

## Charlotte County Weekly Update for 9/5/2008 Your 2008/09 County Budget – The Final Steps

By Ray Sandrock, Director, Budget Office

As TRIM notices arrived throughout the County this past week, most property owners were anticipating a significant reduction in their tax bills. In fact, many did see a reduction. Property owners that were more likely to have a tax reduction all had something in common – during the periods of soaring property values (2004 through 2006), their tax bills soared also. Why? These property owners were not sheltered by “save our homes”. The Save Our Homes Amendment of the State's Constitution was approved by Florida voters in 1992 and put into effect in 1995. This amendment places a limitation of 3% on any annual assessment increases on Homestead Properties in Florida. “Save our Homes” – and the 3% tax growth cap is a huge advantage for those of us that make Florida our homes.

The property owners most likely to see significant property tax decreases on their proposed TRIM notices include:

- Commercial property owners
- “snowbirds” – or 2<sup>nd</sup> property owners
- vacant lot owners
- homesteaded properties purchased within the past 5-years

Ad Valorem or property taxes account for \$147 million or 13% of the total County Budget. Over half of these funds pay for the Sheriff, Jail and Other Constitutional Officers. Other Services funded by property taxes include Parks, Recreation, Libraries, Veteran Services, Animal Control, Mosquito Control, Maintenance of County facilities.

Planning for FY08/09 was very difficult because of the multiple factors that reduced revenues to the County. It was not just tax reform or Amendment 1 – but also drastic property devaluations and reductions from other State Shared Revenues. In the end, the County was faced with a \$32.5 million shortfall. A mixed strategy of on-going savings versus one-time allocations was used to address the shortfall. An example of a one-time allocation was over \$19 million dollars of Capital Projects were delayed or eliminated and the funds directed to keep services funded such as Libraries, Parks, Mosquito spraying and Animal Control – along with many others. An example of an on-going savings is when jobs are eliminated.

It is important to note that the \$32.5 million shortfall was largely addressed from the Board of County Commissioner Service budgets (BCC Services) and to reiterate, these include Parks, Recreation, Libraries, Veteran Services, Animal Control, Mosquito Control, Maintenance of County facilities. The total funding for these services is \$64 million this year; proposed to be \$50 million in 2009 and potentially dropping to \$12 million in 2010. We have not required Essential Services to make reductions because of the importance of public safety to our community. Essential Services has been defined as the Sheriff, Jail and EMS (Emergency Medical Services).

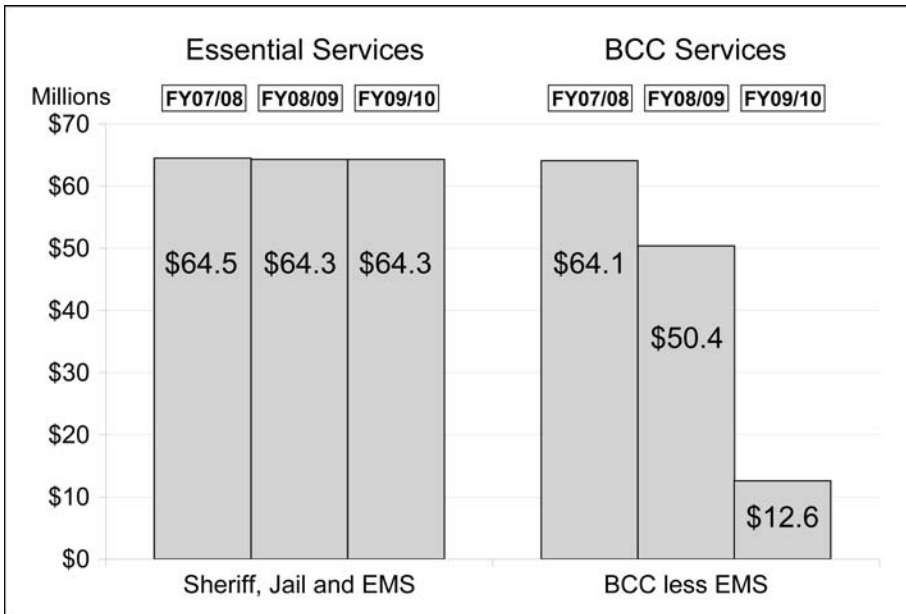
The reductions to deal with the \$32.5 shortfall are reflected in our proposed FY08/09 Budget. Unfortunately, we believe this is not the end for revenue shortfalls. As we forecast into 2010 the potential for an additional significant shortfall of up to \$40 million is likely.

**The Challenge** – to this point budgets have been cut with the goal to keep the highest levels of service to the Community. Essential Services have not been asked to reduce. Library hours stay intact by cutting the jobs of full-time employees and replacing with part-time employees with no benefits. Some say “cut the fat” – but that occurred two years ago when we made the initial 10%

reduction. If we must cut another \$40 million (80% reduction) it becomes clear that all options need to be examined. As we move through this budget cycle and into the next we will be exploring all options.

The graph illustrates the dramatic revenue reductions experienced by the BCC Service areas while Essential Services has not been severely impacted.

The following graph depicts the dramatic revenue reductions experienced by the BCC Service areas while Essential Services has not been severely impacted.



One of the options is going to rolled-back rate which is defined as “the tax rate that would bring in the same amount of dollars from the previous year”. This yields the amount of property tax dollars at the aggregate – however, this will cause some individual tax bills to go up while others go down. In a year with decreasing property values the rolled-back rate increases the millage rate while keeping taxes on average the same. At the July 12<sup>th</sup> budget workshop the Board voted to go to rolled. In the County’s proposed budget, the revenue derived from the rolled-back rate has been put into a financial stabilization reserve to help the County deal with the on-going financial shortfalls over the next two years.

As tax-payers we all have a voice regarding services that are important to our community and the opportunity to express your opinions will be provided during the two final budget Public Hearings in September (11<sup>th</sup> and 25<sup>th</sup>), 5:01p.m. Room 119 – Murdock County Administration Building. The Board will approve the final millage at the September 25<sup>th</sup> public hearing. The final budget, known as the Adopted FY2008/09 will then be filed with the State Department of Revenue prior to the beginning of the fiscal year for which it was compiled: Oct 1, 2008.