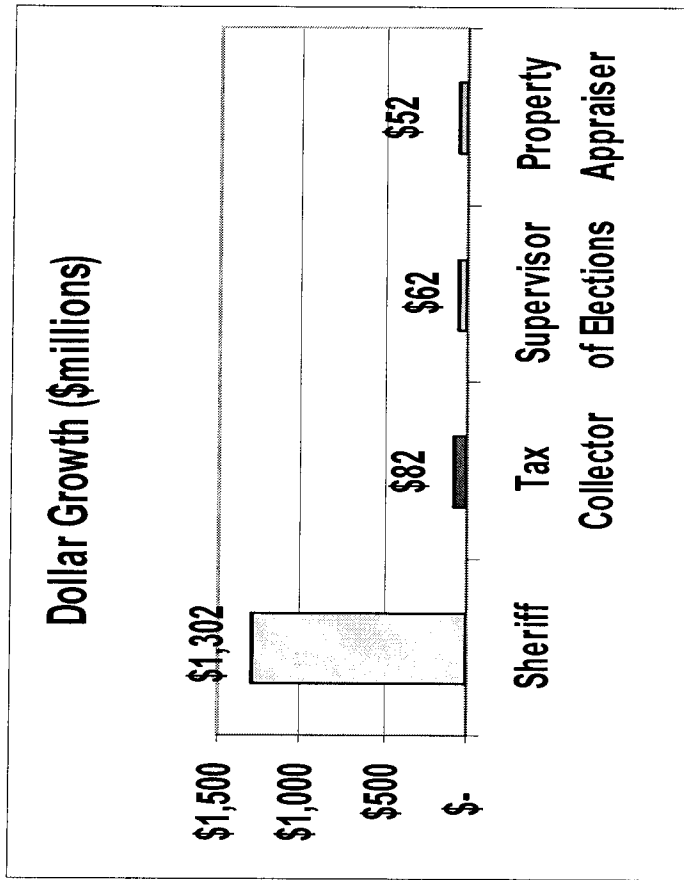
- Increases in spending for these categories are primarily driven by cost factors outside of the Counties' control
- For example, consider the following:
  - Dade County experienced an increase of \$21.0 million or 113% growth in fuel costs
  - Palm Beach County incurred an increase of \$54.0 million or 216% property insurance
  - Costs for health insurance jumped \$26.0 million or 177% in Broward County
  - Lake County had a \$2.2 million or 105% growth in pensions costs

# Budgets for Constitutional Officers

## Included in County Budget

- County commissions do not fully control constitutional officers
- Budgets for constitutional officers included in the county budget
- Significant growth in spending by constitutional officers, especially the sheriff, pushed up County spending
- Sheriff's budgets increased by \$1.3 Billion

# Growth in the Budgets of Constitutional Officers 1999-2005



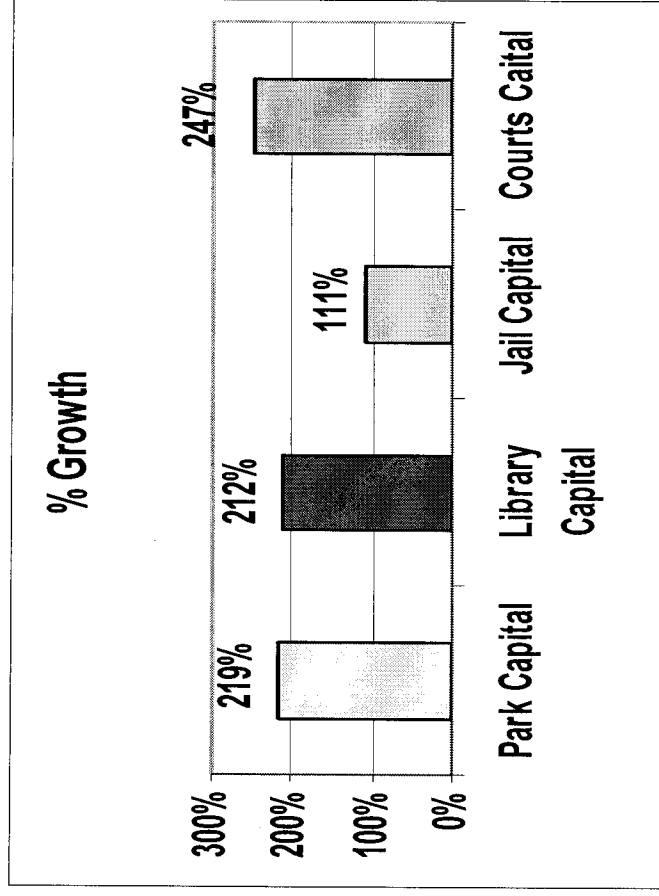
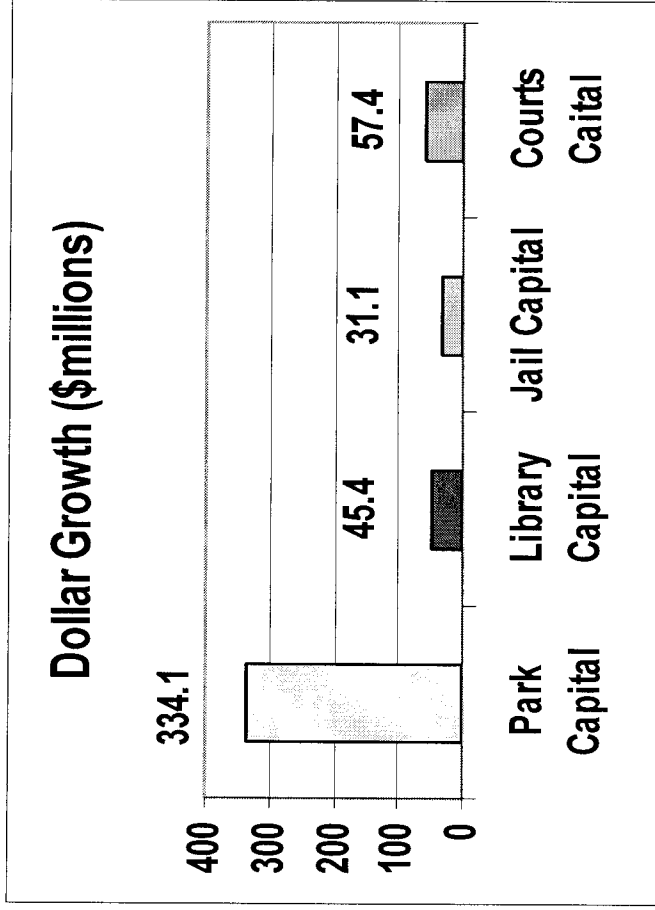
# Constitutional Officers

- The Sheriff experience by far the largest absolute dollar growth for Constitutional Officers.
- Large, medium, and small counties were affected
- Some examples are instructive:
  - Sheriff's costs jumped \$70.0 million or 117% in Lee County
  - Sheriff's costs jumped \$317.0 million or 102% growth in Broward County
  - Sheriff's costs jumped \$10.0 million or 330% growth in Sumter County.

# Growth in Capital Project Fund

- Major growth in outlays for parks and environmental lands
- Very significant increases in other capital outlays in percentage terms
- Growth reflects desires by citizens for new facilities

# Growth in Capital Facilities Expenses 1999-2005

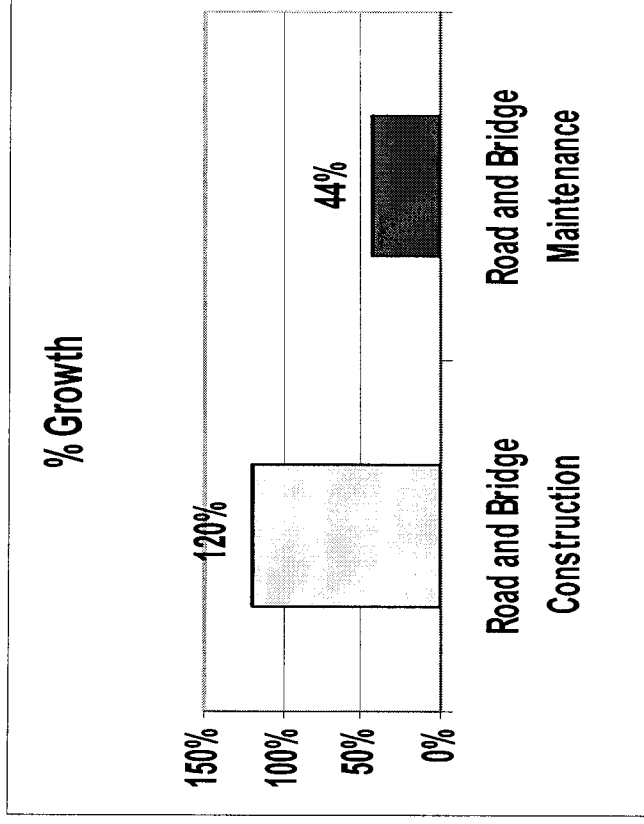
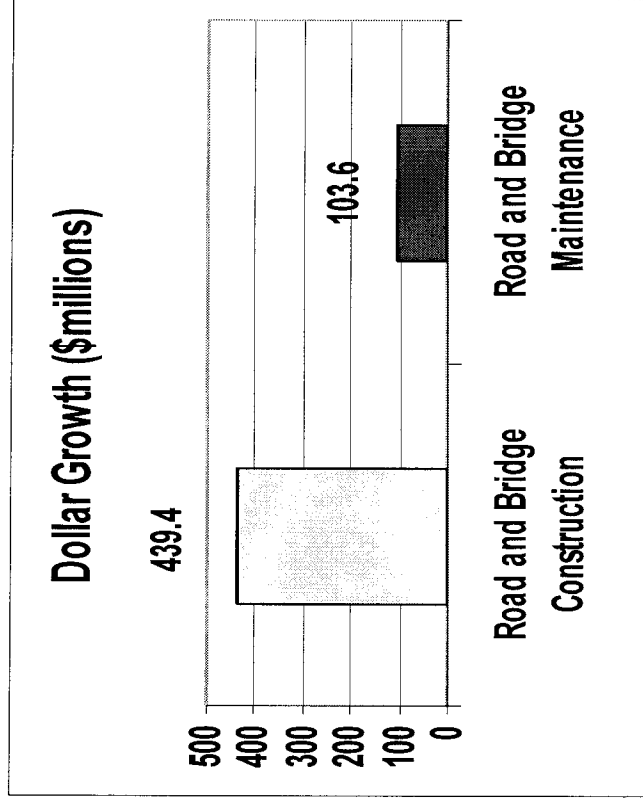




# Growth in Expenditures for Parks Capital Facilities Expenses

- Strong demand for park facilities and environmental lands
- For example:
  - Brevard County expenditures jumped \$31.0 million or 1,044%
  - Collier County expenditures jumped \$40.0 million or 1,478%
  - Lee County expenditures jumped \$63.0 million or 524%

# Road & Bridge Construction and Maintenance Expenses



# Road & Bridge Construction & Maintenance

- Road costs for construction and maintenance have skyrocketed since 2000
- For example consider the following:
  - \$41.0 million or 321% growth in Road construction expenses for Collier County.
  - \$90.0 million or 218% growth in Road construction expenses for Duval County.
  - \$72.0 million or 304% growth in Road construction expenses in Lee County.
  - \$23.0 million or 52% growth in Road maintenance expenses for Hillsborough County.

# CRA Payments

- TIF payments grew by \$113.7 million dollars for a 326% increase
- TIF payments simply flow from the County's general fund to the CRA fund
  - Incremental ad Valorem revenues are targeted for a specific area within the County
- The increasing popularity of CRA's has contributed to this increase
- \$34.0 million or 349% growth in CRA payments for Dade County.
- \$13.0 million or 375% growth in CRA payments for Palm Beach County.

# Mass Transit

- Mass Transit expenses grew by \$140.0 million or 66% statewide.
- South Florida most affected by mass transit system expenses.
- \$44.0 million or 70% growth in transit expenses for Broward County.
- \$39.0 million or 102% growth in transit expenses for Palm Beach County.

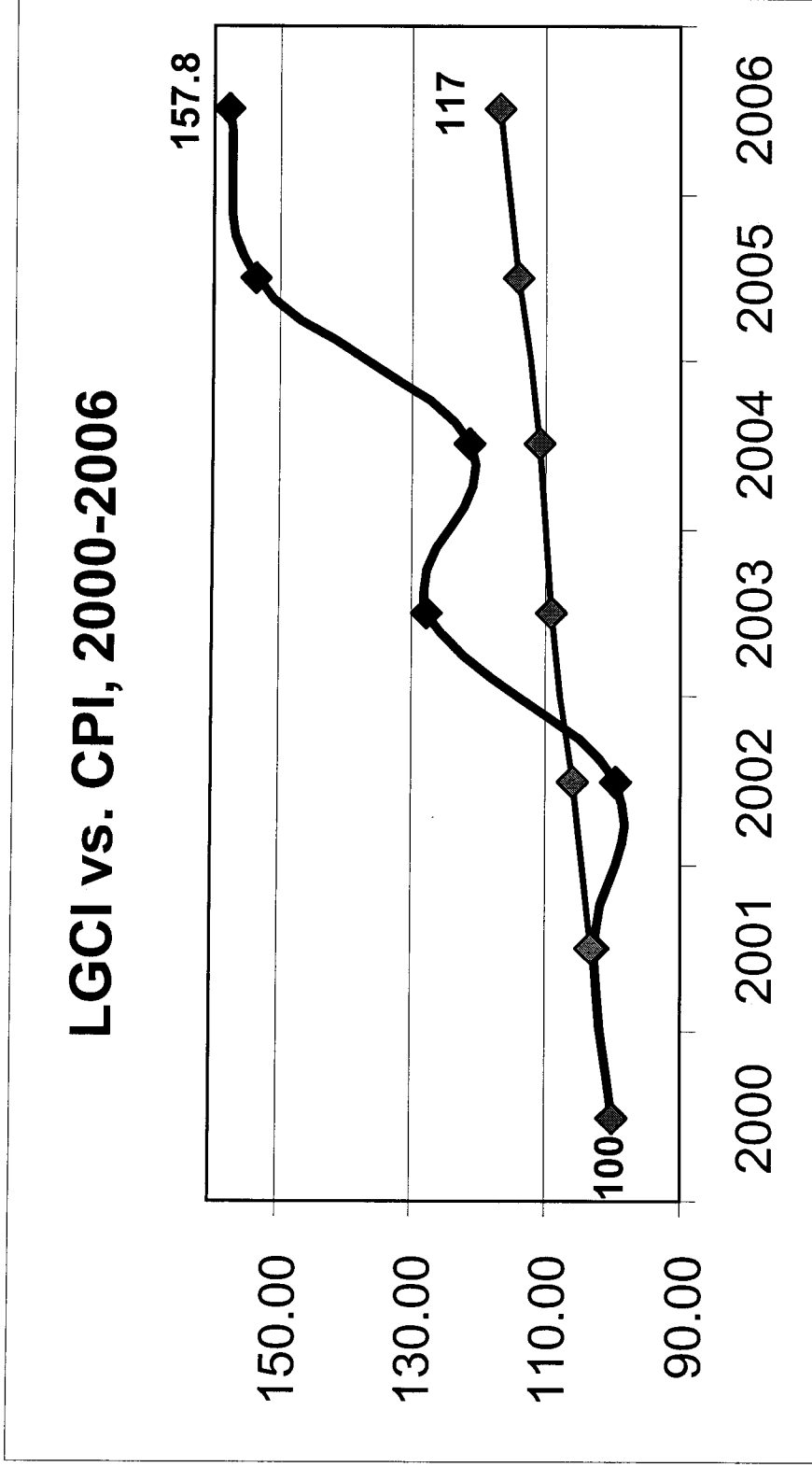
# Florida Local Government Cost Index

# Operational Cost Index

## Methodology

- A Sample of Florida's Counties ranging from small to large was taken in order to develop a Local Government Expense Index ("LGEI") similar to the CPI used by the Federal Government.
- Categories Used:
  - Salaries and Wages
  - Health Care and other Fringe Benefits
  - Pensions
  - Fire and EMS
  - Sheriff Department Allocation
  - Other Constitutional Officer Payments
  - Other Expenses Not Elsewhere Classified
- A per employee expense for each category was determined for each sample County.
- Per Employee totals were then weighted with the first year benchmarked at an index of 100.

# LGCI vs. CPI

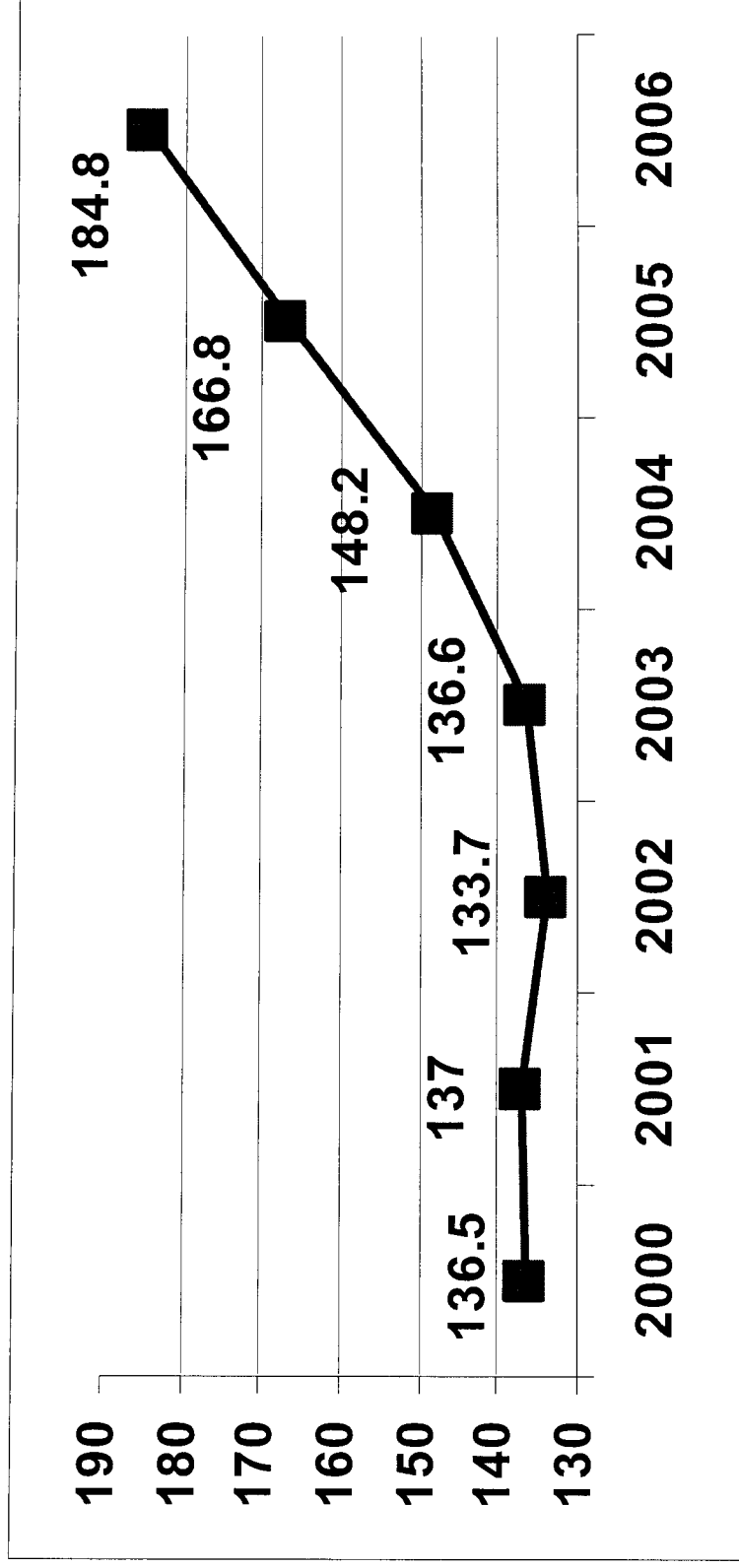




# Operational Expense Index - Discussion

- LGCI for Counties shows a 58% increase in overall expenses 2000-to-2006
- CPI grew by 17% from 2000-to-2006
- The LGEI grew 40.8% more than increases attributed to the CPI
- CPI measures mostly household purchases
- Local Governments are purchasing items such as property insurance, health insurance, fuel, law enforcement services, etc. that tend to increase in costs at a faster rate than CPI

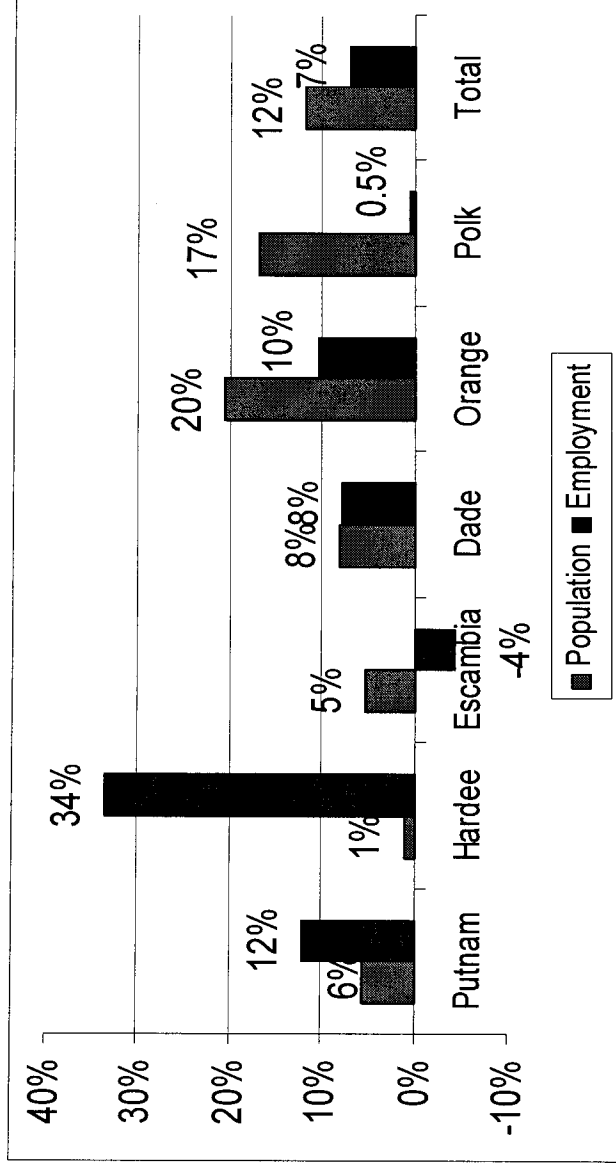
# Highway and Street Construction - PPI



# Staffing Grew in Line with Population

- Survey of counties for LGCI
- FTE staffing grew less than population
  - Population up 12%
  - FTE staffing up 7%
- Significant variation across the sample
  - Larger urban counties have economies of scale
  - Smaller rural counties are transitioning to provide services

**Full Time Equivalent Staffing v. Population Growth**



Source: Survey of counties for LGCI

# Conclusions

- Property taxes increased \$11.4 Billion since 1999
  - School taxes increased the most \$4.2 Billion
  - County taxes increased \$3.9 Billion
- What did counties spend the money on?
  - Increased population
  - Higher unit costs LGCI = 58%
  - Public Safety/Sheriff costs up \$1.3 Billion
- No evidence of proliferation of staff
- No evidence of extravagant spending

**Hand Out by**  
**Mike Anderson**  
**Mayor**  
**City of Fort Walton Beach**

## Opposition to Property Tax Relief - Millage Roll-Back

The City of Fort Walton Beach supports an equitable property tax assessment system and opposes any measure that would decrease Home Rule Authority.

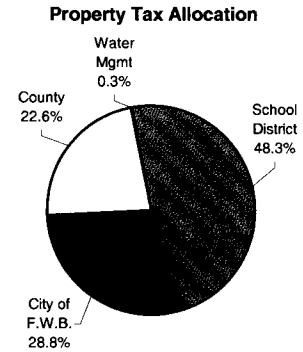
Our City **reduced** its millage rate 7% in 2006.

Our County **reduced** its millage rate 15% in 2006.

Our Citizen's Total Tax Bill:

	2006	2005
School District	7.7860	8.0630
Fort Walton Beach	4.6458	4.9700
Okaloosa County	3.6500	4.2500
Water Mgmt. Dist.	0.0500	0.0500
<b>Total Millage:</b>	<b>16.1318</b>	<b>17.3330</b>

**Legislating penalties to Cities and Counties doesn't help when School Boards are most of the tax bill.**



Under the proposal, our City's millage rate would be **cut 27%**.

Total City Property Tax Revenue

Current Revenue at 4.6458 rate:	\$ 6,335,983
Proposed Revenue at cut rate of 3.4025:	4,640,354
<b>Decrease in Revenue of 27%:</b>	<b>\$ (1,695,629)</b>

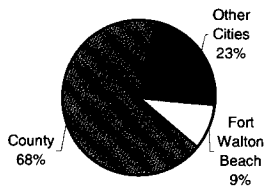
**The Proposal is not Revenue Neutral.**

Our City would have to cut services to pay for this cut in revenue.

## Opposition to Property Tax Reform - Homestead/Sales Tax

The City of Fort Walton Beach supports an equitable property tax assessment system as a stable revenue base and opposes any measure that would significantly increase reliance on more volatile sales tax revenues.

Sales Tax Distribution



While **38%** of the sales tax generated in Okaloosa County is produced by and collected within our City, the State only remits **9%** back to the City of Fort Walton Beach.

**Sales Tax is volatile and subject to Interlocal Agreements.**

How the proposed changes will cut \$2 million from our Revenue:

1/2 cent sales tax revenue at 6%	1,887,985
1/2 cent sales tax revenue at 8.5%	2,674,655
Sales Tax increase due to 2.5 cents	\$ 786,670
Ad Valorem Revenue w/ Homestead	6,335,983
Ad Valorem Revenue w/o Homestead	3,518,514
Ad Valorem Loss due to Homestead	\$ (2,817,469)
<b>Net Loss to City</b>	<b>\$ (2,030,799)</b>

**The proposed sales tax will add \$787,000 in revenue...**

**...but take away \$2.8 million in revenue...**

**...for a LOSS of \$2 million.**

**The Proposal is not Revenue Neutral.**

Our City would have to cut services to pay for this cut in revenue.

Millage Roll-Back (\$1,695,629) + Homestead/Sales Tax (\$2,030,799) = **Quality of Life.**

This combined \$3.7 million decrease would have a devastating impact on our City's finances and ability to continue current services. Our City would be forced to implement considerable labor cuts or eliminate services/programs.

### Labor Cuts

Across-the-board cuts to our greatest expense - labor - would reduce the quality & timeliness of services and mean a *minimum* of 66 full-time jobs, including 21 Police Officers and 8 Firefighters.

**Property Tax is the primary source of funding for our Police Officers and Firefighters.**

### OR

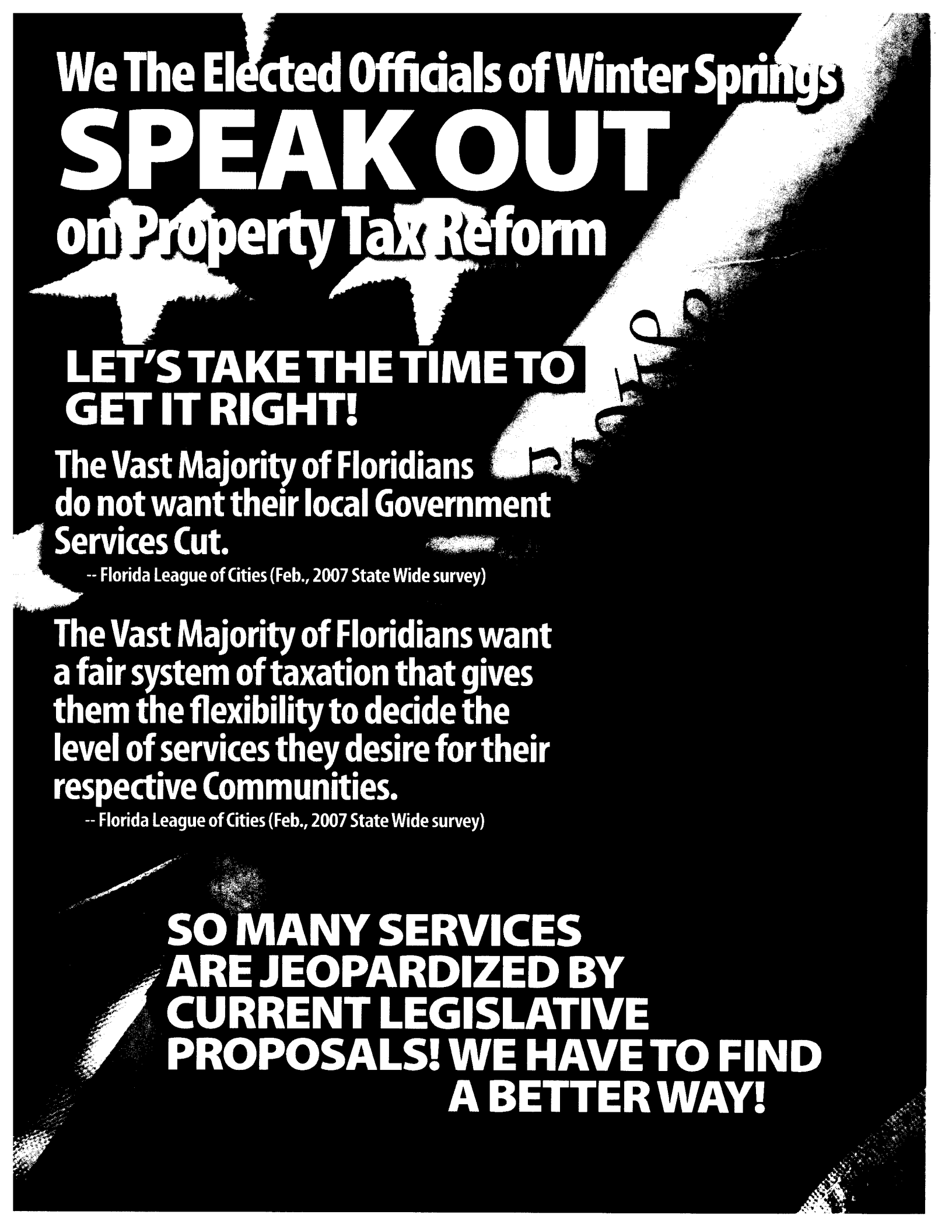
### Service/Program Cuts

Elimination of "non-essential" services would include *closing* Parks, Library, Museum, Senior Center; *reducing* Community Redevelopment initiatives and Infrastructure maintenance; and *eliminating* Community Policing, Advanced Life Support, Recreation programs, Neighborhood programs, and Special Events such as 4th of July fireworks, Kids' Day, and Sunday in the Park.

**The City has maintained or reduced its millage rate while enhancing quality of life for our Citizens.**

Let local government control revenue for services desired by our citizens.

**Hand Out by**  
**John Bush**  
**Mayor**  
**City of Winter Springs**



**We The Elected Officials of Winter Springs  
SPEAK OUT  
on Property Tax Reform**

**LET'S TAKE THE TIME TO  
GET IT RIGHT!**

**The Vast Majority of Floridians  
do not want their local Government  
Services Cut.**

*-- Florida League of Cities (Feb., 2007 State Wide survey)*

**The Vast Majority of Floridians want  
a fair system of taxation that gives  
them the flexibility to decide the  
level of services they desire for their  
respective Communities.**

*-- Florida League of Cities (Feb., 2007 State Wide survey)*

**SO MANY SERVICES  
ARE JEOPARDIZED BY  
CURRENT LEGISLATIVE  
PROPOSALS! WE HAVE TO FIND  
A BETTER WAY!**



# SERVICES JEOPARDIZED BY CURRENT LEGISLATION

Funding for each of these services will be drastically reduced or possibly eliminated within the next year as a result of proposed property tax legislation:

Police

Fire

Street Paving/Repair

Street Lighting

Code Enforcement

Charitable Causes

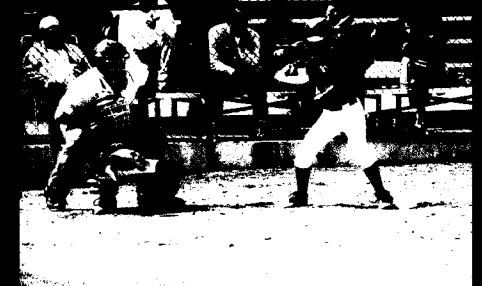
Services to Seniors

Parks

Recreation

Community Events

Beautification



## WE HAVE TO FIND A BETTER WAY

# **PROPOSALS**

**Florida's Property Tax System has been broken for 15 years by sincere but flawed decision making that has trapped Floridians in their homes and created unfair classes of privileged taxpayers.**

**We have been down this road before with flawed results. We all have a vested interest in taking the time that is needed to get our property tax system right this time.**

**Before the Legislature makes anymore changes, create a Legislative Property Tax Reform Commission, bringing together state, city, county, and private sector experts in the field to make well thought out recommendations for passage during the 2008 Legislative session.**

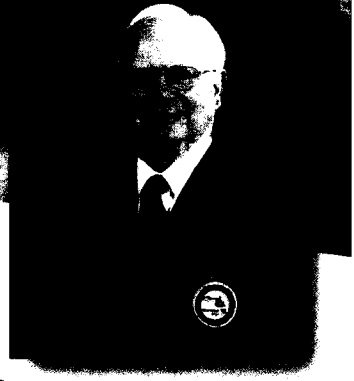
**We The Elected Officials of Winter Springs  
Just Want our Governor and Legislators to:**

**Keep Our Property Property Tax System Simple**

**Make It Fair**

**Maintain Our Flexibility and Decision-making  
at the Local Level**

# A Message from Mayor John Bush, City of Winter Springs



We agree that our property tax system is unfair and is broken. We also agree that we share a vital interest in getting this latest tax reform effort right this time. **We DO NOT agree, however, on the way in which the Governor and Legislature is approaching the issue.**

## Citizens' Feedback:

Recent state-wide surveys have shown that citizens do not want their local services reduced, prefer to have the flexibility at the local level to decide the level of services they desire, and that taxes that they pay for these services should be fairly apportioned.

These basic and fundamental values of governance must provide the framework for the current discussion on property tax reform. Unfortunately, the Governor and some Legislators have chosen a different course of action which does not include all parties affected by the proposed changes.

## Who's to Blame:

Blaming city and county elected officials for the flaws of our property tax system is just plain wrong. The current political environment in Tallahassee has not as yet considered the input and involvement of city and county government in a deliberative and cooperative approach in resolving the issue. We believe this is an oversight that should be taken into consideration and corrected.

## What Caused the Tax Crisis:

This current process incites but fails to inform the people of the real causes of the property tax crisis which includes the following:

1. The fundamental unfairness in the system caused by the flawed concepts of the Save Our Homes constitutional amendment. Even the author of the Save Our Homes constitutional amendment himself acknowledges that the Save Our Homes initiative has had the unintended consequence of trapping residents in their homes and creating a property tax system that is not fair.
2. The Governor and Legislature's decision to reduce state funding for schools, the state judicial system, and social services has caused local governments to have to raise funds locally to offset these losses of state funds.
3. The continuous stream of unfunded state mandates passed by the Legislature continues to require local governments to raise revenues at the local level to pay for these unfunded state mandates.
4. Another factor is the speculation in the real estate marketplace which has driven home values artificially high.
5. The desire of local residents for their local city and county governments to provide levels of services that the residents believe are important to their desired quality of life.

## Moving Too Fast:

We appear to be moving forward to another knee-jerk, short-term fix that looks good in the headlines but proves yet again to disappoint the expectations of our citizens for real and fair solutions from government on property tax reform.

Reform proposals must be thoroughly analyzed. Proposals being considered would reduce as much as 40% of the revenue supporting essential services in our city. This would result in dramatic reductions in these essential services and/or dramatic increases in user charges that would punish seniors and the less fortunate in our city. Sales taxes require much higher reserves than property taxes to bridge economic down turns. The predicted impending recession could seriously reduce projected sales tax revenues in the immediate future.

Additionally, many cities like Winter Springs have bond issues in which property taxes are lawfully pledged for the repayment of debt. How will this issue be reconciled? Voter approved referendums pledging property taxes are an important instrument by which local citizens are able to decide the level of infrastructure they desire. Do we really want to give up this voter-approved source of funding?

## Our Recommendation:

We are recommending the Governor and Legislature create a Property Tax Reform Study Commission made up of a broad spectrum of state, city, and county elected officials, career public service professionals, representatives of the private sector, and the best technical minds available. The Legislature should charge them with the responsibility of providing recommendations for reforming our property tax system in time for the 2008 session of the Legislature.

This alternative approach will prevent a repeat of prior failed efforts to reform our property tax system. We believe that this deliberative, constructive and cooperative process of property tax reform will get it right this time for all the people of Florida.

## **SUGGESTED INTERIM PROPERTY TAX SOLUTION**

In the event that the Legislature feels compelled to enact legislation this session we propose the following solution.

Passage of legislation allowing a 1¢ General Purpose Local Option Sales Tax to be enacted in each county by referendum that would require property taxes to be rolled back by 95% of the amount of the revenue generated by the sales tax less new growth in each year the local option sales tax is in effect.

The advantages of this solution are as follows:

1. It is tried and tested in other States.
2. It will be embraced by all parties.
3. It will not cause cuts in essential service that affects the resident's quality of life.
4. It provides property tax relief for all types of property.
5. It is simple to administer, not requiring any appreciable new administrative costs.
6. It does not raise issues related to the default of bonded debt currently pledged by property taxes.
7. It leaves the decision in the hands of local residents.
8. It maintains local resident's options for voting on local improvements through the passage of General Obligation Bond referendums.
9. The 95% factor allows the much smaller property tax base to increase 5% per year to keep up with increased cost.
10. The remaining property taxes in local budgets would help stabilize local government budgets during down turns in sales tax collections caused by down turns in the economy.

## **SUGGESTED LONG TERM PROPERTY TAX SOLUTION**

Adopt Winter Springs first recommendation creating a Legislative Property Tax Reform Commission to make recommendations to the Legislature in the 2008 session regarding measures to overhaul the State's Property Tax system.

**Hand Out by**  
**Allen Douglas**

**Legislative Affairs Director**  
**National Federation of**  
**Independent Business**



The Voice of Small Business®

# SPECIAL BALLOT

**Background:** The Florida Legislature is currently considering a number of options aimed at reducing commercial and personal property taxes across the state. Please provide your insight and opinions on this two-page survey and fax back to (850) 561-6759 or (615) 874-5267 or mail to NFIB 110 E. Jefferson St., Tallahassee, FL 32301 BY TUESDAY, FEBRUARY 6th. Please note that a proposal to extend the 3 percent cap on annual valuations to all property was included on the 2007 Florida State Ballot and is not included here.

**1. Have your commercial property taxes increased over the last year?**

Yes 89.2%      No 4.4%      NA 6.4%

**2. If so, by how much?**

0-5% 16.4%      6-10% 16.8%      11-15% 12.0%  
16-20% 8.8%      Over 20% 34.0%      NA 12.0%

**3. What percentage have your commercial property taxes increased over the last:**

Three years \_\_\_\_\_      Five years \_\_\_\_\_

**4. How have you coped with the tax increases? (Check all that apply)**

Increased prices 42.0%      Absorbed by business 64.4%      Reduced employee benefits 16.4%  
Reduced staff 20.8%      Other 6.8%      NA 8.4%

**5. Do you believe commercial property taxes pose a threat to your business, now or in the future?**

Yes 80.8%      No 14.4%      NA 4.8%

**6. If so, are you considering (please check all that apply):**

Reducing staff/benefits 35.2%      Postponing expansion 39.2%      Relocating out-of-state 15.6%  
Closing business 13.6%      Other 14.4%      NA 21.6%

**Questions 7 and 8: Property tax versus sales/services tax**

**7. Do you support eliminating all property taxes in favor of a higher sales tax?**

Yes 31.6%      No 47.2%      NA 21.2%

**8. Do you support eliminating all property taxes in favor of implementing a services tax?**

Yes 18.0%      No 59.2%      NA 22.8%

**Question 9: Property tax versus tangible personal property tax**

**9. Do you support keeping commercial property taxes at current levels in favor of reducing/eliminating the tangible personal property tax applied to businesses?**

Yes 34.8%      No 40.4%      NA 24.8%

**Question 10: Local government revenue caps**

**10. Do you support restricting revenue growth and spending for local government, including counties, cities, school districts and special districts?**

Yes 76.0%      No 14.8%      NA 9.2%

**Question 11: Voter approval of millage rates and local government budgets**

**11. Do you support requiring voter approval of millage rates and local government budgets?**

Yes 60.8%      No 28.0%      NA 11.2%

**Question 12: Increased homestead exemptions**

**12. Do you support raising the homestead exemption from \$25,000 to \$50,000?**

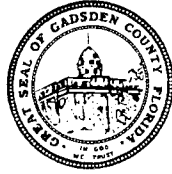
Yes 66.0%      No 29.2%      NA 4.8%

**Question 13: Portability of the "Save Our Homes" valuation cap**

**13. Do you support portability of the 3 percent cap on annual valuation increases for homesteaded property?**

Yes 71.2%      No 22.0%      NA 6.8%

**Hand Out by  
Brenda Holt  
Gadsden County  
Board of County  
Commissioners**



# GADSDEN COUNTY

## Board of County Commissioners

EDWARD J. BUTLER  
GADSDEN COUNTY GOVERNMENTAL COMPLEX

MARLON BROWN  
County Manager

THORNTON J. WILLIAMS  
County Attorney

9-B East Jefferson Street  
Post Office Box 1799  
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COMMISSIONERS:  
EUGENE LAMB, JR.  
District 1  
DOUGLAS M. CROLEY  
District 2  
DERRICK E. PRICE  
District 3  
BRENDA A. HOLT  
District 4  
EDWARD J. DIXON  
District 5

March 9, 2007

Florida House of Representatives  
**Policy & Budget Council**  
418 The Capitol  
402 South Monroe Street  
Tallahassee, FL 32399-1300

Honorable Chair and Councilmembers:

We, the Gadsden County Board of County Commissioners would like to sincerely thank you for the opportunity to share "our story" with you regarding proposed property tax reform legislation.

**First**, we believe and agree that the current property taxation system and structure needs revision for issues related to taxpayer equity. In Gadsden County, approximately 68% percent of all property tax revenues are derived from non-homestead (residential and non-residential) property. *We recognize the lack of equity in the current distribution of the property tax burden* and look forward to working with you in developing the most appropriate solution for all affected parties.

**Secondly**, Gadsden County has enjoyed growth in our property tax base, taxable values, and property tax revenues. However, growth in Gadsden County has consistently "lagged" behind the average growth rates (taxable values and revenues) for all Florida Counties. Additionally, in 2005, Gadsden County ranked **#53 out of 67** counties with \$1.075 billion in taxable values of all real, personal, and centrally assessed property. Furthermore, when compared to 2005 "Just Valuations", over 48% of the property was exempt from taxation. Statewide, Gadsden County ranked **#17 out of 67** counties with



regards to exempt values of property. These factors compel the Board of County Commissioners to seek your understanding that **“One Size Does Not Fit All”** in developing improvements and enhancements to the current property taxation system and structure.

The current locally estimated impact of both the Governor’s proposal and the House of Representative’s proposal ranges from a loss of \$1.4 million to well over \$2 million from our current year revenue base. Additionally, the Board estimates that both plans, as originally proposed, will severely impact future anticipated revenues.

The estimated impact to Gadsden County’s existing revenue base and future anticipated revenues will create significant hardships and restrict the Board’s ability as a local government to provide a quality level of comprehensive local government services. Currently, property tax revenue constitutes approximately 33% of all revenues for the County. Furthermore, property tax revenue accounts for 68% of all general revenues for the County. As of County Fiscal Year 2007, nearly \$0.65 (sixty-five cents) out of every \$1 generated from property taxes goes to pay for 1) CRA “Pass-through” payments to municipalities; 2) Constitutional Officers; 3) Minimal subsidies to the 2<sup>nd</sup> Judicial Circuit (due to relief from article V legislation); and 4) Other state mandated payments and requirements.

The remaining portion, approximately \$0.35 (thirty-five cents) of every \$1 generated from property taxes is utilized by the Board in the most efficient and effective manner possible to provide services that include, but are not limited to the following:

Administration	Economic Development	Senior Services
Capital Project Funding	Libraries	Animal Control Services
Insurance Premiums	Parks and Recreation	County Extension
Legal Services	Planning and Zoning	Non-Profit Funding
Information Technology	Solid Waste Services	EMS
Housing Services	Veteran Services	Health Programs

In preparation for some form of property tax reform, the Board has reached out to its citizens to initiate conversations regarding the selection of those services which they most desire. The real impact of the current proposed legislation, in its original form, is not simply about choosing between Parks and Recreation and Law Enforcement, it is about choices similar to the selection of “Advanced Life Support” versus “Basic Life Support” as the most affordable level of service to be provided by the County’s EMS department.

We wholeheartedly applaud efforts on behalf of the Governor and the House of Representatives to address undeniable “equity” issues with the current property tax system and structure. However, we would advise State leadership to move forward cautiously to avoid providing a solution that will ultimately cause more significant problems at the local government level with a much feared long-lasting negative impact.

We appreciate the opportunity and are willing to be held accountable for our role in a partnership to develop ideas into positive sustainable solutions.

Yours in Service,

Brenda A. Holt  
**Chairman**  
**District 3**  
Gadsden County  
Board of County Commissioners

Derrick E. Price  
**Vice Chairman**  
**District 4**  
Gadsden County  
Board of County Commissioners

Eugene Lamb Jr.  
**District 1**  
Gadsden County  
Board of County Commissioners

Douglas M. Croley  
**District 2**  
Gadsden County  
Board of County Commissioners

Edward J. Dixon  
**District 5**  
Gadsden County  
Board of County Commissioners

Gadsden County Board of County Commissioners

# PROPERTY TAXES



## “Discussion on State Proposed Property Tax Reform for 2007”

Monday, March 5, 2007

6:00 p.m.

Gadsden County Commission Chambers  
9 East Jefferson Street

# Board of County Commissioners

## Special Report

Date of Meeting: March 5, 2007

Date Submitted: March 2, 2007

To: Honorable Chairman and Members of the Board

From: Marlon Brown, County Manager  
Davin Suggs, Director, Office of Management and Budget

Subject: Review of 2007 State Legislative Property Tax Reform Proposals

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### **Introduction**

This item seeks to review current 2007 state legislative property tax reform proposals. During the calendar year of 2006, including the budget developmental period for FY 2007 pertaining to Florida local governments, citizens of local municipalities, as well as, statewide political representatives expressed growing concerns about the rapidly increasing values of property ( in combination with increased property insurance premiums), present shortcomings in the State's property taxation structure and system, and local government spending in relation to the application of local property tax revenues and respective local budgets. These concerns have manifested themselves into several offerings of property tax reform legislation proposed for the 2007 state legislative session.

### **2007 Proposed State Legislation**

The 2007 state legislative session is slated to officially begin on Tuesday, March 6, 2007. At this time there have been several "property tax reform" bills filed in both the Florida House of Representatives and the Florida Senate.

While there have been a multitude of bills filed, all of the proposed legislation has focused on a primary group of "popular" strategies to reform the current property tax structure in the State of Florida. In reviewing these suggested reforms, an analysis of the proposals from the Governor's Office and the Florida House of Representatives will provide an encompassing and accurate perspective of the ramifications of future statutory and constitutional reform of the current property tax structure and system.

#### **✓ The Governor's Plan**

On January 30, 2007, Governor Crist revealed his proposed property tax reform plan that offers four measures required to be adopted as a constitutional amendment during a special election in 2007. The reform plan includes the following:

1. Double the homestead exemption from \$25,000 to \$50,000. The homestead exemption would then be adjusted each year according to inflation rates moving forward.

2. Make "Save Our Homes" existing constitutional provision portable statewide to allow current homeowners to transport their current and future property tax rates with them whenever and wherever they move within the State of Florida.
3. Cap annual property taxes on businesses and renters (non-homesteaded property) by limiting the growth in assessed valuations of non-homesteaded properties annually to the lesser of three percent (3%) or the current rate of inflation.
4. Provide an exemption for businesses from tangible personal property taxes up to \$25,000.

✓ **Florida House of Representatives Plan**

In late February 2007, the leadership of the Florida House of Representatives publicized a multi-phased property tax reform plan that provides for immediate statutory implementation as of July 1, 2007 and other components requiring a voter approved constitutional amendment during a special election in 2007.

*Statutory Measures*

1. Requires local governments to "re-set" property tax rates equal to FY 2001 rates plus adjustments each year through FY 2008 for the rolled-back rate plus CPI.
2. Exempts all schools, and bonded indebtedness.
3. Requires a supermajority vote of local government to exceed statutory cap of revenue.
4. Imposes withholding penalty of state shared revenue if local government does not comply.

*Constitutional Measures*

1. Eliminates property taxes on all homestead property.
2. Replaces loss revenue with 2.5% increase in state sales tax.
3. Limits growth in the assessment on non-homestead properties to growth (rolled-back rate) plus CPI.
4. Requires a unanimous vote of local government to surpass cap on property taxes on non-homestead property.
5. Places limits on state revenues as well.

✓ **Florida Senate Proposal**

As of the date of this report, the Florida Senate has not release an anticipated comprehensive property tax reform plan. However, the Senate has been conducting statewide town hall meetings to receive citizen input. It is expected that the Senate will release a comprehensive tax reform proposal during the early days of the official 2007 legislative session.

**Gadsden County Staff Response to Proposed Legislation**

In response to the aforementioned state executive and legislative proposals, Gadsden County staff believes that:

1. The current structure and system of property taxation needs revision for issues related to taxpayer equity.
2. One sized solution does not fit all local governments or jurisdictions.
3. A broad representation of Florida's local government jurisdictions should be intimately involved in developing sustainable solutions for the betterment of all Florida Citizens.

Table 1

<b>Comparison: FY 2007 Who Pays Property Tax in Gadsden County</b>		
	<u>Taxable Value</u>	<u>%</u>
Non - Residential (Non - Homestead)	\$637,441,271	52%
Residential (Non - Homestead)	\$201,060,473	16%
Residential (Homestead)	\$397,974,719	32%
<b>Totals</b>	<b>\$1,236,476,463</b>	<b>100%</b>

**Other than the above concise statement from Gadsden County staff, the intent of this report is not to debate the merit of the various taxation policies being proposed. It is staff's goal to review and communicate potential fiscal impacts of legislation to be considered during the 2007 state legislative session.**

**Fiscal Impact of Proposed Legislation**

✓ **The Governor's Plan**

1. Double the homestead exemption from \$25,000 to \$50,000. The homestead exemption would then be adjusted each year according to inflation rates moving forward.

Table 2

<b>Impact of Governor's Constitutional \$25,000 Addition to Homestead Exemption</b>		
<b>Before</b>		
		FY 2007
Total Taxable Value	\$	1,236,476,463
Millage Rate	\$	10.0000
Total Revenue	\$	12,364,765
<b>After</b>		
		FY 2007
Total Taxable Value	\$	1,236,476,463
Less Exempted Value	\$	178,700,211
Adjusted Total Taxable	\$	1,057,776,252
Millage Rate	\$	10.0000
Total Revenue	\$	10,577,763
<b>Impact</b>		
Total Taxable Value		(\$178,700,211)
Total Revenue		(\$1,787,002)

*As illustrated above, when applied to the current fiscal year this measure is estimated to **negatively impact** Gadsden County by eliminating almost **\$1,800,000** in Ad Valorem revenues (based on FY 2007 taxable values) from the County's existing revenue base.*

2. Make "Save Our Homes" existing constitutional provision portable statewide to allow current homeowners to transport their current and future property tax rates with them whenever and wherever they move within the State of Florida.

*At this time it is not possible to project a reliable impact estimate of this measure due the unavailability of the necessary data. However, it is possible to project that this measure could significantly impact **the future growth of Gadsden County revenues**.*

3. Cap annual property taxes on businesses and renters (non-homesteaded property) by limiting the growth in assessed valuations of non-homesteaded properties annually to the lesser of three percent (3%) or the current rate of inflation.

*The following chart displays the estimated fiscal impact of this measure "had" it been applied to the FY 2007 budget:*

Table 3

Impact of Governor's Constitutional "CAP" on Non-Homesteaded Property				
Before				
	FY 2006	FY 2007	\$ Change	% Change
TV Non-Homesteads	\$ 662,921,657	\$ 776,112,046	\$ 113,190,389	17.07%
\$ Non-Homesteads	\$ 6,629,217	\$ 7,761,120	\$ 1,131,904	17.07%
After				
	FY 2006	FY 2007	\$ Change	% Change
TV Non-Homesteads	\$ 662,921,657	\$ 682,809,307	\$ 19,887,650	3.00%
\$ Non-Homesteads	\$ 6,629,217	\$ 6,828,093	\$ 198,876	3.00%
Impact			\$ Change	% Change
Total (TV) Taxable Value			(\$93,302,739)	-8.68%
\$ Total			(\$933,027)	-8.68%

*If the Governor's proposed policy had been in effect for FY 2007, Gadsden County would have received **almost \$1 million less** in increased Ad Valorem revenue. These figures are presented to develop a proper understanding of the potential future effect of this policy. At this time, staff has not projected future growth trends in non-homesteaded property values to provide an actual estimated future impact analysis. However, it is possible to project that this measure will significantly impact **the future growth of Gadsden County revenues**.*

4. Provide an exemption for businesses from tangible personal property taxes up to \$25,000.

Table 4

Impact of Governor's Constitutional \$25,000 Tangible Personal Property Exemption	
<b>Before</b>	
	FY 2007
Total Taxable Value	\$ 1,236,476,463
Millage Rate	\$ 10.0000
Total Revenue	\$ 12,364,765
<b>After</b>	
	FY 2007
Total Taxable Value	\$ 1,236,476,463
Less Exempted Value	\$ 18,279,084
Adjusted Total Taxable Value	\$ 1,218,197,379
Millage Rate	\$ 10.0000
Total Revenue	\$ 12,181,974
<b>Impact</b>	
Total Taxable Value	(\$18,279,084)
Total Revenue	(\$182,791)

*This measure is estimated to **negatively impact** Gadsden County by eliminating approximately **\$183,000** in Ad valorem revenues (based on FY 2007 taxable values) from the County's existing revenue base.*

In summation, the Governor's proposed plan would eliminate over **\$2 million** in Ad Valorem revenues from the County's existing revenue base. Furthermore, the rate of **growth in future revenues would be severely impacted.**

✓ **Florida House of Representatives Plan**

*Statutory Measures*

1. Requires local governments to "re-set" property tax rates equal to FY 2001 rates plus adjustments each year through FY 2008 for the rolled-back rate plus CPI.
2. Exempts all schools, and bonded indebtedness.
3. Requires a supermajority vote of local government to exceed statutory cap of revenue.
4. Imposes withholding penalty of state shared revenue if local government does not comply.



Table 5

Impact of Florida House of Representatives Statutory Property Tax Reform Plan on FY 2007 Budget		
	<b>Before</b>	
Certified Taxable Value		\$1,236,476,463
Adopted Millage		10.0000
Original Tax Revenue		\$12,364,765
	<b>After</b>	
Certified Taxable Value		\$1,236,476,463
Formula Adjusted Millage		8.8633
Adjusted Tax Revenue		\$10,959,262
	<b>Impact</b>	
\$ Change in Revenue		(\$1,405,503)
% Change in Revenue		-11.37%

As displayed in the chart above, this measure is estimated to **negatively impact** Gadsden County by eliminating approximately **\$1.4 Million** in Ad valorem revenues (based on FY 2006 taxable values) from the County's existing revenue base. An estimate on further impact for the upcoming fiscal year is not available due to the fact that 2007 estimated taxable values will not be released until June of this year.

*Constitutional Measures*

1. Eliminates property taxes on all homestead property.
2. Replaces loss revenue with 2.5% increase in state sales tax.
3. Limits growth in the assessment on non-homestead properties to the rolled-back rate plus CPI.
4. Requires a unanimous vote of local government to surpass cap on property taxes on non-homestead property.
5. Places limits on state revenues as well.

*The intent of this measure is to be revenue neutral based on the impact of the **statutory measures**. Gadsden County staff **can not affirmatively confirm** this fact until actual sales tax distribution formulas are developed. In FY 2006 approximately 32% of Gadsden County's Ad Valorem revenue was derived from homesteaded parcels. The proposed sales tax replacement measure, based on the implementation of the House of Representatives' statutory property tax reform policies, would have to distribute **more than \$3.5 million in additional sales tax revenue** to Gadsden County to maintain a revenue neutral effect on estimated County revenues.*

In summation, the Florida House of Representative’s proposed plan would eliminate over ***\$1.4 million*** in existing County revenues and ***severely impact the future growth*** of County revenues, if applied to the current Gadsden County FY 2007 adopted budget.

**Mitigation of Fiscal Impact – “The Gadsden County Story”**

In developing successful strategies to effectively mitigate the fiscal impact of proposed legislation on Gadsden County government, staff has worked through a five step process that included the following processes:

- Step 1:** Understanding Property Taxes in Gadsden County
- Step 2:** Significance of Property Tax Revenue to Gadsden County
- Step 3:** Analysis of Special Expenditure Categories (FY 2007)
- Step 4:** Immediate Strategies
- Step 5:** Strategies for FY 2008 and Beyond

✓ Step 1: Understanding Property Taxes in Gadsden County

In the preceding months leading up to the development of the now proposed legislation in question, a primary catalyst to the demand for property tax reform was the level of growth in property values and property tax revenue across the State of Florida. Gadsden County staff analyzed the growth of Gadsden County taxable values of properties and property tax revenues in comparison to the rest of the state. The figure below clearly shows that Gadsden County has not experienced the same level of growth in values or revenues as most other Counties in the State. As displayed in the graphic, from FY 2002 through FY 2006, Gadsden County’s Growth has been consistently below the State average. *This fact is the underlying reasoning behind staff’s belief that “One Size Does Not Fit All” with regards to reforming the current property tax structure and system.*

Table 6

<b>Comparison: Growth in Ad Valorem Tax Revenues - Gadsden County Vs. State of Florida Average</b>					
	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>	<b><u>FY 2006</u></b>
<b>Gadsden County</b>					
Total Property Tax Revenues	\$8,444,971	\$8,895,869	\$9,477,314	\$10,033,276	\$10,754,251
% Change		5.34%	6.54%	5.87%	7.19%
<b>State Average</b>					
Total Property Tax Revenues	\$73,108,888	\$80,174,418	\$88,604,361	\$98,430,603	\$113,838,730
% Change		9.66%	10.51%	11.09%	15.65%
<b>Difference: Gadsden Vs. State</b>		<b>-4.33%</b>	<b>-3.98%</b>	<b>-5.22%</b>	<b>-8.47%</b>

In addition to current property tax revenue growth trends, staff analyzed the distribution of the local property tax burden based on current fiscal year data. The illustration below displays the fact that non-homesteaded properties shoulder approximately two-thirds of the property tax liability in Gadsden County. 2006 certified taxable values, which generated revenue currently used for FY 2006-2007, revealed that homesteaded properties only contributed about 32% of all ad valorem revenues. These revenues, estimated at approximately \$3.9 million were not sufficient to cover the necessary amount of ad valorem based resources to support the Sheriff's operations (\$4.3 million) in FY 2007. In effect, the current property tax structure and system places a tremendous amount of responsibility on non-homesteaded properties to provide resources in support of the provision of mandated, essential, and "quality of life" type services to the citizens of Gadsden County. *Gadsden County staff clearly recognizes the current inequities of the existing property tax structure and system. However, it is staff's belief that the proposed legislation at the State level has been developed in an inappropriate environment, which lacked significant input from a broad representation of local citizens and public officials alike.* Staff believes that a concerted "local effort" to address these inequities would be far more effective in providing a sustainable solution.

Table 7

<b>Comparison: FY 2007 Who Pays Property Tax in Gadsden County</b>		
	<b>Taxable Value</b>	<b>%</b>
Non - Residential (Non - Homestead)	\$637,441,271	52%
Residential (Non - Homestead)	\$201,060,473	16%
Residential (Homestead)	\$397,974,719	32%
<b>Totals</b>	<b>\$1,236,476,463</b>	<b>100%</b>

✓ Step 2: Significance of Property Tax Revenue to Gadsden County

The next step to successfully mitigating the estimated fiscal impact of property tax reform legislation involved an analysis of the significance of property tax revenues to the entire Gadsden County budget. Current figures from the FY 2007 budget were used in this analysis and are presented in the charts below. The first chart displays that in FY 2007, *property tax revenue accounted for one-third of all revenues in Gadsden County.* It is important to note that, property tax revenues are the leading source of recurring revenue for the County. Anticipated Federal and State grants for FY 2007 account for over \$3 million in intergovernmental revenue.

Table 8

<b>Ratio of Property Tax Revenue to Total Revenue</b>		
<b>Property Taxes (Includes Delinquent)</b>	<b>\$12,405,265</b>	<b>33.06%</b>
Sales and Use Taxes	\$3,891,242	10.37%
Franchise Fees	\$200,000	0.53%
Utility Services	\$60,000	0.16%
Licenses and Permits	\$536,736	1.43%
Intergovernmental Revenue	\$14,626,828	38.98%
Charges for Services	\$3,325,186	8.86%
Fines & Forfeitures	\$15,000	0.04%
Miscellaneous Revenue	\$527,991	1.41%
Other Financial Sources	\$1,846,230	4.92%
Less 5% Statutory Withholding	(\$1,539,797)	-4.10%
Less CRA Payments	(\$269,312)	-0.72%
Appropriated Fund Balance	\$1,902,470	5.07%
<b>Total</b>	<b>\$37,527,839</b>	<b>100.00%</b>

These revenues, while significant, are non-recurring and can only be used as dictated by current County policy for non-recurring expenditures.

General revenue or non-restricted revenue is very important to the successful delivery of a broad range of services to Gadsden County citizens. The chart below illustrates that property tax revenues account for a little more than two-thirds (68%) of all general non-restricted revenue. Additionally, it is important to note that, before any resources from ad valorem proceeds can be distributed to Gadsden County departments, ***almost \$800,000*** must be ***subtracted*** for statutorily mandated withholdings and legal imposed payments to the City of Quincy and the Town of Havana for re-development expenditures.

Table 9

Ratio of Property Tax Revenue to General Fund Revenue		
Property Taxes (Includes Delinquent)	\$12,405,265	
Less 5% Statutory Withholding	(\$620,263)	
Less CRA Payments	(\$269,312)	
<b>Adjusted Property Taxes</b>	<b>\$11,515,690</b>	<b>68.0977%</b>
All Other General Fund Revenue	\$4,441,941	
Less 5% Statutory Withholding	(\$222,097)	
<b>Adjusted Other Revenue</b>	<b>\$4,219,844</b>	<b>24.95%</b>
Transfer From Debt Service	\$1,175,002	6.95%
<b>Total</b>	<b>\$16,910,536</b>	<b>100.00%</b>

***“How Gadsden County Spends its Tax Dollars”***

The next series of charts display how the remaining ad valorem based resources are distributed among various Gadsden County functions. All data presented is based upon the current FY 2007 budget.

The first group represented in the chart below consists of the County’s Constitutional Officers. Constitutional Officers are functions that are mandated in the Florida constitution. The Board of County Commissioners are legally required to provide funding and at least some minimal level of support for the Constitutional Officers represented in the chart. In maintaining compliance with the prevailing laws in the State of Florida, ***more than half of available ad valorem resources are utilized in providing financial support to Gadsden County’s Constitutional Officers.***

Table 10

Gadsden County: Current Uses of Property Tax Revenue Group #1		
Constitutional Officers	FY 2007	%
	Ad Valorem Use	Of Total
Clerk - Board Finance	305,962	2.66%
Clerk - Information Systems	103,429	0.90%
Property Appraiser	540,839	4.70%
Tax Collector	313,826	2.73%
Transfer to Sheriff	4,352,876	37.80%
Transfer to Supervisor of Elections	290,051	2.52%
<b>Constitutional Subtotal</b>	<b>5,906,982</b>	<b>51.29%</b>

\*\*Another important note includes the fact that although the Tax Collector provides services to the School Board and all six municipalities in the county, the Board of County Commissioners bears the full responsibility for providing financial support (in addition to fees collected for state performed functions, i.e. License Plates) for the Office's operations.

The second group detailed in the chart below consists of Gadsden County's responsibility for supporting its share of operating and administrative expenses for the 2<sup>nd</sup> Judicial Circuit for the State of Florida. Organizations represented in this group include Court Administration, County and Circuit Judges and staff, the Public Defender, the State Attorney, and Guardian Ad Litem. The County also possesses responsibility for maintaining adequate facilities for these organizations. Due to the implementation of revisions to Article V of the Florida constitution, ad valorem resources distributed to this group equal less than 1% of all available ad valorem revenue.

Table 11

<b>Gadsden County: Current Uses of Property Tax Revenue Group #2</b>		
<b>Judicial</b>	<b>FY 2007</b>	<b>%</b>
	<b>Ad Valorem Use</b>	<b>Of Total</b>
Transfer to Court Facilities	33,691	0.29%
Transfer to Judicial Services	57,681	0.50%
<b>Judicial Subtotal</b>	<b>91,372</b>	<b>0.79%</b>

The third group illustrated below represents Board of County Commissioners functions that are required or mandated to be performed by the State of Florida. This group utilizes available ad valorem resources equaling almost \$1 million. This represents 8.5% of all ad valorem resources available to the County.

Table 12

<b>Gadsden County: Current Uses of Property Tax Revenue Group #3</b>		
<b>Board of County Commissioners (Mandated or Required)</b>		
	<b>FY 2007</b>	<b>%</b>
	<b>Ad Valorem Use</b>	<b>Of Total</b>
County Commissioners	180,687	1.57%
Human Service - Apa. Mental Health	92,616	0.80%
Human Service - Health Department	68,100	0.59%
Human Service - Indigent Hosp. Service	17,025	0.15%
Human Service - Welfare-Medicaid	408,600	3.55%
Line Item - Medical Examiner	68,100	0.59%
Other Programs - Forestry Assessment	2,043	0.02%
Other Programs - County Auditing	54,480	0.47%
Transfer to County Probation	92,474	0.80%
<b>BOCC Mandated or Required Subtotal</b>	<b>984,125</b>	<b>8.55%</b>

**Special Report: Review of 2007 State Legislative Property Tax Reform Proposals**

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March 5, 2007

The summation of the State required expenses represented in the first three expenditure groups total more than 60% utilization of all available ad valorem resources. This factor is significant in analyzing the amount of ad valorem resources available (40%) to be distributed to administrative support operations and elective “Quality of Life” services to the local citizenry.

After distributing almost 60% of the County’s ad valorem resources among the three groups above, approximately \$4.5 million is left to spend on the Board of County Commissioner organization. Board of County Commissioner administrative and support functions are displayed in the chart below. This expenditure category accounts for approximately 12% of available ad valorem resources. Functions performed by organizations within this group not only support Board of County Commissioner operations, but Constitutional and Judicial operations as well.

Table 13

<b>Gadsden County: Current Uses of Property Tax Revenue</b>		
<b>Group #4</b>		
<b>Board of County Commissioners (Administration and Support)</b>		
	FY 2007	%
	<u>Ad Valorem Use</u>	<u>Of Total</u>
County Manager	218,414	1.90%
Facilities - Building Maintenance	400,847	3.48%
Facilities - Custodial Services	129,029	1.12%
Facilities - Jail Maintenance	34,050	0.30%
Line Item - Florida Assn. of Counties	4,590	0.04%
Line Item - National Assn. of Counties	681	0.01%
Line Item - Small County Coalition	2,962	0.03%
Management and Budget	235,250	2.04%
Management Services	238,536	2.07%
Public Information & IGA	122,199	1.06%
<b>BOCC Administration &amp; Support Subtotal</b>	<b>1,386,560</b>	<b>12.04%</b>

In addition to administrative and support functions of the Board of County Commissioners, the following group of expenditures, represented below, is deemed necessary for the operation of an efficient and effective government organization. First, available ad valorem resources to establish necessary reserves for contingency and for fund/cash balance. These reserves are necessary to preserve the financial health of the County. Also, ad valorem resources are distributed for the acquisitions, construction, and maintenance of the County’s capital assets. These assets, like adequate facilities and equipment, are critical to day to day Gadsden County government operations. Finally, ad valorem resources are utilized to provide other administrative (allocated) necessities of the County including insurance, legal services, and information technology.

Table 14

<b>Gadsden County: Current Uses of Property Tax Revenue</b>		
<b>Group #5</b>		
<b>Other</b>		
	FY 2007	%
	<u>Ad Valorem Use</u>	<u>Of Total</u>
Reserve For Contingency	178,995	1.55%
Reserve For Future Years	68,100	0.59%
Administrative Allocations	386,084	3.35%
Transfer to Capital Projects	254,285	2.21%
<b>Other Subtotal</b>	<b>887,464</b>	<b>7.71%</b>

Finally, the last group of expenditures, displayed in the chart below, represents elective or “Quality of Life” programs and services provided by Gadsden County government. These elective programs currently utilize approximately 20% of all available ad valorem resources. Services provided by these programs include, but are not limited to the following:

- Housing Services
- Economic Development Services
- Library Services
- Parks and Recreation Services
- Planning and Zoning Services
- Rural Waste Collection Sites and Recycling Services
- Veteran Affairs Services
- Mosquito Control Services
- Emergency Medical Services
- Animal Control Services
- County Extension Services (Agricultural, 4-H, Home Economics, etc...)
- Health and Prescription Drug Services
- Senior Services
- Transportation Planning
- Various Non-Profit (Human and Cultural Services) Programs
- Youth Employment Services

Table 15

<b>Gadsden County: Current Uses of Property Tax Revenue</b>		
<b>Group #6</b>		
<b>Board of County Commissioners (Quality of Life)</b>		
	<b>FY 2007</b>	
	<b>Ad Valorem Use</b>	<b>%</b>
Community Development	361,893	3.14%
County Extension	178,169	1.55%
Human Service - Health Council	17,025	0.15%
Human Service - Non-Profit Funding	51,075	0.44%
Human Service - Pauper Burials	1,703	0.01%
Line Item - Apa. Reg. Planning Council	3,405	0.03%
Line Item - CRPTA	10,215	0.09%
Line Item - Gadsden County Sr. Citizens	34,050	0.30%
Line Item - Opportunity Florida	3,250	0.03%
Line Item - Summer Youth Emp.	102,150	0.89%
Other Programs - Soil & Wtr. Cons.	16,795	0.15%
SQG / Hazardous Materials	41,214	0.36%
Transfer to Animal Control	42,375	0.37%
Transfer to Emergency Rescue	448,158	3.89%
Transfer to Growth Management	204,300	1.77%
Transfer to Landfill & Arthropod	271,780	2.36%
Transfer to Library - Local	266,999	2.32%
Transfer to Parks and Recreation	103,655	0.90%
Veteran's Services	101,361	0.88%
<b>BOCC Quality of Life Subtotal</b>	<b>2,259,571</b>	<b>19.62%</b>

✓ Step 3: Analysis of Special Expenditure Categories (FY 2007)

Staff believes that in moving forward, it will be very important to maximize both efficiency and effectiveness with the use of very limited resources. Furthermore, some proponents of current property tax reform legislation have alleged that local governments are irresponsibly spending taxpayer dollars. During the process of developing strategies to mitigate the financial impact of property tax reform legislation, staff briefly analyzed current spending trends within a few key categories expenditures. The categories, which include number of BOCC positions, travel and training expenditures, and expenditures on professional studies and consultants, were selected due to their frequent and high level of scrutiny and criticism among the public taxpayers.

First, in analyzing the current number of BOCC positions, staff relied on an industry standard benchmarking process of comparing the number of its own positions per 1,000 people with a similar measurement for other County government organizations in the area. The chart below illustrates that Gadsden County possesses the ***third lowest*** number of positions per capita when compared to ten other area counties. Additionally, ***Gadsden County possesses more than 1.5 positions less than the average number of positions per capita*** within the same comparison group.

Table 16

Ratio of Employees Per Capita (1,000 Citizens) (Excludes Constitutional Offices)	
Leon County	2.90
Wakulla County	3.48
<b>Gadsden County</b>	<b>3.84</b>
Madison County	4.00
Washington County	4.37
Jackson County	4.56
<b>Average</b>	<b>5.49</b>
Franklin County	5.94
Calhoun County	6.17
Jefferson County	6.81
Gulf County	7.02
Liberty County	10.73

Travel and training expenses for the current fiscal year as of March 1, 2007 are displayed below. Year to date, the County has expended ***less than two-tenths of 1% combined*** of ad valorem resources on travel and training.

Table 17

Year To Date: Travel and Training Expenses (March 1, 2007)		
	Ad Valorem Funds	% of Total Ad Valorem
BOCC Travel and Per Diem	\$ 13,961	0.11%
BOCC Training	\$ 8,087	0.07%



A summary of the County’s current professional studies and utilization of consultants is provided below. The information illustrates that of the current available determined costs, ***less than 1% of all available ad valorem resources are obligated towards professional studies and/or the use of consultants.***

Table 18

Current Studies/Consultants and Fiscal Impact		
Studies	Costs	Notes
Water / Sewer Infrastructure Study	\$350,000	Grant Funded - No Use of Ad Valorem Funds
Impact Fee Study	\$140,000	Costs are reimbursable once fees are established
Fire Services Study	\$25,000	Fire Service Funds - No Use of Ad Valorem Funds
Land Development Code Evaluation	N/A	Will use a portion of Ad Valorem - Undetermined
Land Development Code Revision	N/A	Will use a portion of Ad Valorem - Undetermined
Classification and Pay Plan Study	\$20,000	General Fund - Est. 68% Ad Valorem Funds
Facilities Space Needs Study	N/A	Will use a portion of Ad Valorem - Undetermined
Consultants		
Information Technology Consultant	\$30,000	Costs allocated to entire BOCC - some Ad Valorem
Hospital / Healthcare Consultant	Billable Time	Hospital Operating Funds - No Use of Ad Valorem
Economic Development Consultant	\$60,000	General Fund - Est. 68% Ad Valorem Funds

✓ Step 4: Immediate Strategies

One of the most effective strategies to mitigate the fiscal impact of the proposed property tax reform legislation is to eliminate recurring expenses. However, at the current time, due to the undetermined outcomes of the State legislative session, it would be unwise to eliminate currently existing or operational programs. Nonetheless, the opportunity to potentially eliminate recurring costs without significantly impacting current programs and services can be implemented through suspending all open positions and capital projects that possess major future operating impacts.

The County Manager is contemplating the institution of an indefinite hiring freeze for all affected positions. If instituted, the freeze will remain in place until definite outcomes and mitigation strategies are known and adopted. The list below details the current open positions and their annualized cost (including benefits) to the County.

Table 19

FY 2007: Proposed Hiring Freeze		
Department	Position Title	Annualized Cost
Community Development	Program Assistant	\$37,425
Community Development	Grants Administrator	\$53,811
Growth Management	Development Compliance Coordinator	\$56,120
Recycling	Truck Driver	\$27,032
EMS	EMT	\$44,646
EMS	EMT	\$44,646
EMS	Paramedic	\$57,034
EMS	Paramedic	\$57,034
EMS	Paramedic	\$57,034
Fire Services	Fire Coordinator	\$53,469
<b>Total</b>		<b>\$488,251</b>

With regards to capital projects, the major renovations of *Sawdust Park* (\$181,000) are being recommended for suspension. It is anticipated that the planned renovations, funded through FRDAP grants, will necessitate potential recurring ad valorem resources to fund operations and maintenance of the park. The renovations have yet to begin this fiscal year; therefore the suspension will have an effect of simply delaying the project until more definite outcomes are known.

Staff is currently recommending that construction on the Chattahoochee Library continue until completed. The County has already incurred debt and the construction phase is nearly complete. The library debt is secured by Local Government ½ Cent Sales Tax revenue.

✓ Step 5: Strategies for FY 2008 and Beyond

In preparation for the upcoming FY 2008 budget development process staff is faced with three distinct decisions in formulating strategies and recommendations to the Board of County Commissioners. The issues concern the following:

- To what degree should the negative impacts of proposed legislation be distributed among the six (6) groups of ad valorem revenue beneficiaries?
- To what degree should the County rely on maximizing efficiency, reducing service levels, or completely eliminating services and programs among the six (6) groups of ad valorem revenue beneficiaries?
- To what degree should the County seek alternative revenue sources to mitigate any negative financial impact of property tax reform efforts?

***Distribution of the Negative Impact***

In determining how much of the anticipated negative impact be distributed among all ad valorem beneficiary groups there are several major political factors to consider.

The largest single recipient is the Gadsden County Sheriff's Office. The distribution of approximately 38% of the negative financial impact to be consumed could be detrimental to the Sheriff's ability to provide adequate law enforcement, corrections, emergency communications, and emergency management services.

Additionally, although the Tax Collector's budget consists of fees (commissions) from ad valorem revenue collections, the reduction in these fees may require the Board to contribute additional designated ad valorem revenue to cover the Tax Collector's shortfall. Currently, the Tax Collector's salary is covered by his commissions and fees. Upon any reduction, these fees and commissions may not adequately cover the position's state mandated salary. This fact would require the Board to cover the salary expenses.

Next, the possibility of reducing the Supervisor of Elections budget may be difficult. The current budget for the Supervisor was established for a one election cycle. With the proposed legislation, there is the potential that the Supervisor will have to conduct a special election along with the Presidential election cycle in the next fiscal year.

Although the Constitutional Officers receive over 50% of all available ad valorem revenues, the concept of proportionately distributing the anticipated negative financial impact will be an extremely difficult political choice for the Board of County Commissioners.

Furthermore, current state law requires that the Board increase its contributions to court related activities by at least 1.5% each year. Also, many of the state mandated or required services performed by the Board of County Commissioners exempt themselves from being significantly reduced or eliminated.

**Constitutional Officers, Judicial Services, and other state mandates and requirements receive almost 60% of the available ad valorem revenue. However, these groups may be significantly shielded from sharing the negative financial impacts of any adopted legislation.**

***Application of Mitigation Strategies***

During the development of the FY 2008 budget County staff will employ three major strategies to mitigate any negative financial impact associated with current property tax reform efforts. These strategies are simple, yet effective. They are as follows:

- a. **Maximize Efficiency** – Maintaining current service levels and effectiveness with reductions in current levels of resources.
- b. **Reduce Service levels** – Reduce current service levels and effectiveness consistent with reductions in current levels of resources.
- c. **Eliminate Services** – Eliminate current services and/or programs consistent with the elimination of applicable resources.

The following chart displays County staff's recommended application of the above strategies among the six groups of ad valorem beneficiaries.

Table 20

<b>Recommended Application of Mitigation Strategies</b>			
<b>Ad Valorem Group</b>	<b>Maximize Efficiency</b>	<b>Reduce Service Levels</b>	<b>Eliminate Services</b>
Constitutional Officers	X		
Judicial	X		
State Mandates	X		
BOCC: Administration & Support	X	X	
BOCC: Other	X	X	
BOCC: Elective - Quality of Life	X	X	X

### ***Alternative Revenue Sources***

Staff has scheduled a special meeting / workshop to explore potential alternative revenue sources. This special meeting will occur on Tuesday, March 13, 2007 at 6:00 p.m. in the commission chambers.

The focus of this special meeting will consist of staff recommendations to pursue alternative revenues to assist in the diversification of the County's current revenue portfolio. Additionally, staff will explore alternative revenues to potentially fund those County services that might otherwise be eliminated due to the negative financial impact of any adopted statewide legislation.

### **Conclusion**

The potential elimination of a significant portion of existing County revenues will be detrimental to the progress achieved by Gadsden County government in the last two fiscal years. The potential constraints on Gadsden County's ability to manage its own revenue growth along with citizen's desires and needs will lessen the possibility of sustaining a meaningful level of enhanced government services in Gadsden County. Any combination of the proposed legislation has the potential of forcing local Gadsden County citizens to choose between basic, essential, and quality of life enhancing services without having any input. Finally, as previously stated, Gadsden County staff believes that:

1. The current structure and system of property taxation needs revision for issues related to taxpayer equity.
2. One sized solution does not fit all local governments or jurisdictions.
3. A broad representation of Florida's local government jurisdictions should be intimately involved in developing sustainable solutions for the betterment of all Florida Citizens.

### **Options**

1. Accept report.
2. Authorize Chairman to draft correspondence to all participants in the Property Tax Reform process, including State legislators and the Governor's Office on behalf of the Board of County Commissioners.
3. Authorize Chairman to draft correspondence to officially request that all other Gadsden County political entities communicate with participants in the Property Tax Reform process on behalf of Gadsden County.
4. Authorize staff to develop a plan to perform further community outreach efforts on this issue.
5. Board Direction

### **Recommendation**

Options 1 through 4.

**Hand Out per  
Representative Richardson**



## Florida Association of Counties Property Tax Policy Position as Adopted at the 2007 Legislative Conference

**Property Tax Reform:** As an overriding goal of reforming Florida's Property Tax Structure, **SUPPORT** solutions that improve equity and fairness among classes of taxpayers as well as individual taxpayers. **SUPPORT** reasonable limits on the rate of property tax assessment increases. **OPPOSE** caps on local government expenditures / revenues and modifications to the Property Tax Structure that erode the existing tax base.

**SUSAN LATVALA**  
PRESIDENT  
PINELLAS

**TERESA JACOBS**  
PRESIDENT-ELECT  
ORANGE

**RANDY HATCH**  
1ST VICE PRESIDENT  
SUWANNEE

**RODNEY LONG**  
2ND VICE PRESIDENT  
ALACHUA

**WELTON G. CADWELL**  
IMMEDIATE PAST PRESIDENT  
LAKE

**CHRISTOPHER L. HOLLEY**  
EXECUTIVE DIRECTOR

**Business Relief:** **SUPPORT** establishing an exemption of \$25,000 of value per taxpayer from Tangible Personal Property Taxes;

**Non-Homestead Property Relief:** **SUPPORT** establishing an annual assessment limitation for non-homestead property of ten percent with revaluation upon change of ownership or use of the property;

**Renter's Relief:** **SUPPORT** assessing affordable rental property that offers and covenants to continue to offer rents that meet HUD fair rent standards based upon the actual rental income of the property;

**Commercial and Recreational Working Waterfronts Relief:** **SUPPORT** allowing commercial and recreational working waterfront real property to be valued based upon the current use of the property by local option. Require that upon discontinuation of use of the property as a commercial or recreational working waterfront, the taxes that would have been due on the highest and best use of the property for the last three years become due; and

**Truth in Millage Reform:** **SUPPORT** revising the Truth in Millage process to allow the expenditures of constitutional officers to be individually stated. Provide better information during the TRIM process on functional expenditures.



**Hand Out per  
Representative Seiler**

PRESENTATION BY JIM TAIT OF THE FLORIDA CENTER FOR FISCAL &  
ECONOMIC POLICY  
Before the House Policy and Budget Council at its workshop in Tallahassee on March 9,  
2007

Goals for property tax relief and reform

- Hold down the proportion of total property tax paid by permanent residents, especially homeowners and renters, and local small businesses.
- Prevent the property tax and increases in the property tax from unduly burdening resident households
- Avoid the inequities that an assessment limit such as Save Our Homes creates and that will grow greater over time
- Provide relief to full-time residential renters
- Enhance the tradition of local home rule and local control over local affairs
- Assure that local governments have sufficient revenue to provide quality law enforcement, fire services, infrastructure development and environmental protection, health and education and other services
- Recognize that state-local tax policy must be viewed together

Problems with Save Our Homes provision in Property Tax

- Creates inequities among taxpayers with similar homes and similar incomes
- Creates inequities among local jurisdictions
- Reduces homeowner involvement in local fiscal decisions and local government debates over local services
- Disadvantages young people buying a first home and newcomers to the state
- Encourages over-housing and impedes free movement around the state
- Evidence from other states suggests problems just grow over time

Key highlights from attached tables

Tables 1 & 2 relate to public school financing (approximately 40% of local property tax and 40% of state general revenue funds)



- Table 1 shows that state share for public school financing has declined to a low of 44%
- Table 1 also shows that, while the state has spent less each year for the past 3 years for its base state FEFP program, it has increased the local property tax dramatically ending with a 17.75% increase in this fiscal year (8% and 12% in previous years).
- Tables 1 & 2 also show the amount of money the state should have increased its share in order to maintain its 55% share of state-local funding.
- Table 2 shows that during FYs 1998-2001 the state met its 55% share (as well as in earlier years not shown here)

Tables 3 and 4 relate to the existing state constitutional revenue cap.

- Tables 3 and 4 show that the state has consistently been under the current Constitutional limit on its revenues
- Table 4 shows that the amount the state is under will grow dramatically over the next years when the “bubble of sales taxes from reconstruction following the 2004 hurricanes” bursts (last year) and the recent tax cuts take hold. It also shows the impact of underfunding the state’s share of public school (and health) funding.
- Tables 5 & 6 show the draconian nature of the proposed House Cap. It is composed of both the consensus population and CPI figures and the emerging recalculation by the House (on population). Under both scenarios, however, the House Caps are dramatically lower than the current Constitutional and impose significant revenue restrictions during most of the years in question; clearly, pointing out the inability of the state to finance programs designed to increase the state’s share of public school and healthy kids financing.
- Tables 7 (and 7A) points out the state tax cuts during the Bush administration (since 1999). As noted in earlier tables, the tax cuts are over \$3 billion for this fiscal year. Table 7A provides the details from the Executive Office of the Governor (June 2006) of these tax cuts and subtracts the purported savings in required local effort (RLE—local property taxes).
- Table 8 provides various CPI tables from the Bureau of Labor Statistics relating to urban all items, energy only or medical care only or medical care services only. This points out, similar to the Fishkind study on counties, that government expenditures are dominated by significant different CPI growth rates than the “urban all items” CPI.

**TABLE 1  
FLORIDA PUBLIC SCHOOL REVENUES FOR FISCAL YEARS 2004-2007**

	2003-04 final	2004-05 final	2005-06 final	2006-2007 3rd
State-local basic FEFP	\$11,943,261,825	\$12,347,358,610	\$12,821,391,793	\$13,847,443,477
Growth rate		3.38%	3.84%	8.00%
Required Local Prop Tax (RLE)	\$5,174,780,465	\$5,593,039,896	\$6,251,646,154	\$7,361,867,510
Growth rate		8.08%	11.78%	17.76%
<b>STATE</b>				
State FEFP Share	\$6,768,481,360	\$6,754,318,714	\$6,569,745,639	\$6,485,575,967
Growth rate		-0.21%	-2.73%	-1.28%
Lottery Discretionary	\$263,449,842	\$263,449,842	\$129,287,546	\$105,862,031
School Recognition	n/a	n/a	\$134,162,296	\$157,587,811
Major Categoricals	\$1,226,478,644	\$1,749,221,923	\$2,292,423,112	\$2,903,256,536
PECO*	\$286,333,634	\$265,699,274	\$326,846,055	\$456,136,205
<b>STATE TOTAL</b>	\$8,544,743,480	\$9,032,689,753	\$9,452,464,648	\$10,108,418,550
Growth rate	49.46%	47.92%	45.71%	44.02%
Required to bring state to 55%	\$958,040,472	\$1,334,522,148	\$1,919,985,310	\$2,522,301,704
<b>LOCAL</b>				
Required Local Prop Tax (RLE)	\$5,174,780,465	\$5,593,039,896	\$6,251,646,154	\$7,361,867,510
Growth rate		8.08%	11.78%	17.76%
Local Discretionary Prop Tax	\$601,911,527	\$667,516,394	\$877,976,389	\$1,056,260,360
Additional Prop Tax**	\$2,641,353,532	\$2,862,730,141	\$3,237,594,550	\$3,503,399,496
TOTAL-Local Property Tax	\$8,418,045,524	\$9,123,286,431	\$10,367,217,093	\$11,921,527,366
Growth rate		8.38%	13.63%	14.99%
Add local impact fees/sales taxes	\$315,000,000	\$693,500,000	\$857,500,000	\$935,000,000
Growth rate		120.16%	23.65%	9.04%
<b>LOCAL TOTAL</b>	\$8,733,045,524	\$9,816,786,431	\$11,224,717,093	\$12,856,527,366
Growth rate	50.54%	52.08%	54.29%	55.98%
<b>TOTAL STATE-LOCAL</b>	\$17,277,789,004	\$18,849,476,184	\$20,677,181,741	\$22,964,945,916
Growth rate		9.10%	9.70%	11.06%

**SPECIAL NOTE:** State share of funding from state-local sources started declining in FY 2001-02 from the historic level of 55% to 50-50; ultimately 44-56 in FY 2006-07

Sources: FI Department of Education <http://www.firn.edu/doe/fefp/offrfefp.html> or <http://www.floridalci.gov/data/ToF.html> and Florida Joint Legislative Committee on Intergovernmental Relations <http://www.fldoe.org/strategy/fefp1st.asp>

\*Excludes the non-recurring \$100million in FY06 and \$1.1billion in FY07 appropriated for "class size" construction

\*\*NOTE: The Florida Legislative Committee on Intergovernmental Relations (LCIR) reports the following local school property tax levies in their ad valorem tax profiles which relies on: County Just Values, School District Taxable Values, and School District Taxes Levied; Florida Department of Revenue, "Florida Property Valuations & Tax Data 2005".

School District Millage Rates: Florida Department of Education, Office of Funding and Financial Reporting, "2005-06 School District Millages" as reported in School Districts' Summary Budgets.

\*\*LCIR Report includes Local Capital Outlay & Debt Service Property taxes of 2.462 mills in 2005-06, and 1 estimate 2.125 mills in 2005-07

**TABLE 2  
FLORIDA PUBLIC SCHOOL REVENUES FOR FISCAL YEARS 1998 TO 2004**

	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
<b>BASIC FEFP PROGRAM</b>	\$8,941,969,668	\$9,616,572,033	\$9,374,587,134	\$10,533,964,117	\$10,519,078,300	\$11,347,826,656	\$11,879,823,253
Growth rate		7.54%	-2.52%	12.37%	-0.14%	7.88%	4.69%
Required Local Effort (Property tax)	\$3,645,814,080	\$3,867,204,014	\$3,829,786,702	\$4,075,445,978	\$4,373,074,460	\$4,785,665,113	\$5,174,780,465
Growth rate		6.07%	-0.97%	6.41%	7.30%	9.43%	8.13%
State Funding	\$5,296,155,588	\$5,748,662,673	\$5,558,212,435	\$6,458,518,139	\$6,126,366,741	\$6,562,161,543	\$6,705,042,788
Growth rate		8.54%	-3.31%	16.20%	-5.14%	7.11%	2.18%
<b>ALL GOVERNMENTAL FUNDING REPORTS</b>							
STATE	\$7,746,016,727	\$8,716,955,080	\$8,803,428,356	\$9,120,855,705	\$8,531,760,502	\$8,683,712,156	\$9,591,214,663
State share of state-local	54.67%	56.09%	55.56%	55.02%	51.90%	50.37%	50.25%
LOCAL	\$6,423,103,824	\$6,822,742,729	\$7,040,326,697	\$7,457,963,310	\$7,908,638,710	\$8,554,969,309	\$9,497,353,033
Local share of state-local	45.33%	43.91%	44.44%	44.98%	48.10%	49.63%	49.75%
to bring state to 55%	\$46,999,576	-\$170,121,285	-\$89,363,077	-\$2,505,247	\$510,459,065	\$797,562,650	\$907,497,570
SUBTOTAL STATE-LOCAL	\$14,169,120,551	\$15,539,697,809	\$15,843,755,053	\$16,578,819,015	\$16,440,399,212	\$17,238,681,465	\$19,088,567,696
FEDERAL	\$1,145,240,152	\$1,301,427,692	\$1,429,394,893	\$1,599,658,631	\$1,799,514,732	\$1,999,264,488	\$2,220,113,310
Total all government sources	\$15,314,360,703	\$16,841,125,501	\$17,273,149,946	\$18,178,477,646	\$18,239,913,944	\$19,237,945,953	\$21,308,681,006
Growth rate		9.97%	2.57%	5.24%	0.34%	5.47%	10.76%
<b>FEFP SCHOOL POPULATION REPORTS</b>							
Unweighted FTE	2,293,898	2,339,358	2,328,851	2,388,756	2,453,550	2,497,989	2,551,438
Growth rate		1.98%	-0.45%	2.57%	2.71%	1.81%	2.14%
Weighted FTE	2,887,907	2,921,666	2,848,883	2,597,317	2,675,139	2,738,931	2,812,387
Growth rate		1.17%	-2.49%	-8.83%	3.00%	2.38%	2.68%

Source: Florida Department of Education "PROFILES OF FLORIDA SCHOOL DISTRICT FINANCIAL DATA," EIAS SERIES found at <http://www.flm.edu/doe/fefp/profile.htm>.



**TABLE 4  
FLORIDA'S CONSTITUTIONAL CAP ON STATE REVENUES (1994 Constitutional Amendment) FY 2003-2011\***

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
		Adjusted <sup>1</sup>			Estimated	Projected	Projected	Projected	Projected	
	[millions \$]									
Total receipts	\$33,474.1	\$35,823.6	\$40,252.2	\$44,518.4	\$44,342.0	\$45,490.0	\$47,938.9	\$50,375.0	\$52,994.1	
Less refunds	\$522.0	\$519.8	\$426.1	\$462.1	\$461.9	\$553.5	\$619.5	\$667.5	\$713.8	
<b>NET RECEIPTS</b>	<b>\$32,952.1</b>	<b>\$35,303.8</b>	<b>\$39,826.1</b>	<b>\$44,056.3</b>	<b>\$43,880.1</b>	<b>\$44,936.5</b>	<b>\$47,319.4</b>	<b>\$49,707.5</b>	<b>\$52,280.3</b>	
Less:										
Debt Service	\$1,835.4	\$1,955.8	\$2,124.8	\$2,051.5	\$2,342.0	\$2,549.6	\$2,672.2	\$2,784.5	\$2,897.6	
Medicaid	\$4,300.6	\$5,053.3	\$5,904.1	\$5,904.1	\$6,317.5	\$6,840.5	\$7,431.2	\$8,207.6	\$9,062.6	
Lottery Prizes	\$1,547.2	\$1,734.5	\$2,024.9	\$2,404.9	\$2,560.9	\$2,612.1	\$2,640.3	\$2,668.4	\$2,695.2	
<b>STATE REVENUES</b>	<b>\$25,268.9</b>	<b>\$26,560.2</b>	<b>\$29,772.3</b>	<b>\$33,695.8</b>	<b>\$32,659.7</b>	<b>\$32,934.3</b>	<b>\$34,575.7</b>	<b>\$36,047.0</b>	<b>\$37,624.9</b>	
Current Limit <sup>3</sup>	6.02%	5.58%	4.95%	4.86%	5.40%	6.39%	6.98%	7.39%	7.25%	
<b>STATE REVENUE CAP<sup>3</sup></b>	<b>\$30,232.7</b>	<b>\$31,101.4</b>	<b>\$32,640.9</b>	<b>\$34,227.3</b>	<b>\$36,075.5</b>	<b>\$38,380.8</b>	<b>\$41,059.7</b>	<b>\$44,094.1</b>	<b>\$47,290.9</b>	
under cap: if bold (over c	<b>\$4,963.8</b>	<b>\$4,541.2</b>	<b>\$2,868.6</b>	<b>\$531.5</b>	<b>\$3,415.8</b>	<b>\$5,446.5</b>	<b>\$6,484.0</b>	<b>\$8,047.1</b>	<b>\$9,666.0</b>	

TAX CUTS SINCE 1999 SESSION per Executive Office of Governor (June 2006); see tables 7 and 7A

<b>TOTAL TAX CUTS</b>	<b>\$1,106</b>	<b>\$1,488</b>	<b>\$1,991</b>	<b>\$2,530</b>	<b>\$3,034</b>	<b>\$3,034</b>	<b>\$3,280.0</b>	<b>\$4,163.9</b>	<b>\$5,186.8</b>	<b>\$6,362.5</b>
	<b>-22.28%</b>	<b>-32.77%</b>	<b>-69.41%</b>	<b>-476.04%</b>	<b>-88.82%</b>	<b>-88.82%</b>	<b>73.84%</b>	<b>64.22%</b>	<b>64.46%</b>	<b>65.82%</b>
Intangible	-\$420	-\$603	-\$664	-\$801	-\$976	-\$976				
Estate	-\$140	-\$311	-\$645	-\$989	-\$1,104	-\$1,104				
All others	\$1,666.0	\$2,402.0	\$3,300.0	\$4,320.0	\$5,114.0	\$5,114.0				
Add corporate income tax avoidance										
Cost to make state 55% <sup>5</sup>	\$797.6	\$958.0	\$1,334.5	\$1,920.0	\$2,522.3	\$3,280.0	\$4,163.9	\$5,186.8	\$6,362.5	
% of revenues available u	<b>16.07%</b>	<b>21.10%</b>	<b>46.52%</b>	<b>361.26%</b>	<b>73.84%</b>	<b>60.22%</b>	<b>64.22%</b>	<b>64.46%</b>	<b>65.82%</b>	
Cost to assure health care for all kids										

\*DATA IS TAKEN FROM OFFICIAL CONSENSUS REPORTS

<sup>1</sup>2003-04 and thereafter adjusted for university devolution

<sup>2</sup>Excluded in current Constitution

<sup>3</sup>Current constitution limits state revenue growth based on Florida Personal Income Growth over prior 20 quarters

<sup>4</sup>Positive (+) indicates revenues under the limit; negative (-) indicates that revenues are over limit

<sup>5</sup>Amount required to bring state funding up to 55% of state-local funds in public schools

Source: calculated from data in Tables 1 & 2 of this presentation

TABLE 5  
5 YEAR HISTORY--REVENUE UNDER PROPOSED HOUSE CAP\*

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	Base year		Adjusted <sup>1</sup>			
Total receipts	\$30,787.7	\$31,877.9	\$33,474.1	\$35,823.6	\$40,252.2	\$44,518.4
Less refunds	\$538.3	\$609.8	\$522.0	\$519.8	\$426.1	\$462.1
NET RECEIPTS	\$30,249.4	\$31,268.1	\$32,952.1	\$35,303.8	\$39,826.1	\$44,056.3
Less:						
Debt Service	\$1,480.5	\$1,581.7	\$1,835.4	\$1,955.8	\$2,124.8	\$2,051.5
Lottery Prizes	\$1,139.7	\$1,159.2	\$1,547.2	\$1,734.5	\$2,024.9	\$2,404.9
STATE REVENUES (House <sup>2</sup> )	\$27,629.2	\$28,527.2	\$29,569.5	\$31,613.5	\$35,676.4	\$39,599.9
Pop plus CPI, consensus	5.78%	3.90%	4.56%	4.79%	5.46%	6.26%
Pop plus CPI, House	3.67%	9.89%	4.56%	3.74%	4.05%	5.09%
Proposed House CAP, consensus		\$28,707.0	\$30,017.2	\$31,456.5	\$33,174.5	\$35,251.3
Proposed House CAP, House		\$30,361.0	\$31,744.6	\$32,933.0	\$34,266.7	\$36,011.6
Consensus--under cap, if <b>bold (over cap)</b> <sup>4</sup>		\$179.8	\$447.7	<b>-\$157.0</b>	<b>-\$2,501.9</b>	<b>-\$4,348.6</b>
House--under cap, if <b>bold (over cap)</b> <sup>4</sup>		\$1,833.8	\$2,175.1	\$1,319.5	<b>-\$1,409.7</b>	<b>-\$3,588.3</b>
Current constitution--under cap, if <b>bold (over cap)</b> <sup>4</sup>		\$3,556.0	\$4,963.8	\$4,541.2	\$2,868.6	\$531.4
To bring state to 55% <sup>5</sup>		<b>-\$2.5</b>	\$510.5	\$797.6	\$958.0	\$1,334.5
To pay for KidsHealth <sup>5</sup>						\$1,920.0

under construction--figures not currently available

\*DATA IS TAKEN FROM OFFICIAL CONSENSUS REPORTS

<sup>1</sup><http://edfr.state.fl.us/conferences.htm>

<sup>2</sup>2003-04 and thereafter adjusted for university devolution

<sup>3</sup>Taken from statement at 2/22 House press conference "for the first time, Medicaid revenues would be placed within the revenue growth limitation..."

<sup>4</sup>House limits are based on combined growth in Population and Inflation

<sup>5</sup>Positive (+) indicates revenues under the limit; **negative in bold (-)** indicates that revenues are over limit

Amount required to bring state funding up to 55% of state--local funds in public schools and to assure health care for all kids

Following assumptions used to calculate various cap proposals:

Pop plus CPI, consensus	5.78%	3.90%	4.56%	4.79%	5.46%	6.26%
Pop plus CPI, House	3.67%	9.89%	4.56%	3.74%	4.05%	5.09%
Constitutional-ave. of 5yr P.I.	6.02%	5.83%	6.02%	5.58%	4.95%	4.86%

TABLE 6  
5 YEAR PROJECTION--REVENUE UNDER PROPOSED HOUSE CAP\*

	2006-07	2007-08	2008-09	2009-10	2010-11
	Estimated	Projected	Projected	Projected	Projected
Total receipts	\$44,342.0	\$45,490.0	\$47,938.9	\$50,375.0	\$52,994.1
Less refunds	\$461.9	\$553.5	\$619.5	\$667.5	\$713.8
<b>NET RECEIPTS</b>	<b>\$43,880.1</b>	<b>\$44,936.5</b>	<b>\$47,319.4</b>	<b>\$49,707.5</b>	<b>\$52,280.3</b>
Less:					
Debt Service	\$2,342.0	\$2,549.6	\$2,672.2	\$2,784.5	\$2,897.6
Lottery Prizes	\$2,560.9	\$2,612.1	\$2,640.3	\$2,668.4	\$2,695.2
<b>STATE REVENUES (House**)</b>	<b>\$38,977.2</b>	<b>\$39,774.8</b>	<b>\$42,006.9</b>	<b>\$44,254.6</b>	<b>\$46,687.5</b>
Pop plus CPI, consensus	4.30%	4.15%	4.50%	4.18%	3.95%
Pop plus CPI, House	5.87%	4.93%	3.64%	4.47%	4.37%
Proposed House limit, consensus	\$36,765.4	\$38,291.9	\$41,564.5	\$43,764.0	\$46,001.9
Proposed House limit, House	\$38,125.4	\$40,006.0	\$41,460.7	\$43,312.9	\$45,205.7
<b>over cap-/under<sup>4</sup></b>	<b>-\$2,211.8</b>	<b>-\$1,482.9</b>	<b>-\$442.4</b>	<b>-\$490.6</b>	<b>-\$685.6</b>
<b>over cap-/under<sup>4</sup></b>	<b>-\$851.8</b>	<b>\$231.2</b>	<b>-\$546.2</b>	<b>-\$941.7</b>	<b>-\$1,481.8</b>
<b>over cap-/under<sup>4</sup></b>	<b>\$3,415.8</b>	<b>\$5,446.5</b>	<b>\$6,484.0</b>	<b>\$8,047.1</b>	<b>\$9,666.0</b>
To bring state to 55% <sup>5</sup>	<b>\$2,522.3</b>	<b>\$3,280.0</b>	<b>\$4,163.9</b>	<b>\$5,186.8</b>	<b>\$6,362.5</b>
To pay for KidsHealth <sup>5</sup>	under construction--figures not currently available				

\*DATA IS TAKEN FROM OFFICIAL CONSENSUS REPORTS

<sup>1</sup>2003-04 and thereafter adjusted for university devolution

<sup>2</sup>Taken from statement at 2/22 House press conference "for the first time, Medicaid revenues would be placed within the revenue growth limit"

<sup>3</sup>House limits are based on combined growth in Population and Inflation

<sup>4</sup>Positive (+) indicates revenues under the limit, negative (-) indicates that revenues are over limit

<sup>5</sup>Amount required to bring state funding up to 55% of state--local funds in public schools and to assure health care for all kids

Following assumptions used to calculate various cap proposals:

Pop plus CPI, consensus	4.30%	4.15%	4.50%	4.18%	3.95%
Pop plus CPI, House	5.87%	4.93%	3.64%	4.47%	4.37%
Constitutional-Syr P. I. ave.	5.40%	6.39%	6.98%	7.39%	7.25%

**TABLE 7**  
**STATE TAX CUTS SINCE 1999--BUSH ADMINISTRATION**

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	[millions \$]							
Eliminate intangible tax	\$265	\$514	\$483	\$420	\$603	\$664	\$801	\$976
Eliminate estate tax				\$140	\$311	\$645	\$989	\$1,104
1999 "Burdensome" package	\$199	\$179	\$188	\$198	\$208	\$210	\$212	\$214
Sales tax "holidays"	\$35	\$41	\$30			\$36	\$48	\$123
Reduce/Repeal "by the drink"		\$39	\$42	\$42	\$45	\$47	\$49	\$96
Others	\$225	\$227	\$239	\$306	\$321	\$390	\$431	\$521
<b>TOTAL</b>	\$725	\$1,000	\$982	\$1,106	\$1,488	\$1,991	\$2,530	\$3,034

Source EOG (June 2006)--see attached Table 7A

Add failure to modify corporate income tax to address avoidance under construction; data soon to be available  
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**TABLE 7A  
STATE AND LOCAL TAX CUTS**

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<u>1999 Session Total</u>	<u>1,017</u>	<u>834</u>	<u>849</u>	<u>845</u>	<u>916</u>	<u>997</u>	<u>1,076</u>	<u>1,212</u>
Sales Tax: Tax Holiday on Clothing	(35)	-	-	-	-	-	-	-
Taxpayer Fairness/Burdensome Taxes	(199)	(179)	(188)	(198)	(208)	(210)	(212)	(214)
Intangibles Tax: Rate Reduction & Accounts Receivable Phase-out	(265)	(271)	(255)	(222)	(255)	(281)	(285)	(290)
Unemployment Compensation Reduction	(187)	-	-	-	-	-	-	-
Property Taxes: Required Local Effort Rate Reduction	(292)	(316)	(335)	(352)	(375)	(424)	(493)	(618)
Interstate/International Business Competitiveness	(13)	(34)	(36)	(38)	(40)	(42)	(44)	(46)
Administration Clarification	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Taxpayer Simplification	1	(8)	(7)	(7)	(7)	(8)	(8)	(8)
Other	(9)	(8)	(8)	(8)	(9)	(9)	(10)	(10)
<u>2000 Session Total</u>	-	<u>546</u>	<u>505</u>	<u>469</u>	<u>518</u>	<u>557</u>	<u>584</u>	<u>621</u>
Intangibles Tax: Rate Reduction/Acct Rec/Trusts		(243)	(228)	(198)	(228)	(251)	(255)	(259)
Sales Tax: Tax Holiday on Clothing		(41)	-	-	-	-	-	-
Health Care Assessments: 1/2 Repeal Outpatient Services		(28)	(28)	(30)	(31)	(33)	(34)	(36)
Sales Tax: Exempt 501(c)(3) Organizations		(10)	(26)	(27)	(28)	(30)	(31)	(33)
Alcoholic Beverage Tax: Reduce By-the-Drink Tax by 1/2		(39)	(42)	(42)	(45)	(47)	(49)	(51)
Pari-mutuels Taxes: Tax break package for whole industry		(23)	(23)	(16)	(21)	(20)	(20)	(20)
Inspection Fees: Vehicle Emissions Repeal		(51)	(52)	(53)	(55)	(56)	(57)	(59)
Professional Fees: Fee Holiday		(8)	(7)	-	-	-	-	-
Sales Tax: Entertainment Facility Exemptions		(13)	(3)	(3)	(4)	(4)	(4)	(4)
Sales Tax: Registration Tax Elimination		(8)	(8)	(9)	(9)	(9)	(10)	(10)
Other		(19)	(20)	(21)	(22)	(23)	(24)	(25)
Property Taxes: Required Local Effort Rate Reduction		(63)	(67)	(70)	(75)	(85)	(99)	(124)
<u>2001 Session Total</u>			<u>129</u>	<u>145</u>	<u>271</u>	<u>297</u>	<u>318</u>	<u>355</u>
Sales Tax: Clothing Holiday			(30)	-	-	-	-	-
Corporate Income Tax: Low Income Scholarship Tax Credits			-	(48)	(48)	(48)	(48)	(48)
Intangible Tax: Increase Exemptions (delayed during special session)			-	-	(120)	(132)	(134)	(136)
Property Taxes: Required Local Effort Rate Reduction			(99)	(98)	(104)	(118)	(137)	(172)
<u>2002 Session Total</u>				<u>176</u>	<u>347</u>	<u>682</u>	<u>1,025</u>	<u>1,140</u>
Unemployment Compensation Tax: Tax Rate Trigger Lowered				(24)	(24)	(24)	(24)	(24)
Property Tax: Increase Exemption for Partially Disabled Veterans				(9)	(9)	(9)	(9)	(9)
Estate Tax: Federal Phase-out				(140)	(311)	(645)	(989)	(1,104)
Handicap Parking Permit: Eliminate				(3)	(3)	(3)	(3)	(3)
<u>2003 Session Total</u>					<u>102</u>	<u>115</u>	<u>181</u>	<u>204</u>
Corporate Income Tax: Low Income Scholarship Tax Credits							(47)	(36)
Property Taxes: Required Local Effort Rate Reduction					(102)	(115)	(134)	(168)
<u>2004 Session Total</u>						<u>281</u>	<u>215</u>	<u>270</u>
Motor Fuel Tax: Tax Holiday for One Month						(60)	-	-
Sales Tax: Tax Holiday on Clothing/School Supplies/Books						(36)	-	-
Property Taxes: Required Local Effort Rate Reduction						(185)	(215)	(270)
<u>2005 Session Total</u>							<u>461</u>	<u>519</u>
Intangibles Tax: Rate Reduction							(127)	(161)
Property Taxes: Required Local Effort Rate Reduction							(242)	(304)
Sales Tax: Tax Holiday on Clothing/School Supplies/Books							(38)	
Sales Tax: Hurricane Preparedness Tax Holiday							(10)	
Sales Tax: Exempt Power Farm Equipment							(11)	(12)
Sales/Corporate Taxes: Community Contribution Tax Credit							(11)	(14)
Communications Services Tax: Repeal Tax on Substitute Systems							(0)	(0)
Other							(22)	(28)
<u>2006 Governor's Recs. Enacted</u>								<u>376</u>
Intangibles Tax: Elimination								(130)
Sales Tax: Tax Holiday on Clothing/School Supplies/Books								(40)
Sales Tax: Hurricane Preparedness Tax Holiday								(83)
Sales Tax: Manufacturing M & E								(24)
Sales Tax: Research & Development M & E								(37)
Sales Tax: Space & Defense M & E								(3)
Alcoholic Beverage Tax: Elimination								(45)
Various Taxes: Energy Incentives								(15)

<b>Annual Total Savings</b>	<b>1,017</b>	<b>1,380</b>	<b>1,483</b>	<b>1,635</b>	<b>2,154</b>	<b>2,929</b>	<b>3,860</b>	<b>4,698</b>
Less "Property Taxes: Required Local Effort Rate Reduction"	(292)	(380)	(501)	(529)	(666)	(938)	(1,330)	(1,664)
<b>STATE SAVINGS</b>	<b>725</b>	<b>1,000</b>	<b>982</b>	<b>1,106</b>	<b>1,488</b>	<b>1,991</b>	<b>2,530</b>	<b>3,034</b>
<b>Cumulative Total of Tax Savings</b>	<b>1,017</b>	<b>2,397</b>	<b>3,879</b>	<b>5,514</b>	<b>7,668</b>	<b>10,597</b>	<b>14,457</b>	<b>19,155</b>

TABLE 8  
VARIOUS CPI CALCULATIONS FROM BUREAU OF LABOR STATISTICS

US BLS CONSUMER PRICE INDEX, URBAN CONSUMERS, US CITY AVERAGE, ALL ITEMS, MEDICAL CARE AND ENERGY COMPONENTS

Series Id: SUUR0000SA0  
Not Seasonally Adjusted  
Area: U.S. city average  
Item: All items  
Base Period: DECEMBER 1999=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Annual %
1999													100	
2000	100.3	100.9	101.6	101.6	101.7	102.1	102.3	102.3	102.8	102.9	102.8	102.6	102	2.00%
2001	103.3	103.7	103.9	104.2	104.6	104.8	104.5	104.6	104.9	104.7	104.4	103.9	104.3	2.25%
2002	104.2	104.5	105.1	105.6	105.6	105.6	105.7	106	106.3	106.4	106.3	106	105.6	1.25% 5 yr ave%
2003	106.5	107.3	107.9	107.7	107.5	107.6	107.7	108.2	108.5	108.4	108	107.8	107.8	2.08% 1.56%
2004	108.5	109.1	109.7	110	110.6	110.8	110.7	110.7	111	111.6	111.6	111.2	110.5	2.50% 1.70%
2005	111.4	111.9	112.6	113.4	113.3	113.2	113.7	114.3	115.6	115.7	114.9	114.4	113.7	2.90% 1.88%
2006	115.2(U)	115.5(U)	116.1(U)	116.8(U)	117.3(U)	117.5(U)	117.7(U)	117.9(U)	117.6(U)	117.2(U)	117.0(U)	117.1(U)	116.9(U)	2.81% 2.26%
2007	117.417(I)													8yr ave% 2.11%

Series Id: SUUR0000SAM  
Not Seasonally Adjusted  
Area: U.S. city average  
Item: Medical care  
Base Period: DECEMBER 1999=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Annual %
1999													100	
2000	100.5	101.1	101.5	101.7	102	102.4	102.8	103.1	103.3	103.5	103.6	104	102.5	2.50%
2001	104.9	105.6	106	106.3	106.6	106.9	107.1	107.7	107.9	108.3	108.6	108.9	107.1	4.49%
2002	109.7	110.2	110.6	111.1	111.4	111.6	112.3	112.6	112.9	113.5	114	114.3	112	4.58% 5 yr ave%
2003	114.7	115.1	115.3	115.5	115.8	116	116.5	116.8	117.2	117.4	117.8	118.3	116.4	3.93% 3.28%
2004	119	119.9	120.4	120.6	120.9	121.3	121.7	121.9	122.2	122.6	122.8	123.2	121.4	4.30% 3.78%
2005	124	124.8	125.3	125.7	125.9	126.3	126.6	126.7	127.1	127.6	128.2	128.4	126.4	4.12% 3.86%
2006	128.8(U)	129.8(U)	130.4(U)	130.8(U)	131.1(U)	131.3(U)	131.6(U)	131.9(U)	132.1(U)	132.5(U)	132.7(U)	132.7(U)	131.3(U)	3.88% 3.86%
2007	133.996(I)													8yr ave% 3.91%

Series Id: SUUR0000SAOE  
Not Seasonally Adjusted  
Area: U.S. city average  
Item: Energy  
Base Period: DECEMBER 1999=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Annual %
1999													100	
2000	100.2	103.7	108.9	107.8	108	115.3	115.4	111.9	115.9	114	113.4	112.6	110.6	10.60%
2001	116.8	116.4	114.4	117.5	123.7	124.7	117.4	114.8	117.9	108.7	102.6	98.3	114.4	3.44%
2002	98.6	97.8	101.9	107.9	108.5	110.4	110.9	111.2	111.4	110.7	110.3	108.6	107.4	-6.12% 5 yr ave%
2003	112.4	118.9	125.4	121.5	118.1	120.6	120.9	124.4	128	120.9	117.4	116.4	120.4	12.10% 4.08%
2004	121.3	123.9	125.6	128	135.1	140.3	137.2	136.2	135.5	138.1	138.5	134.4	132.8	10.30% 4.44%
2005	132.9	135.6	140.2	148.7	147.4	149.2	155.5	162.7	180	175.4	160.8	154.5	153.6	15.66% 7.84%
2006	162.5(U)	160.3(U)	162.0(U)	171.9(U)	177.9(U)	180.5(U)	183.3(U)	183.1(U)	171.3(U)	156.0(U)	155.5(U)	159.6(U)	168.7(U)	9.83% 12.26%
2007	158.361(I)													8yr ave% 8.59%

Series Id: SUUR0000SAM2  
Not Seasonally Adjusted  
Area: U.S. city average  
Item: Medical care services  
Base Period: DECEMBER 1999=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Annual %
1999													100	
2000	100.6	101.3	101.7	102	102.2	102.7	103.1	103.5	103.7	103.9	104.1	104.4	102.8	2.80%
2001	105.5	106.1	106.5	106.8	107	107.3	107.5	108.1	108.3	108.7	109.1	109.3	107.5	4.57%
2002	110.3	110.9	111.3	111.8	112.1	112.3	113.2	113.5	113.8	114.6	115.1	115.5	112.9	5.02% 5 yr ave%
2003	115.9	116.5	116.6	116.8	117.2	117.5	118	118.3	118.7	119.1	119.6	120.2	117.9	4.43% 3.58%
2004	121	122	122.6	122.8	123.2	123.7	124.1	124.3	124.6	125	125.5	126	123.7	4.92% 4.18%
2005	126.9	128	128.6	129	129.2	129.5	129.9	129.9	130.3	130.8	131.4	131.6	129.6	4.77% 4.42%
2006	132.0(U)	133.1(U)	133.8(U)	134.2(U)	134.5(U)	134.7(U)	135.0(U)	135.3(U)	135.6(U)	136.1(U)	136.6(U)	136.8(U)	134.8(U)	4.01% 4.38%
2007	138.171(I)													8yr ave% 4.35%