

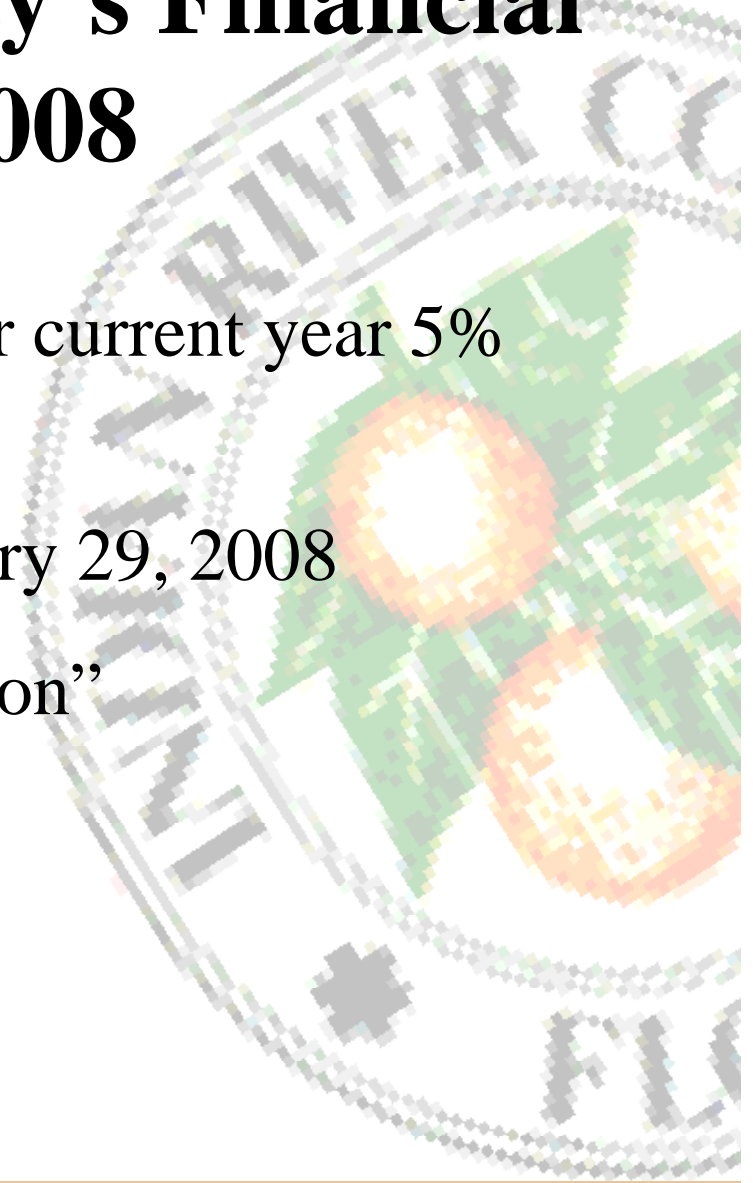
# **Property Tax Reform and Economic Slowdown – Impact on County Budget**

*Board of County Commissioners  
February 19, 2008*



# Indian River County's Financial Status - 2008

- Legislatively imposed cuts for current year 5% reduction (3% ESD)
- Amendment 1 – Passed January 29, 2008
- Economic conditions “recession”
- Real Estate Values
- Taxpayer sentiments

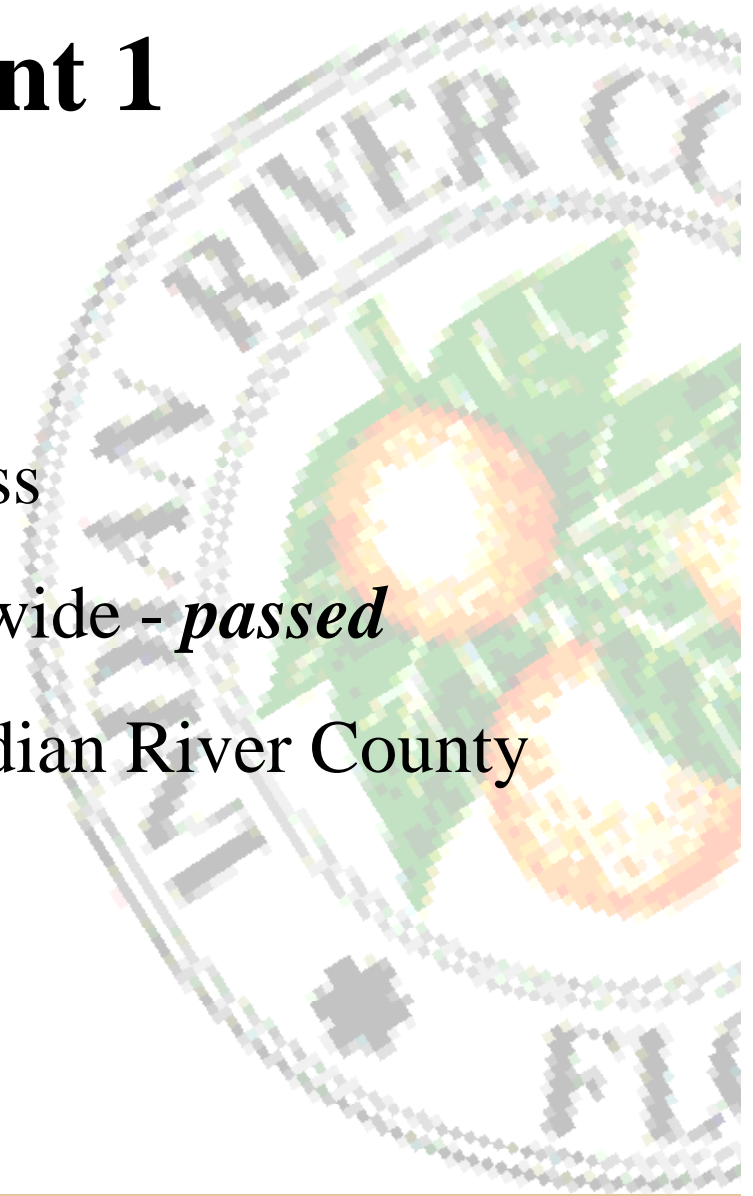


# Financial Reality – Tax Cuts for 2007/08

- Legislatively imposed cuts for current year 5% reduction (3% ESD)
- 57 full-time positions eliminated from 2007/08 budget
- Costs rising - health insurance, retirement, electric, fuel, salaries?

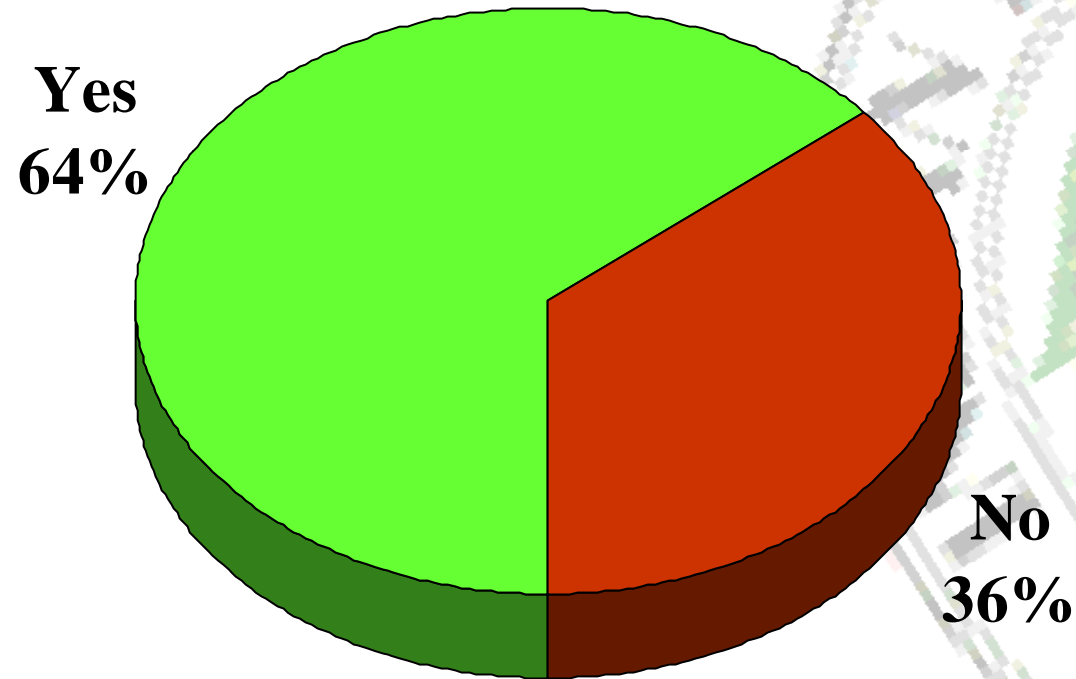
# Amendment 1

- On ballot January 29, 2008
- Required 60% approval to pass
- Received 64% approval statewide - *passed*
- Received 70% approval in Indian River County

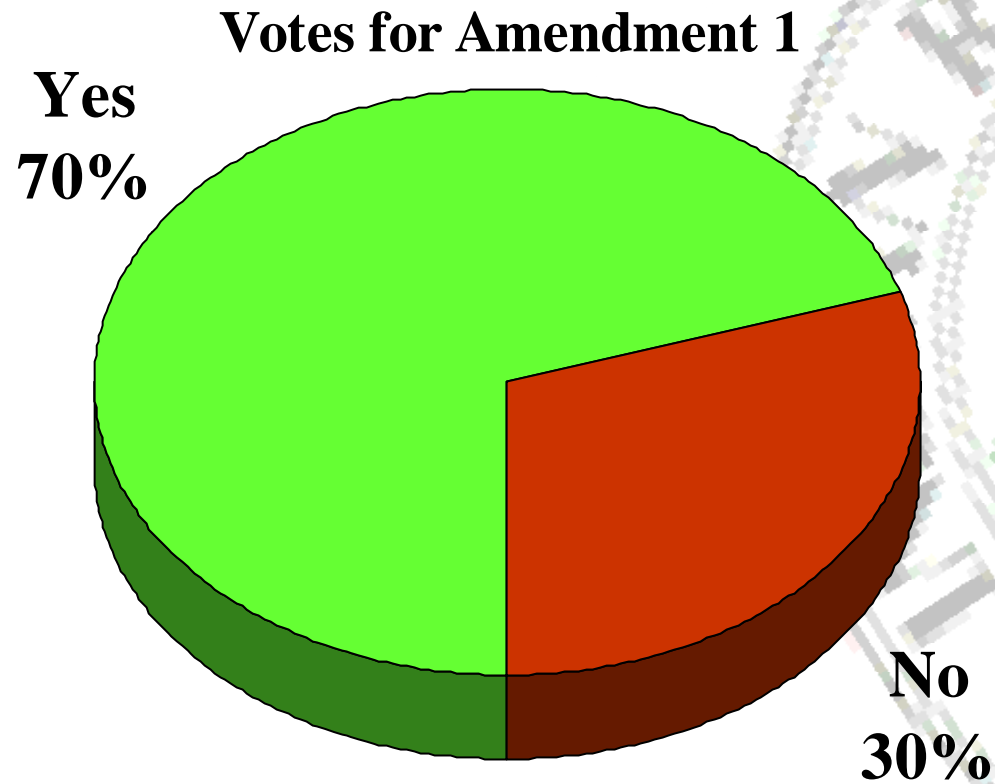


# Amendment 1 – Statewide Vote

Votes for Amendment 1

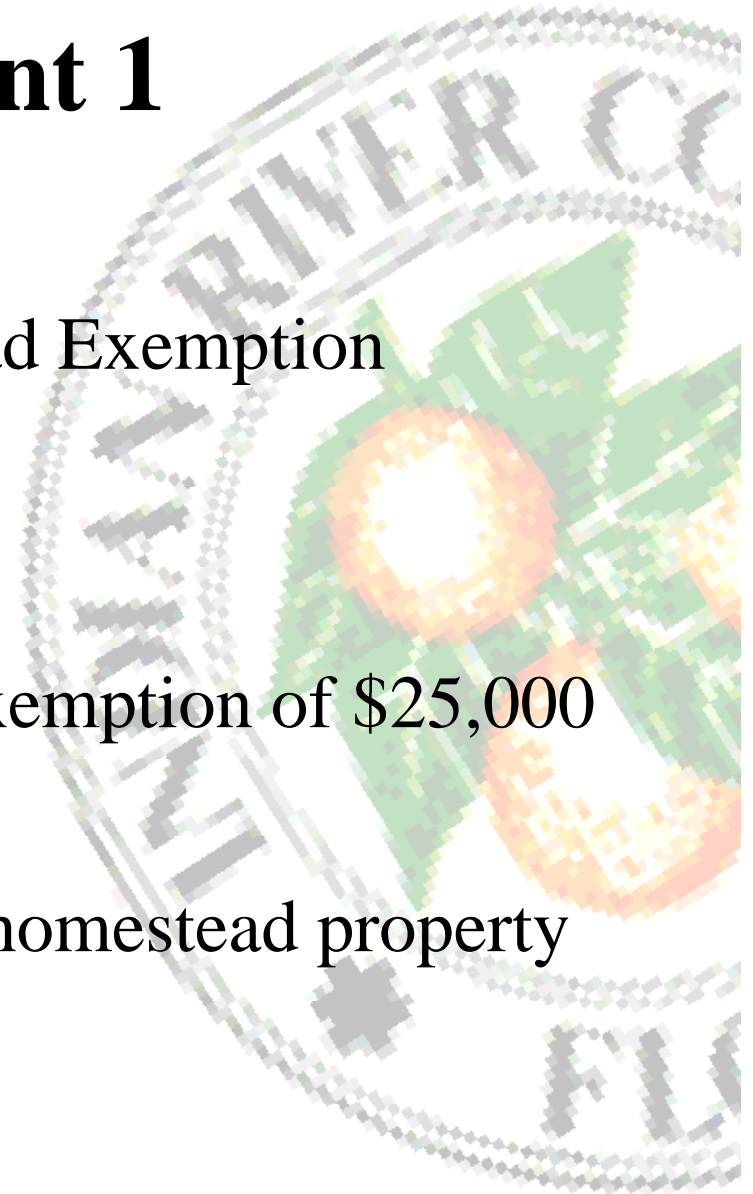


# Amendment 1 – Indian River County Vote



# Amendment 1

- Additional \$25,000 Homestead Exemption (schools exempt)
- Portability up to \$500,000
- Tangible Personal Property exemption of \$25,000 for businesses
- 10% assessment cap for non-homestead property (schools exempt)



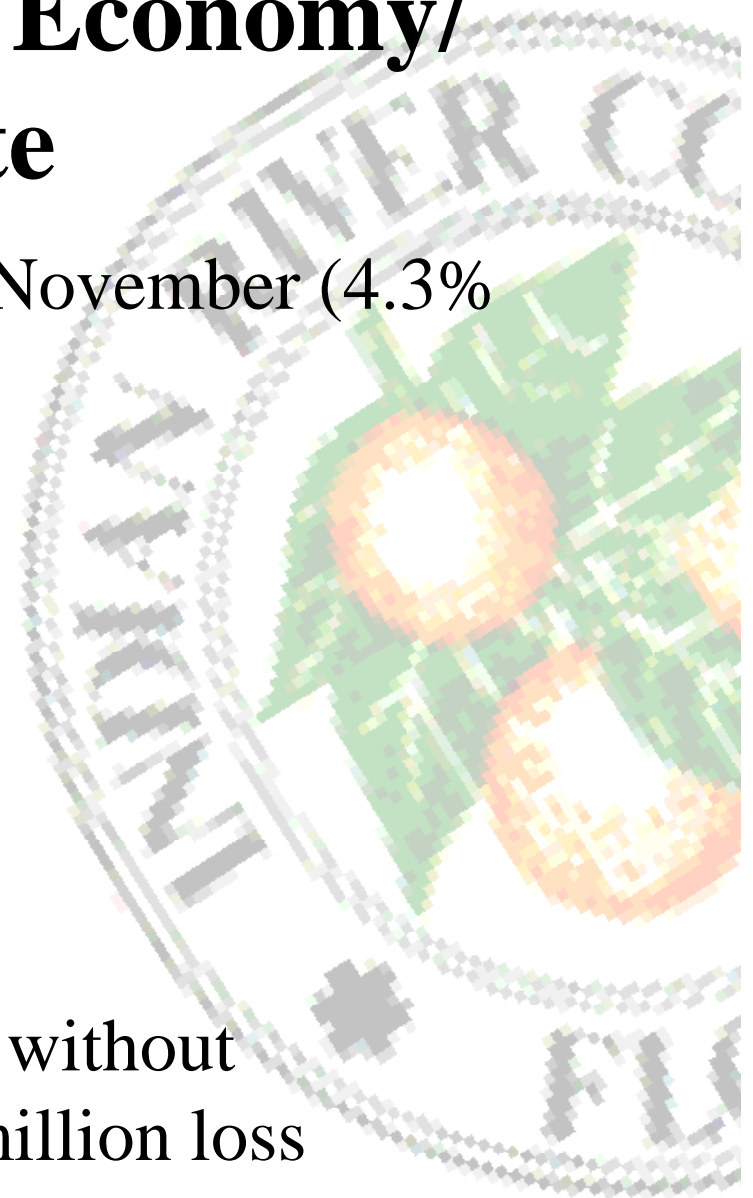
# Amendment 1 - Estimate of Revenue Loss

## *Estimated Total*

<u>Fund</u>	<u>Est. Amount</u>	<u>Est. %</u>
General Fund	\$3.1 million	5.6%
M.S.T.U. Fund	\$700,000	5.6%
Emergency Svcs.	\$1.5 million	5.6%
<u>Land Acquisition Bonds</u>	<u>\$400,000</u>	<u>5.6%</u>
<b>Total – IRC</b>	<b>\$5.7 million</b>	<b>5.6%</b>

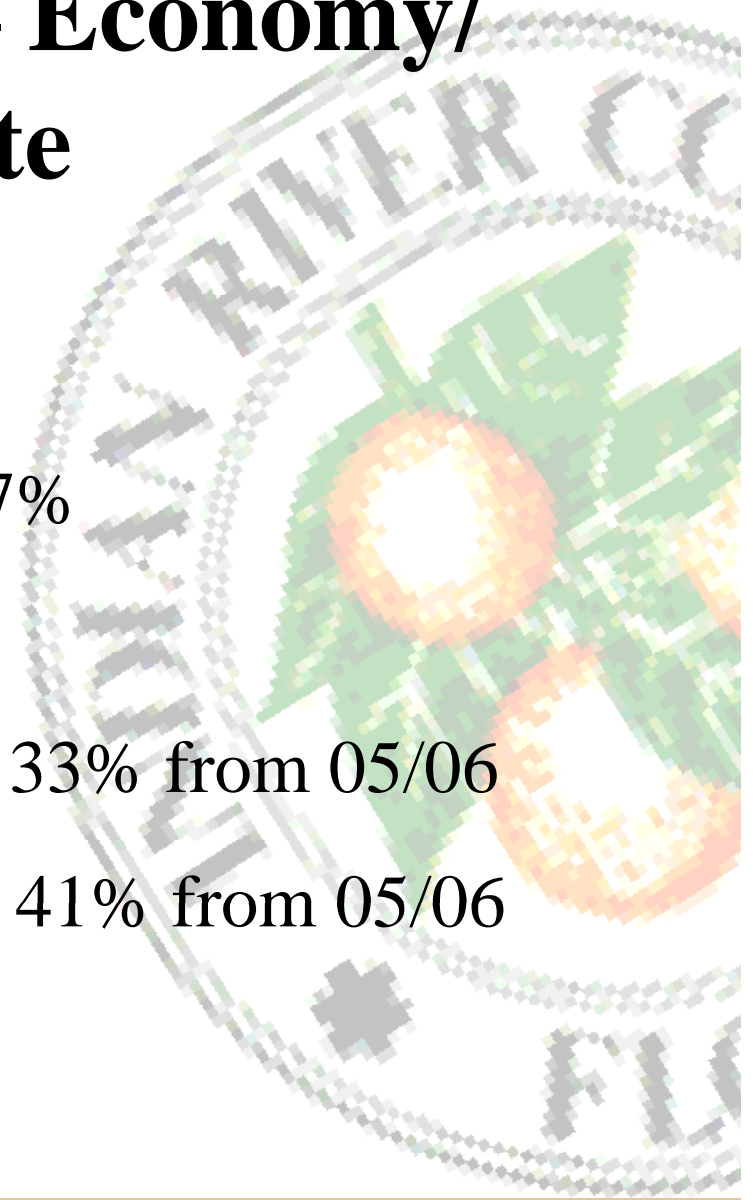
# Financial Reality – Economy/ Real Estate

- Unemployment rate - 6.0% in November (4.3% last year)
- Unemployment in summer???
- Housing sales down
- Housing starts down
- Housing prices down
- Taxroll could decline 5%-10% without Amendment 1 impacts - \$10.2 million loss



# Financial Reality – Economy/ Real Estate

- Sales tax revenue down 13.9%
- State revenue sharing down 2.7%
- Gas taxes down 6.9%
- Building permit revenue down 33% from 05/06
- Fire dept permit revenue down 41% from 05/06



# Total Revenue Loss Estimate

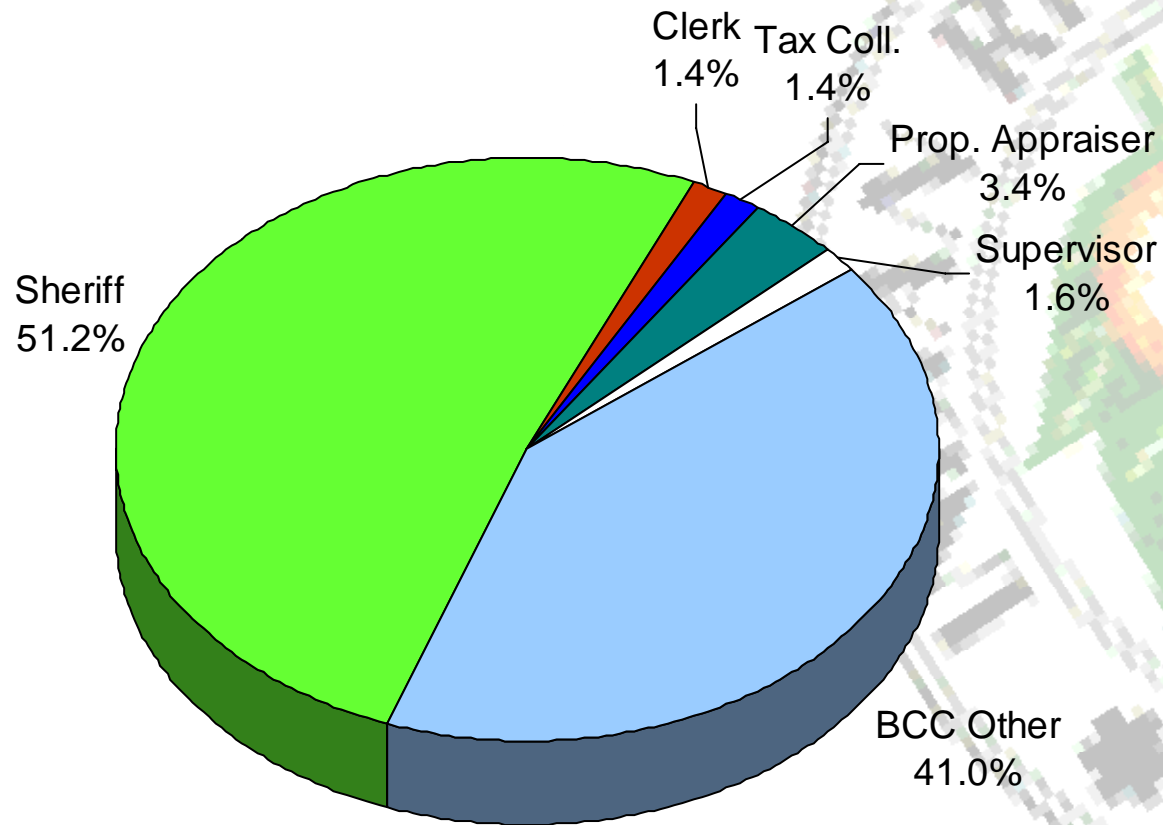
*Amendment 1, real estate values declining*

<u>Fund</u>	<u>Est. Amount</u>	<u>Est. %</u>
General Fund	\$8.7 million	15.6%
M.S.T.U. Fund	\$1.8 million	15.6%
Emergency Svcs.	\$4.2 million	15.6%
<u>Land Acq. Bonds</u>	<u>\$1.2 million</u>	<u>15.6%</u>
<b>Total – IRC</b>	<b>\$15.9 million</b>	<b>15.6%</b>

## How Do We Cut 15.6%?

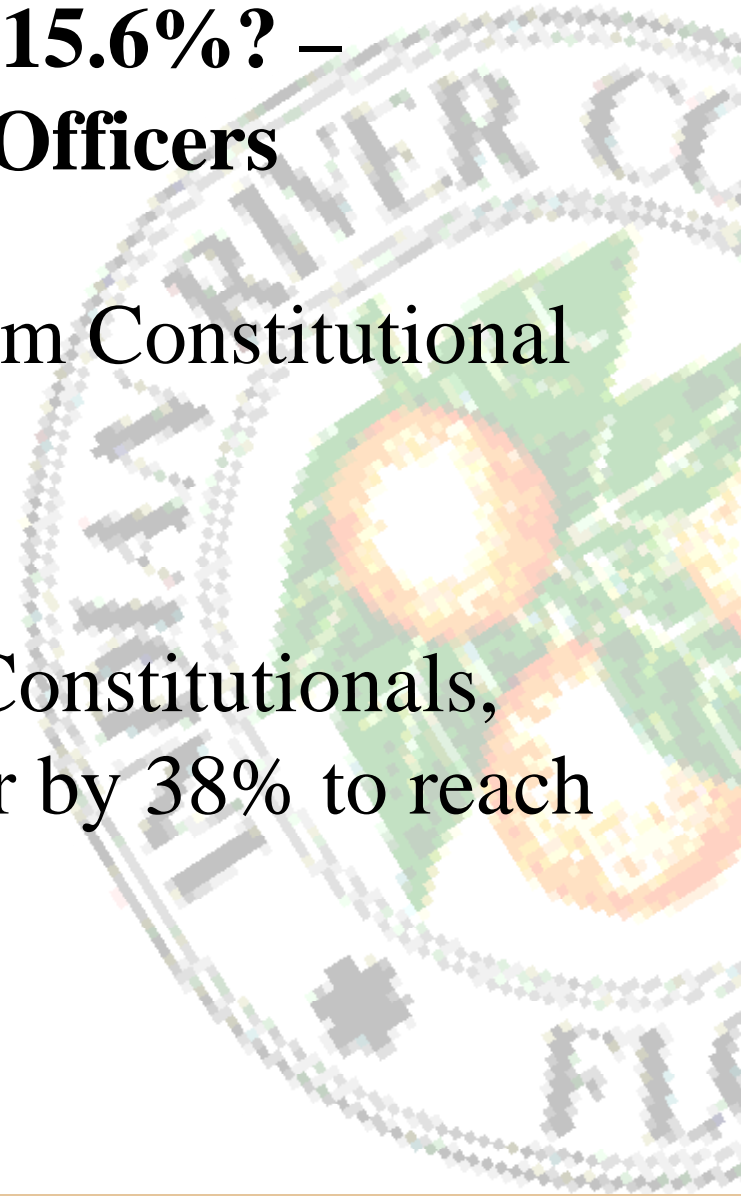
- 15.6% = \$15.9 million
- \$15.9 million = budget of parks & recreation, libraries, children's services, non-profits, and 20% of general govt. exp.
- Constitutional Officers = 59% of General Fund
- Salaries & benefits = 68% of taxing fund budgets

# Constitutional Officers Portion of General Fund Budget

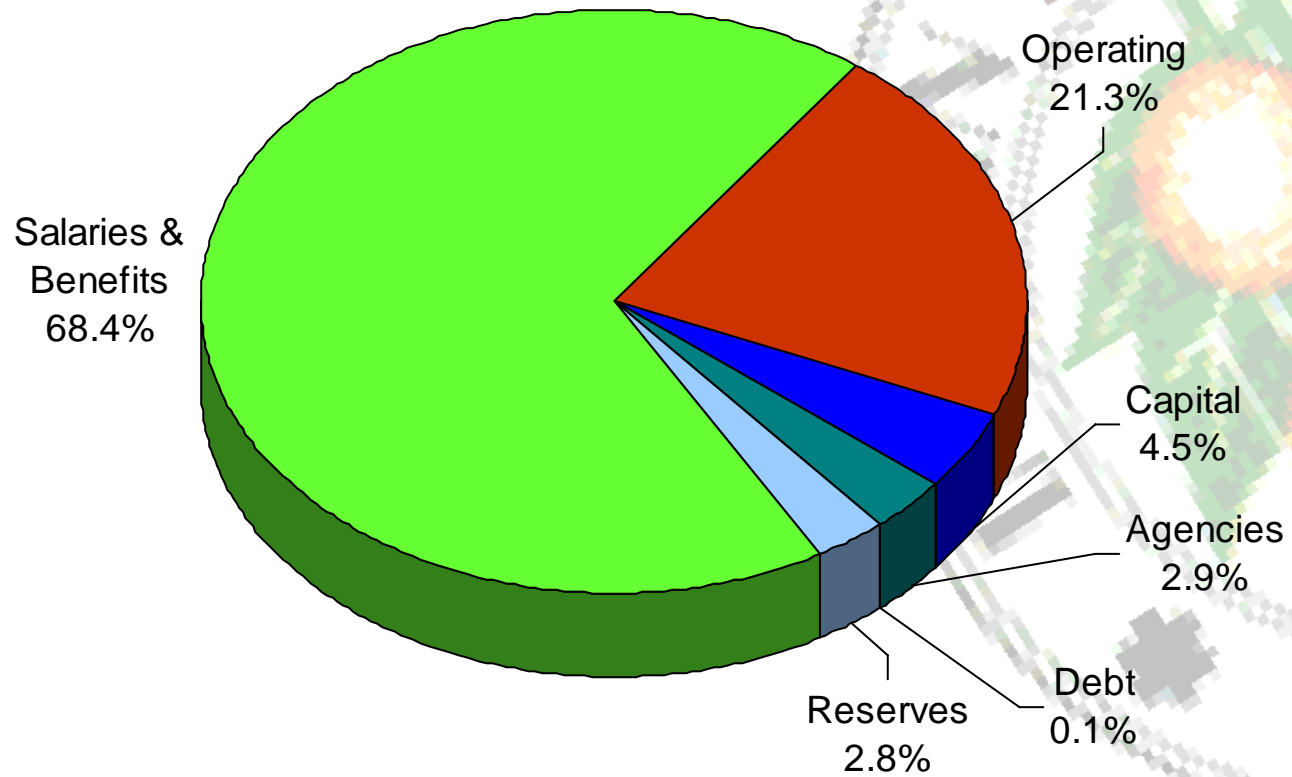


## How Do We Cut 15.6%? – Constitutional Officers

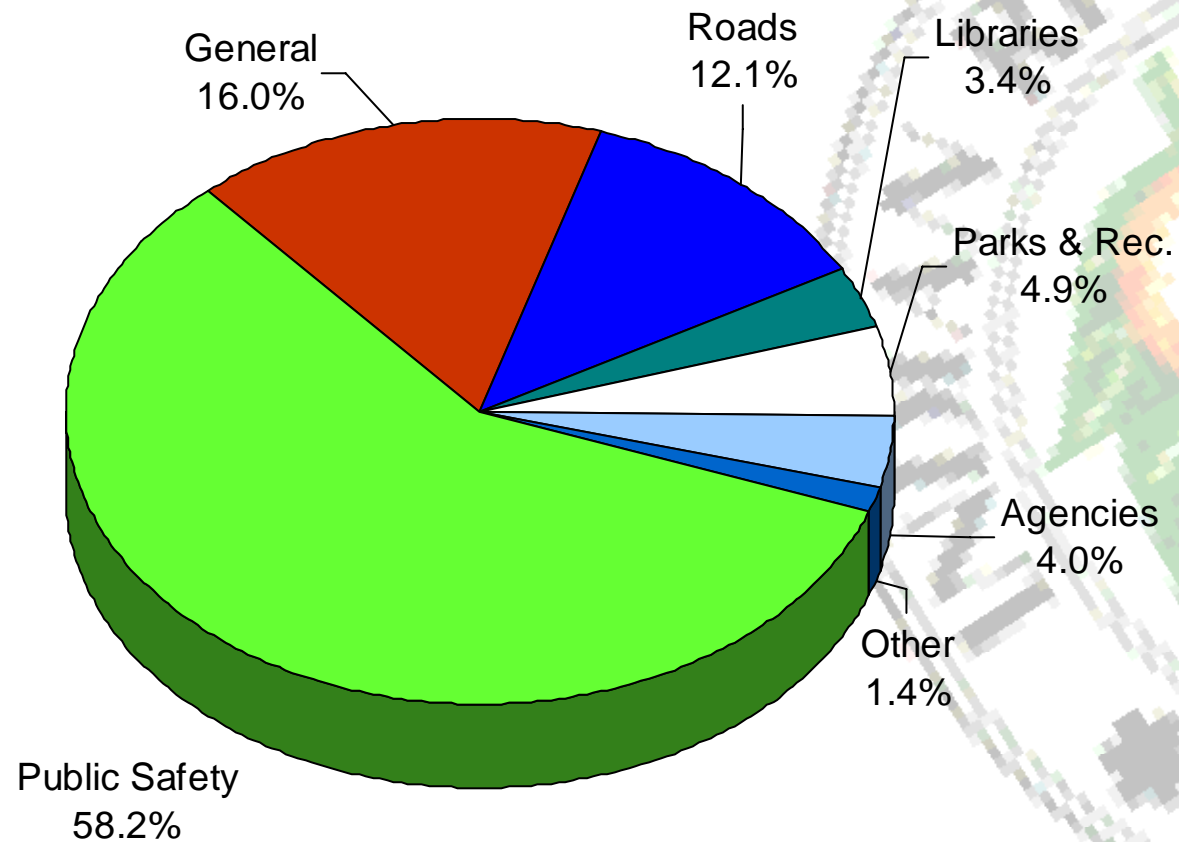
- Will need cooperation from Constitutional Officers
- Make up 59% of G.F.
- If no cuts received from Constitutionals, will have to cut remainder by 38% to reach goals



# Taxing Fund Expenditure by Type



# Taxing Fund Expenditure by Service



## **How Do We Cut 15.6%? – Public Safety exempt?**

- Make up 58.1% of taxing fund budgets
- Prioritized cuts recommended
- If no cuts made from public safety, will have to cut remainder by 37.2% to reach goals
- Libraries, parks, rec., agencies, humans svcs. make up 13.7% of taxing funds
- General government makes up 16.0%

## **How Do We Cut 15.6%? – Public Safety exempt?**

- Of general govt. expenditures, Constitutionals make up one third
- Part of BCC general govt. is to support Const. (Facilities Management)
- Emergency Services District stand-alone fund
- Will need to cut 15.6% in ESD
- Library, parks, other General Fund reductions don't reduce need to cut here

# Are We Alone?

**Collier County: Paramedics getting pink slips?**

<http://www.savethis.clickability.com/st/saveThisApp?clickMap=link&webPadID=K209042476>

**Pinellas readies to cut \$55M from budget**

[http://www.sptimes.com/2008/02/16/Northpinellas/Pinellas\\_readies\\_to\\_c.shtml](http://www.sptimes.com/2008/02/16/Northpinellas/Pinellas_readies_to_c.shtml)

**Hillsborough and Tampa consider salary freezes**

<http://www2.tbo.com/content/2008/feb/18/me-leaders-ponder-salary-freezes/?news-metro>

**Martin County considering layoffs to trim budget**

<http://www.tcpalm.com/news/2008/jan/31/county-considering-layoffs-trim-budget/>

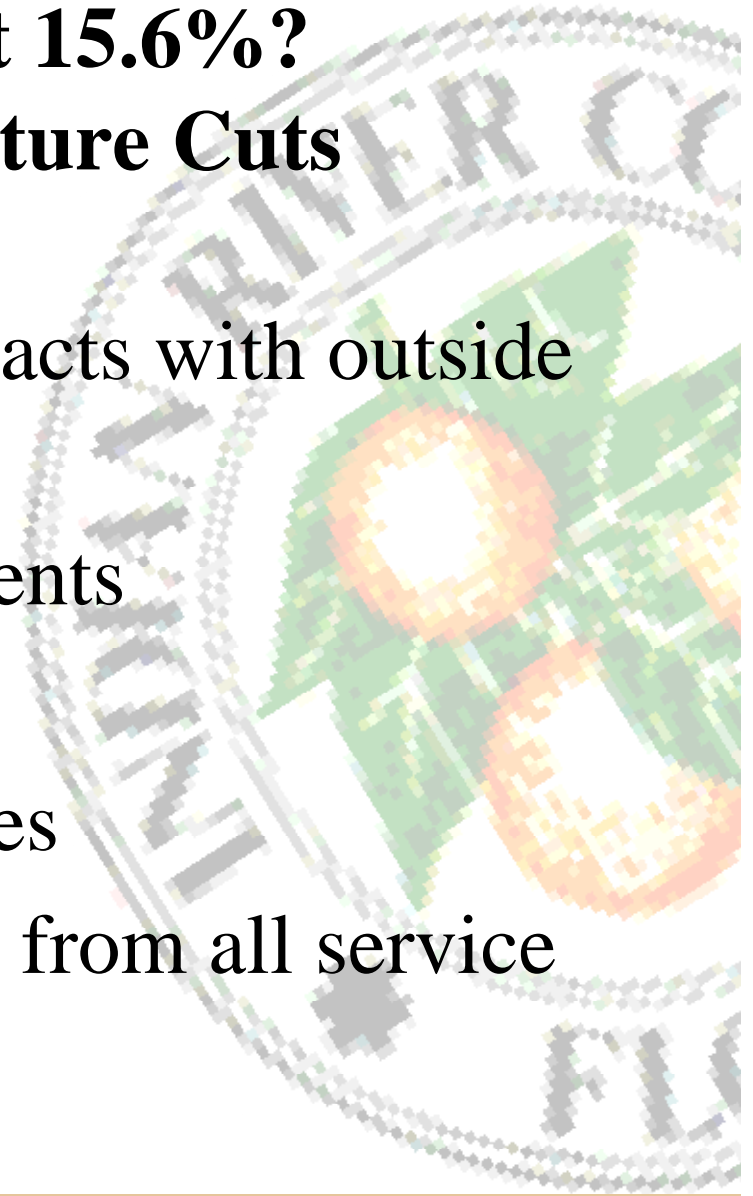
# How Do We Cut 15.6%?

## Possible Expenditure Cuts

- Increased efficiencies – staffing reductions
- Privatizations where savings possible
- Reduced operations – library hours reduced, seasonal operation of pools, etc.
- Reduced services – guarded beaches, parks maintenance, ROW mowing, ALS engines
- Energy savings contractors
- Phone bill analysis
- Reorganization/ consolidation of programs
- User fee analysis

## **How Do We Cut 15.6%? Possible Expenditure Cuts**

- Re-bid, re-negotiate contracts with outside vendors (SWDD)
- Health insurance adjustments
- Salary freeze?
- Property insurance changes
- We will need cooperation from all service areas to reach our goals



# **Property Tax Reform and Economic Slowdown – Impact on County Budget**

*Questions?*

