

Tax Reform Update and Implications to Jacksonville

Northeast Florida Regional Council

June 7, 2007

Discussion Topics

- Tallahassee update
- Implications for Jacksonville's budget
- Strategy for budgeting
- Implications to Planning and Development

Tallahassee Update

- Regular legislative session ended with no agreement on property tax reform
- Special session scheduled for June 12
- Projected \$15 million to \$50 million per year impact driven by decisions in Tallahassee
- Yesterday's committee meeting focused on percentage exemption methodology...but uncertainty remains
 - Significant increase in homestead exemption
 - New exemption for non-homesteaded, residential properties
 - Possible exceptions for fiscally-constrained counties and children's/indigent care taxing districts
 - Other solutions still in the mix...
 - Advocating for “good behavior” threshold

How Jacksonville Got To This Point

- Since 2000:
 - Ad valorem revenue up 7.6 percent annually
 - Total general fund revenue up 4.8 percent annually
- Over the last four years:
 - Non-public safety budget down 1.5 percent
 - Public safety budget up 35 percent
- Rising public safety costs absorbed by cuts in other government services

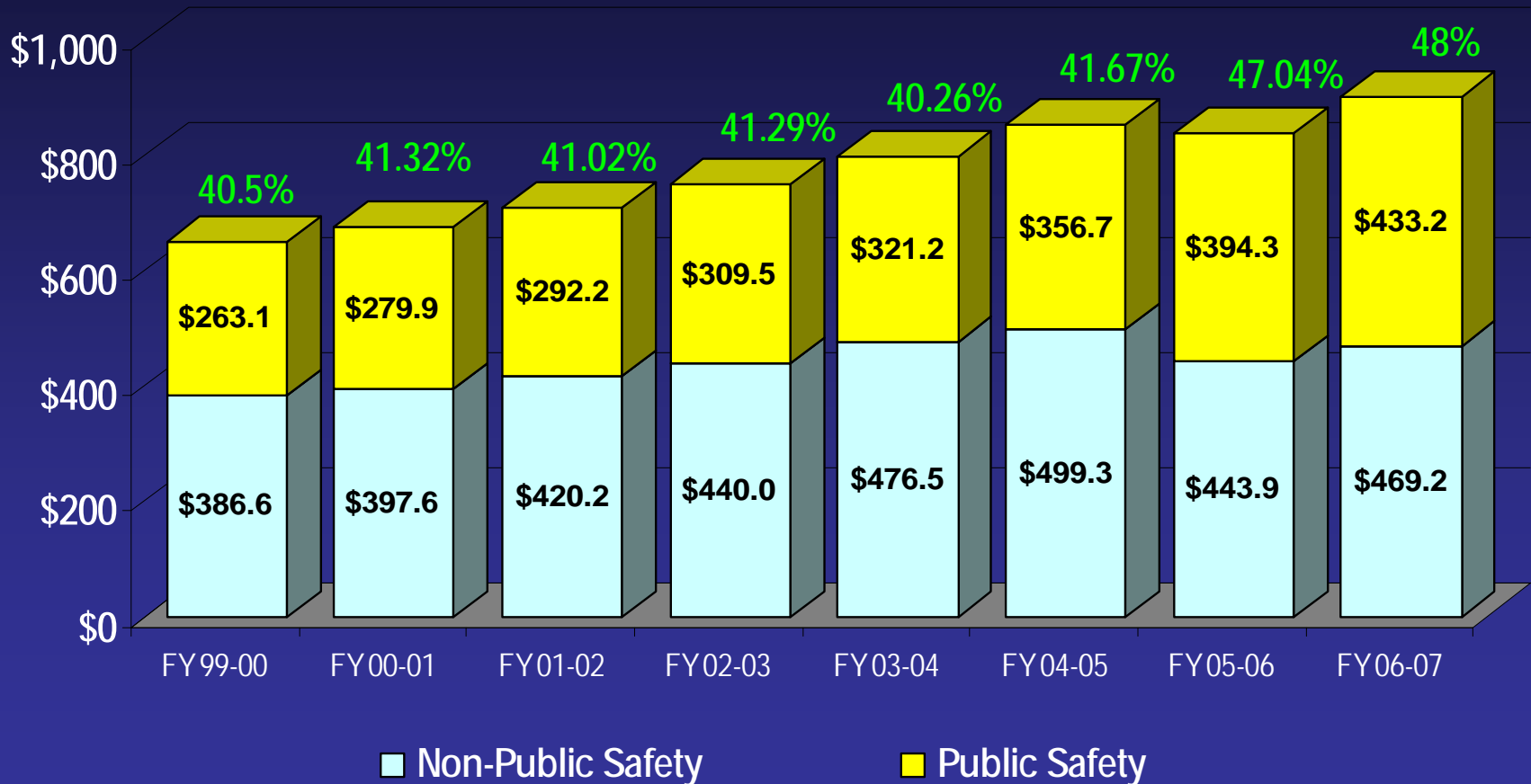
Other Financial Challenges

- Projected \$25 million budget shortfall in FY 07-08
 - Primarily driven by \$40 million organic increase in police and fire budgets
- Long-term, trend will continue without structural changes to the budget

Bottom-line: Must reduce the 07/08 budget by \$75 million and develop new structural solutions for the future

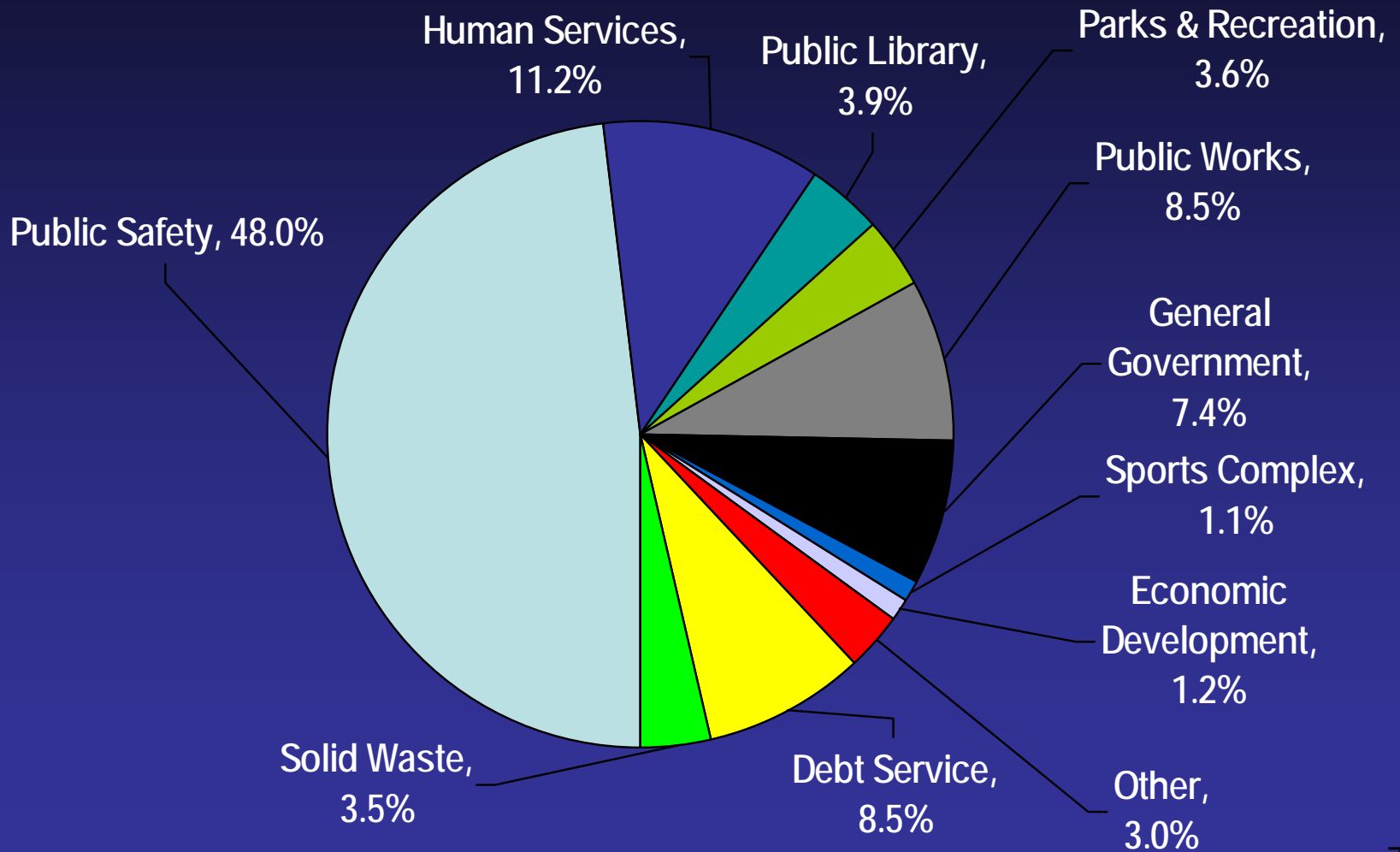
Public Safety Versus Non-Public Safety Expenditures

Numbers in Millions

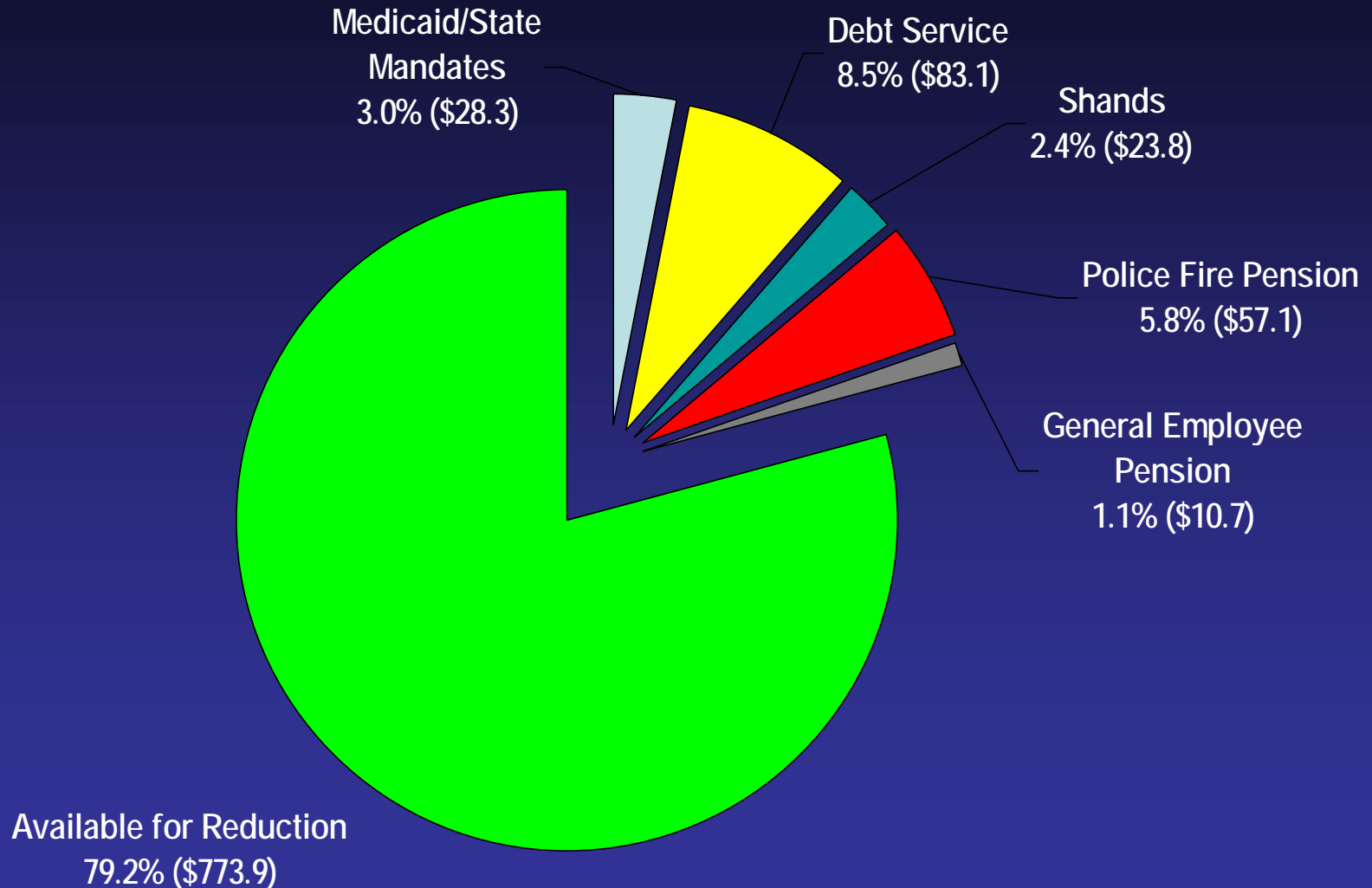


Jacksonville's General Fund Expenditures

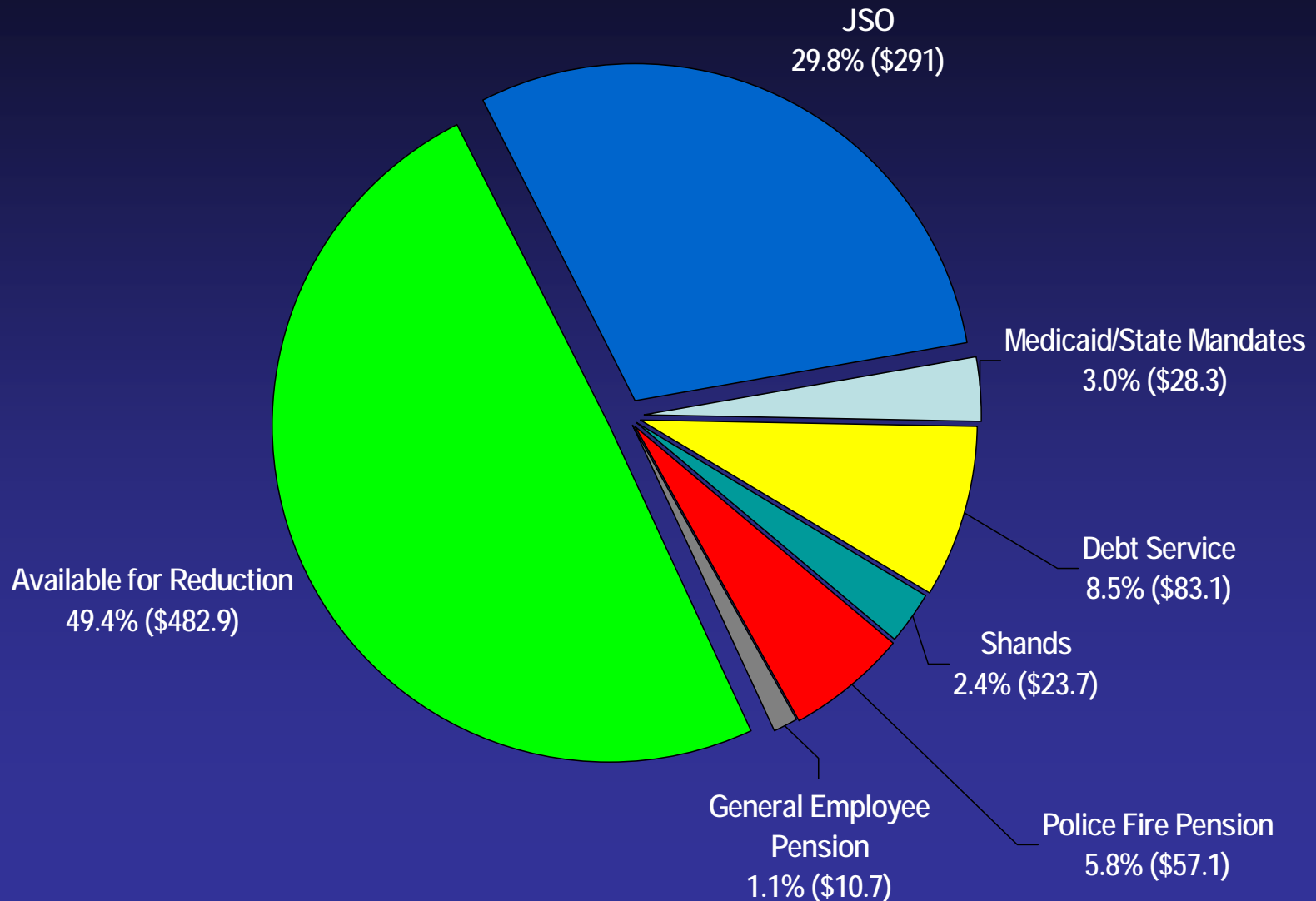
Percentage of FY 2006/2007 Budget



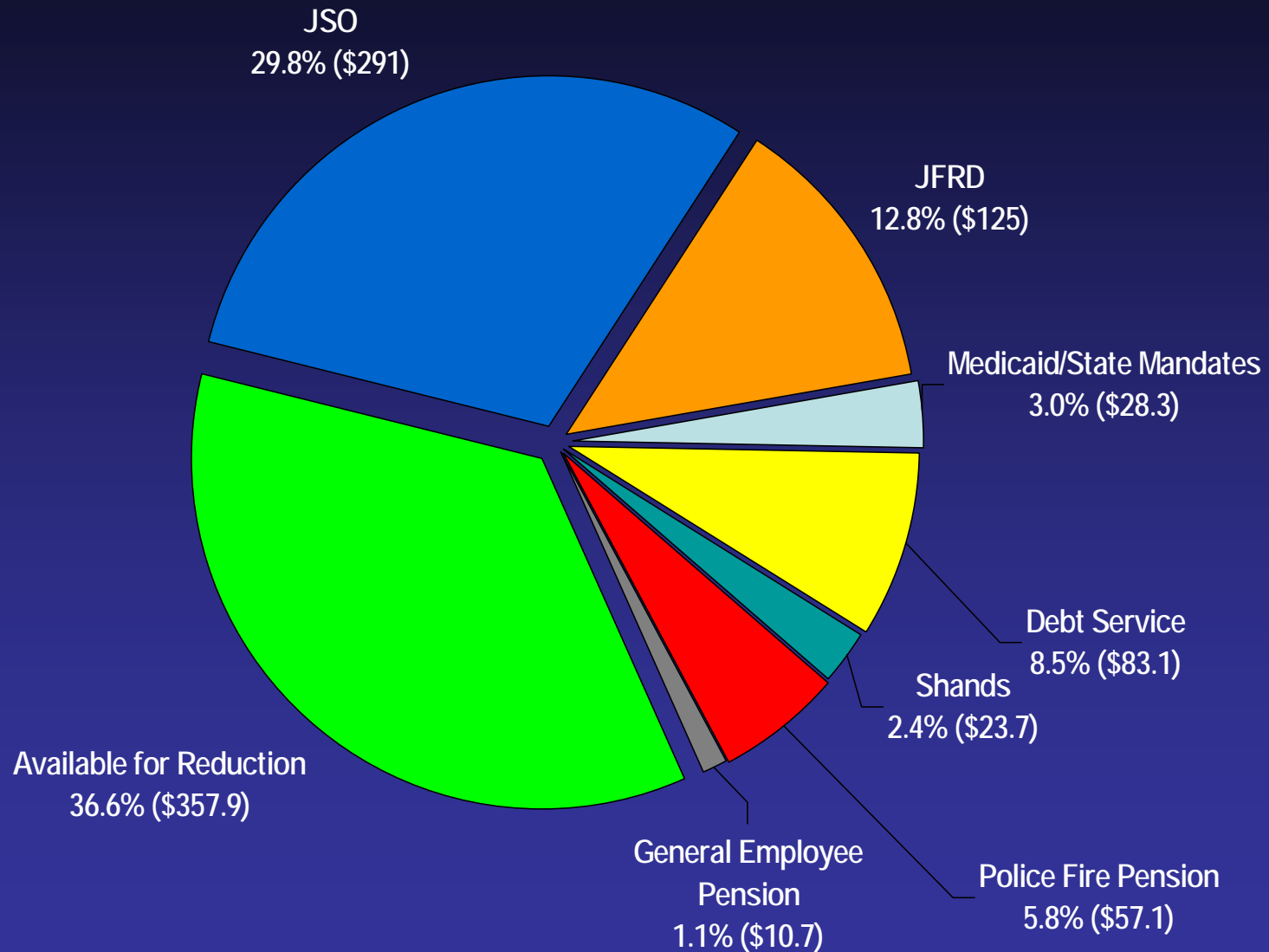
Flexibility to Reduce General Fund



Flexibility to Reduce General Fund- Excluding JSO Budget



Flexibility to Reduce General Fund- Excluding Public Safety Budgets



Strategy

- Restructure Government
 - Focus on the core services of government
 - Organize around well-defined business units and flatten management structure
 - Redeploy budget and people to areas with greatest needs
 - Reduction in head count
 - Ensure sustainability
 - Eliminate, consolidate, reduce, privatize

Strategy

- Prioritize Spending
 - Eliminate public service grants and canning kitchen
 - Reduce Children's Commission, Library, Health Department and DVI funding
 - Restructure capital program and eliminate pay-go for repaving and drainage system rehabilitation
 - Reduce cost of benefits through defined benefit/defined contribution program
- Manage Public Safety Costs
 - Maximize uniformed officers on the street
 - Consolidate administrative functions
 - Surgical reductions in budget

Summary

- Tallahassee-imposed budget reductions are real and should be taken seriously
- Budget cuts will require tough decisions and a refocusing on core government services
- Our citizens should share their concerns with the Florida Legislature

Impacts to Planning and Development

- Sever under-funding of infrastructure
- Concurrency/fair share – true shift of burden
- Focus on financially feasible
- Quality of Life (services impacted)
- Reexamine growth management/land use
- Urban service districts may contract