



City of Gainesville

070687A

Pegeen Hanrahan, Mayor

May 29, 2007

Senator Steve Oelrich
Room 310 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Dear Senator Oelrich:

The City of Gainesville is closely monitoring ongoing efforts by the State Legislature and the Governor to reform the State's Property Tax System. Our City Commission agrees that reform of the State's property tax system is needed. The unintended consequences of the Save Our Homes legislation have had a serious negative economic impact on many homeowners and our State, creating inequities, skewing the real estate market, and impairing the home sales and purchases of longer term residents. This combined with a surge in property assessments and the need to make up for many previous years of inadequate public investment in infrastructure has challenged local budgets and citizens. The result is that reform is needed.

But we do not see how the current proposals at the forefront of the legislative discussion serve this need. It appears to us that the current proposals will surely detrimental to our City as well as to counties and municipalities statewide. In anticipation of the current proposals, our City staff has examined the impact of a 10% cut in revenues. We believe that these resulting reductions are likely to dramatically impact our ability to serve critical needs.

The City of Gainesville and our surrounding community was recently named the number one metropolitan area in the United States and Canada in the publication *Cities Ranked and Rated*, published by Frommer's. We believe that this honor was received in part because of the high level of governance and responsible leadership provided by locally elected officials and the excellent public servants we employ, who may now see their futures and the programs they've built on an arbitrary chopping block. If the ability to practice Home Rule Authority is removed and revenues are slashed, it is doubtful that the City of Gainesville or any metropolitan area in the State of Florida will realize a #1 City distinction again in the future.

Our citizens are voicing increasing dismay at the prospect of losing many of the programs that we will be forced to reduce or eliminate. This City Commission has judiciously exercised its fiscal responsibility with funds provided by its citizens while exercising astute insight into the needs of the community. At a May 21, 2007 Special Meeting, the City Commission unanimously chose to make the following recommendations regarding the Legislature's and Governor's attempt to reform the state's property tax system.

Our City Commission does not endorse a rollback of the assessed base for property taxes. The City Commission takes great pride in the fact that there has been no increase in property tax rates in the City of Gainesville in more than 20 years. In addition, the Commission voted to lower the millage rate for City residents in each of the past two years. If our citizens disagreed, it would be apparent through the democratic process by voting those they feel accountable out of office. To the contrary, our citizens have consistently supported not only their local elected officials, but have also voted to increase local taxes to provide higher levels of services including parks, roads, conservation lands, indigent health care and a new courthouse.

The City Commission strongly believes that the Legislature should wait for the Florida Taxation and Budget Reform Commission to meet and release its report and recommendations regarding Property Tax Reform prior to passing any legislation that will attempt to reform the current situation. This Commission is scheduled to meet this year and will provide information, not only to the Legislature, but to all citizens concerned with the current tax system. We anticipate that forum will provide a more analytical, less politically charged environment in which to evaluate needed changes.

The City Commission believes that appropriate reform of the property tax system is needed, but we believe local government services should remain intact. This Commission is firm in its resolve that, as democratically elected officials serving at the level closest to our people, we are charged to act as responsible stewards of the revenues provided by our constituents. The decisions made regarding the use of those revenues directly reflect the will and needs of the people who elected us. This obligation is also substantiated by the Home Rule Authority included in the City's Charter which is authorized by the State Constitution.

Property tax revenue should be maintained as a reliable, consistent source to fund local government services. General Fund revenue is 43% of the City's Fiscal Year 2008 Total Budget. It is used to fund many local government budget needs, and ad valorem revenue comprises 25% of revenue included in the General Fund. The General Fund pays for many of the service needs that our citizens rely on. A full 48% is used for public safety, which includes police and fire services, 12% is budgeted for debt services, TIF and capital projects, 8% is used for utilities, fuel, insurance, and fleet, and 32% is set aside for other needs such as economic development, parks and recreation, codes enforcement, comprehensive planning and administrative services. It will be virtually impossible to make cuts to the General Fund without reducing funding from each component. If property taxes are not maintained as a reliable source of revenue, there will be severe, adverse impacts to the very services our citizens say they most need and want.

The end result of property tax reform efforts should create a solution that is fair and equitable to all tax payers. The issues in each county and municipality in Florida are unique, and those issues warrant a more thoughtful response than the one-size-fits-all solutions under consideration. As the City of Gainesville has informed the Legislature numerous times during the reform process, we only have approximately 46% of our property on the tax rolls, among the lowest in the state. This is attributable to the significant amount of government-owned land within our city boundary and particularly to the footprint of the University of Florida, and numerous other state-owned institutions and non-profit organizations. The large amount of land in the city that is exempt from taxation will create an unfair burden on remaining taxable properties within the City of Gainesville if the Legislature does not take the uniqueness of each county and municipality into consideration.

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The issue of equity between individual homeowners should be a paramount focus of property tax reform. It is widely accepted that Save Our Homes has created an inequity between homeowners. Neighbors in similar homes can pay dramatically different property taxes depending on when they purchased their home or if one is homesteaded. Save Our Homes has shifted the tax burden to those who have recently been homesteaded or are ineligible for a homestead exemption. It is also the belief of this Commission that property tax reform should include provisions to encourage first time home ownership.

In conclusion, we, the City Commission of Gainesville, Florida, believe that there is a need for a fair and equitable solution to the issue of property tax reform. We view potentially devastating reductions to our city's budget in the face of hurried and inadequately analyzed Legislative action as completely unacceptable and unwarranted. The City Commission unanimously approved the recommendations and stance on Property Tax Reform outlined in this letter. We firmly believe that as democratically elected representatives of the citizens of the City of Gainesville, that we speak on behalf of the great majority of our constituents in our steadfastness and in our position.

Sincerely,



Pegeen Hanrahan
Mayor
City of Gainesville

Attachment(s)