

Mayor's Remarks
Property Tax Reform Press Conference
February 27, 2007

Good Morning, and thank you for joining us today.

First and foremost, Floridians need and want property tax relief and they need and want to know that our tax system is equitable. Let me make this clear, the cities and counties in the State of Florida did not create the current inequities in our local property taxation, but we do have to live with its consequences. One week from today Florida's 2007 legislative session- the first session under the leadership of Governor Crist- will begin. As always, there will be several important topics for our legislators to consider, but there is one issue in particular that will affect every citizen in the state, and that issue is tax reform.

Everyday our citizens are affected by local government's ability to provide essential services. From fire and police protection, to wastewater, transportation and utilities, local government is the government that is closest to the people. We must be mindful that as we talk about tax reform we are, in essence, experimenting with local government's ability to provide services in a stable and reliable manner. A recent poll of Florida residents highlighted a few points that I would like to share with you:

Voters consistently favor 'local' over 'state' in virtually every category. They see their local governments more favorably and trustworthy than either the state or federal governments. They don't like the state meddling in local affairs; they don't like mandates and generally feel the state should tend to state business. They feel cities spend their money more

wisely, provide better services, and they fundamentally believe that ‘city governments work best because they are closest to the people they serve’.

I think we all agree that property tax reform is needed, but it should be approached comprehensively. We need to get all the issues out on the table to craft the comprehensive solution that our citizens are asking for. The voice of local government is not being heard, but that will change. For example, local government is not represented on the recently appointed Tax and Budget Reform Commission. There is not one elected - City Commissioner, County Commissioner, or Mayor- that has been asked to sit on this Commission, and therein lies the problem. Tax reform will change the very core of local service and funding mechanisms, and it is imperative that local governments have their voices heard on this issue.

Under Governor Crist's plan to double the homestead exemption, add portability, and instate commercial caps on taxable property, it is estimated that the impact to the city's general fund, which funds essential services such as police, transportation, i.e., StarMetro, parks and recreation, and public works, is approximately \$6 million dollars. Speaker Rubio's plan signals an even larger departure from the current system of tax collection and funding for municipalities. Under the Speaker's plan, citizens would have the option to vote for the elimination of all property tax assessed on their homestead, and the activities of local government would subsequently be funded by a 2.5% increase in the state's sales tax making it among the highest in the nation. We all know that this could significantly impact new businesses coming to Florida and also potentially send citizens to neighboring states to purchase large ticket items.

There are currently many ideas for tax reform being passed around and it is difficult to say what it will all mean for local governments at this point. We do know, however, that local governments must be part of this discussion.

Now let's talk about the specific circumstances under which the City of Tallahassee has been operating from 1996-2006:

- The city's population increased 25%
- The city's land mass area has increased by 20%
- The number of city employees per 1,000 population has decreased from 20.1 employees per 1,000 to 16.7 employees per 1,000

- The city's general fund, about 1/3 of which goes to fund police protection to our community, has increased a modest 2.9% a year.

What this means is that the City of Tallahassee has lived within our means over the last ten years. In fact, we stretched our resources to accommodate the growth in population and physical size of Tallahassee, which has promoted the provision of additional services including roads, parks & recreation facilities, utility infrastructure, and public safety. Today, we are doing more with less, while maintaining our accountability and responsibility to our citizens. The city is running a lean ship. We've been holding our budget in line, while continuing to maintain high-quality municipal services. As a result, even a modest budget decrease in tax revenues could have serious

consequences in the level and quality of service we are able to provide to our citizens.

We need Tallahassee citizens to let members of our local legislative delegation know that they need to work hard to find solutions to restore *equity* for all Floridians, but not at the expense of a local quality of life, so clearly enjoyed by those of us who call Tallahassee home. Florida is an economically and socially diverse state, and a ‘one-size fits all’ solution to tax reform will not address the needs of south Florida, central Florida and north Florida equally. We need to be allowed to address Tallahassee’s challenges in Tallahassee. When the governor says he wants local governments to ‘cut the fat,’ he hasn’t looked at what we’ve already done here. We value our quality of life in this community and there are certain things that are too important to not have our needs heard on this issue.

Is the current property tax system unfair? Yes, and those inequities must be addressed. The solution, however, must recognize the critical role that local governments play in meeting the needs of our constituents. Taxation and government funding is a complicated issue, and our cities and counties must be an integral part of the conversation if we hope to achieve a workable solution. Thank you, and I welcome any questions at this time.