



Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

Marc El Hassan, Chair
Greg Radlinski, Vice Chair
Diane Brown, Secretary

TRUE Commission Preliminary Meeting Minutes

*The minutes of this meeting are preliminary until reviewed and approved
by the TRUE Commission at its November meeting.*

**October 4, 2012
4:00 p.m.**

Attendance: Marc El Hassan (Chair), Marcella Lowe, Ernest McDuffie, Ted Wendler, Thomas Martin, Diane Brown, Patti Anania, Joe Andrews, Leroy Kelly, Alex Marerro, James Edwards, Greg Radlinski, Daniel Blanchard

Excused: None

Absent: Jason Fischer, David Lane

Also: Tommy Carter – Council Auditor’s Office; Jeff Clements – City Council Research; Jim Overton, Kay Ehas and Keith Hicks – Property Appraiser’s Office; TRUE Commissioner-designate Danny Becton

Chairman Marc El Hassan convened the meeting at 4:05 p.m. with a quorum present.

Minutes

The minutes of the September 6, 2012 commission meetings were approved as distributed.

Presentation – Property Appraiser Jim Overton

Property Appraiser Jim Overton made a two-part presentation covering the various Florida constitutional amendments on the November general election ballot and the recently released Council Auditor’s Office audit of the Property Appraiser’s operations (Audit #720). Mr. Overton outlined the basics of the 5 proposed amendments that impact property taxes and tax exemptions (Amendments 2, 4, 9, 10 and 11).

- Amendment 2 would allow a homestead exemption to disabled veterans who are currently Florida residents but were not residents at the time they entered the military and are therefore not eligible to receive the current exemption. Estimated fiscal impact to Jacksonville: 2013 - \$51,000; through 2015 - \$156,800.
- Amendment 4 would provide an additional temporary homestead exemption for new homebuyers, would reduce the annual maximum percentage increase in the assessed value of non-homesteaded properties, and would allow the removal of the “recapture” provision of the Save Our Homes law that allows the taxable value of a homesteaded property to increase even if the assessed value declines to “recapture” foregone tax revenues from years when the growth in assessed value was limited to 3% and did not reflect a higher fair market value. Estimated fiscal impact to Jacksonville: 2013 - \$6.5 – 10 million; through 2015 - \$22 million.

- Amendment 9 would provide a full exemption (no property tax) to the surviving spouse of a deceased military veteran who died of service-connected causes while on active duty or of a first responder (police officer, firefighter) who dies in the line of duty. Estimated fiscal impact to Jacksonville: 2013 - \$11,700; through 2015 - \$15,680.
- Amendment 10 would double from \$25,000 to \$50,000 the amount of value exempt from tangible personal property taxes for businesses for equipment, tools, computers, etc. used in the course of business, and would allow cities and counties the local option to extend a further exemption beyond the \$50,000 state limit. Estimated fiscal impact to Jacksonville: 2013 - \$446,880; through 2015 - \$446,880.
- Amendment 11 would grant a full exemption (no property taxes) to low-income seniors age 65 and over who own a home valued less than \$250,000 who have lived in the home for at least 25 years. Estimated fiscal impact to Jacksonville: 2013 - \$6.5 – 10 million; through 2015 - \$22 million.

In response to a question about why there are so many proposals dealing with property taxes and exemptions that would seem to be subjects for state statutes, not constitutional amendments, Mr. Overton said that the Florida Constitution requires all changes to taxing authority to be changed by means of amendment to the constitution. Statutory changes are insufficient in Florida where taxes are concerned. He also noted that the most recent issue of *Florida Trend* magazine has a good summary of each of these proposed amendments, along with a listing of the primary proponents and opponents.

Mr. Overton then turned his attention to the recently released Council Auditor's Office Audit #720 on the operations of his office and introduced Kay Ehas and Keith Hicks of his staff to assist with the presentation. Ms. Ehas explained that the audit made 11 recommendations, of which seven have been completed, three are pending and one would require action by the Florida Legislature to resolve. Mr. Hicks explained the process of appraising property, which can be done in several ways depending on whether the property in question is income-producing or not. Most non-income-producing parcels are appraised using a computerized mass appraisal system. Ms. Ehas noted that state law requires each parcel to be physically inspected at least once every five years.

In response to a question from Commissioner Marrero, Mr. Overton and Ms. Ehas discussed the finding regarding a failure to properly record land zoning changes that might affect property value in the appraiser's database. A system worked out with the City Council Secretary's office to transmit the changes has occasionally proved problematic, so the Property Appraiser's Office is now double-checking with several other mechanisms to ensure that all rezonings are properly entered in the database. Mr. Overton discussed the difficulty in doing tangible personal property audits and noted that his office had started several years ago to plan a system for such audits, but the process was discontinued. He noted that most other Florida counties do not do such audits, and some that implemented an audit system subsequently discontinued it because the benefits were not worth the costs. In response to a question from Commissioner Radlinski about evaluating the accuracy of appraisals, Mr. Overton indicated that his office's work is audited annually by the Florida Department of Revenue for accuracy. He suggested that the Council Auditor's Office might benefit from a discussion with the Department of Revenue of its annual evaluation mechanism and findings. He also indicated that an evaluation of the of Value Adjustment Board rulings on appraisal appeals would not be a very sound measure of appraisal accuracy, since the VAB is a political animal and has other concerns than strictly appraisal accuracy.

In concluding remarks Mr. Overton indicated that Jacksonville has a fairly bifurcated real estate market – the high end of the market is doing very well, while the bottom end of the market is extremely weak. He also indicated that Jacksonville has a larger percentage of tangible personal property in its tax base (especially large, expensive manufacturing equipment) than many other Florida jurisdictions.

Committee Reports

Legislative Tracking Committee – Commissioner Andrews reported that the committee had not met in the last month due to a scarcity of bills of interest. He is interested in following up on ordinance 2012-567 which amends the JTA’s FY10-11 budget to make the budget attachments match the actual audited year-end results. He questions how the authority could expend more than was budgeted during that fiscal year, even if revenues exceeded projections as well. He believes the budget should have been amended at the time to recognize the additional revenue and expenditures and intends to explore this matter further and report back to the commission.

Performance Committee – Commissioner Wendler said that the committee had met just prior to the full commission meeting and continued its discussion of how best to make a useful contribution to the City’s pension reform effort. Mr. Wendler is in the process of developing a spreadsheet that can be used to calculate future pension contributions and payouts by and to a particular employee based on salary and years of service, and this can be used to illustrate the long-term unsustainability of the current defined benefit system. The committee will meet again next month and hopes to be able to test the spreadsheet.

Audit Review Committee - Commissioner Lowe reported that the committee had met just prior to the full commission meeting and reviewed the Property Appraiser’s audit in preparation for the earlier discussion with Mr. Overton. The committee will next turn its attention to Audit #721, Oceanfront Parks Revenue, which appears will be very interesting. Commissioners were asked to be sure to read that audit and be ready to discuss it at the November commission meeting.

Motion (Lowe): that the TRUE Commission accepts Audit #720 – Property Appraiser’s Office – without further comment – **approved unanimously**.

Motion (Lowe): that the TRUE Commission accepts Audit #719 – Budget Quarterly Summary Ending June 30, 2012 – without further comment.

Commissioner Martin questioned a note in the audit referring to Better Jacksonville Plan sales tax revenue being utilized by the JTA for bus system operations. He believes that Ordinance Code Chapter 761 specifically prohibits the use of BJP sales tax revenue for operational purposes, pledging it to capital construction projects only. Commissioner Radlinski suggested that the audit be tabled until this question can be addressed and resolved. Tommy Carter of the Council Auditor’s Office will inquire into this issue and provide further information.

Auditor’s Report

Mr. Carter reported that audits 720 and 721, discussed above, had been released in September. Several other audits are currently underway. In response to a question from Commissioner Kelly, Mr. Carter explained the office’s process of explaining its findings to the auditee and incorporating the auditee’s feedback into the audit report. He also explained the audit follow-up process 12 to 18 months after an audit is released to see if the recommendations for improvement have been implemented.

Chair’s Comments

None

Old Business

Chairman El Hassan reported that the new commissioner orientation meeting was held in September and was very informative. The members present at that meeting talked about how best to schedule meetings in order for the commission to have the maximum timely impact on the City Council's deliberations. The idea of calling special meetings as needed rather than scheduling a second full commission meeting every month was discussed, as was the possibility of amending the by-laws to change the number of commissioners that constitute a quorum so that a smaller number than a majority of the full commission might act on the commission's behalf at a special meeting in order to facilitate the commission commenting on legislation before it is passed by City Council. Commissioner Radlinski pointed out that the commission's quorum requirement (a majority of the filled seats on the commission) is contained in Ordinance Code Chapter 57, so would require a Code change by City Council, not merely an internal by-laws change. The commission will try calling special meetings as needed for quick response to see if obtaining a quorum is problematic.

New Business

Commission staff member Jeff Clements explained that the City's Public Parking Division has proposed that the commission do away with the pink parking placards for use at parking meters and switch to a system whereby commissioners park in the Main Library garage at the corner of Duval and Main Streets and pick up a validated ticket for free parking while at City Hall on commission business. The commissioners agreed to switch to the new method.

Tommy Carter, having consulted his computer since the earlier discussion of the Better Jacksonville Plan sales tax use by the JTA, reported that the City and JTA entered into an Interlocal Agreement that called for the local option sales tax to be transferred from the City to the JTA to pay the debt service on bonds issued for BJP roads and bridges constructed by the JTA on the City's behalf. The agreement stipulated that any sales tax revenue exceeding debt service requirements would be applied to JTA mass transit operations. Commissioners Martin and Blanchard are interested in exploring whether the "excess" sales tax revenue to JTA would be better utilized by shifting it to pay for the BJP projects that were deferred because of lack of funding.

Commissioner Comments

Commissioner Andrews welcomed more participation on the Legislative Tracking Committee, particularly by new commissioners who will find it very informative about the inner workings of the City government.

Public Comments

None

Next meeting

The commission's next meeting is scheduled for Thursday, November 1st.

There being no further business, the meeting was adjourned at 5:42 p.m.

Posted 10.5.12
4:00 p.m.

c.c. cityc@coj.net
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