



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

Marcella Lowe, Chair

John Palombi, Vice Chair

Meeting Minutes

April 3, 2006

4:00 p.m.

Attendance: Marcella Lowe (Chair), Lee Martin, Lou Myers, Mike Meroney, John Palombi, Arnold Whisenant, Charles Curley, Ron Mallett, Gary Looney, Elaine Burnett, John Jolly, Charles Magee, Randy Deen

Excused: Bruce Glassman, Mark Roesser, Mark Cowart, Dick Berry,

Absent: Louvenia Tippins,

The meeting convened at 4:05 p.m. after the GOOHS Committee meeting with a quorum present.

Minutes

The minutes of the March 6, 2006 meeting were previously distributed. One correction was noted – John Jolly should have been listed as “excused” rather than “absent” at the March meeting.

◆ The minutes were **approved as amended**.

Personal Appearance

At the commission’s invitation, Tax Collector Mike Hogan appeared to discuss his office’s operations with the members. Mr. Hogan began his remarks with a quiz about the Tax Collector’s office that he frequently uses at speaking events, the results of which generally show that the public has little conception of what the Tax Collector’s office is and does. First and foremost, the Tax Collector is a state constitutional officer, elected in Duval County to carry out certain provisions of the Florida Statutes. If for some reason he is unable to continue in office, the Governor, not the City, names his replacement.

Because of Jacksonville’s consolidated city/county status, the Jacksonville Tax Collector’s Office is different from any other tax collector in the state. Hillsborough County’s tax collector collects 50% more revenue than Jacksonville’s with 50% more staff, but with a budget 6 times larger than Mr. Hogan’s. Unlike other counties where the tax collector retains 2% of the total funds collected (5% on tax deed sales) as an administrative fee, in Jacksonville his office is funded with a \$13 million operating fund budget appropriated equally by the City and State (\$6.5 million apiece). Mr. Hogan reported that training and customer service have been vastly improved during his tenure. Comment cards are available at every teller station, and he received 435 positive praise cards vs. only 21 complaint cards in 2005. He noted that the salaries he pays his employees are very low compared to the salaries paid in other counties and

compared to what tellers are paid by the JEA in their offices.

He feels that the Tax Collector's office is put in an unfortunate position as the depository for charges, fees, permits, citations, etc., that his office has nothing to do with levying or billing – a total of about 60 different revenue streams vs. 5 or 6 in other counties. As a result his office and employees are subjected to complaints about a variety of issues over which they have no control. The public does not understand that the Tax Collector doesn't assess property, levy taxes, set fines and fees, or send bills for anything. They are simply the collection agent who hears from disgruntled citizens unhappy with some other office.

In response to a question from Commissioner Mallett about occupational licenses Mr. Hogan opined that the City is leaving millions of dollars of potential revenue on the table because so many people do not get a license to do business when they should. There are too many confusing interpretations from county to county about how certain occupations should be licensed, and the City has not raised occupational licensed fees in 20 years. Some of the inconsistencies may be settled by state legislation in this session.

In response to a question from Commissioner Looney about why the Tax Collector does not collect the Clerk of the Courts' fees, Mr. Hogan responded that the Clerk of the Courts preferred to collect the fees separately with his personnel. The general public often doesn't realize that they are standing in a Clerk of the Courts line because they are often in one of his Tax Collector offices and assume that all of the counter personnel are Tax Collector employees. This is also a problem in the offices where the JEA is co-located with Tax Collector personnel; the public is confused about who is serving them and to whom to address problems or complaints.

In response to a question from Commissioner Martin about who has the authority to audit the Tax Collector, Mr. Hogan responded that his operations can be audited by the Florida Department of Revenue, the Department of Highways and Motor Vehicles (for vehicle-related transactions), and by the Council Auditor's Office. Commissioner Palombi, citing the TRUE Commission's performance review survey project of last year, asked how the Tax Collector measured performance and communicated that information to the public. Mr. Hogan responded that his office has statistics that document collection of 99% of all funds known to be due and payable to his office; that he takes customer satisfaction information from the comment card system described earlier; and that he is in the process of creating an internal audit function with 2 CPAs on staff which should be operational in the new budget year effective in October. With regard to training, all new employees get 2 weeks of off-line training before meeting the public, and everyone gets retrained yearly because state law is constantly changing.

Personal Appearance

Mitchell Perin, Principal Internal Auditor with the City's General Accounting Division, spoke to the commission regarding occupational licenses. The state used to collect occupational license fees until 1972, then handed that revenue source over to cities and counties. In 1994 the City studied occupational licenses in response to a state mandate, but did not change its classifications or fee structure and rates at that time. Although permitted by state law to increase occupational license fee rates by 5% every two years, the City has not availed itself of that authorization and has not raised its rates in 20 years or more. Because of its consolidated form of government, Jacksonville levies separate city and county occupational license fees and pledges the revenues to pay the debt service on excise tax revenue bonds.

The city's multiple databases (Tourist Development Council accommodations tax payers, businesses paying tangible personal property tax, etc.) have not been effectively cross-checked against occupational license tax records to ensure payment. Jacksonville has been participating in a program with the Florida League of Cities to identify insurance agents who write policies and pay insurance premium taxes to the state but do not pay local occupational license taxes. They have collected fees from 2,150 agents that previously did not pay the occupational license, and the Tax Collector is tracking down another 1,200

cases. They have sent out 4,000 occupational license notices with tangible personal property tax notices and have heard back from 10% to date. An audit of property tax billing records found only 18 homestead exemption duplications (same owner claiming homestead on two properties) and only about 200 bills on which tax millage rates were mis-keyed to the wrong city.

Commissioner Mallett expressed the feeling that the major problem is not the efficiency of the collection effort, but rather the inequity of the license classifications and fees and the refusal of multiple mayors to even consider raising the occupational license fees. He thinks the system needs to be completely redone as the 1994 study group set out to do, and readopted with revised fees. In response to a question from Commissioner Burnett about whose responsibility it is to propose new occupational license fees, Mr. Perin responded that the call is the mayor's.

Committee Reports

Jacksonville Housing Partnership Committee: Commissioner Myers reported that the commission's letter approved in February had not been received by Carolyn Ettliger, executive director of the Housing Partnership, and asked that the letter be re-sent to her for a response.

Performance Committee: Commissioner Palombi reported that a bill is working its way through City Council that would have the effect of having the 7 standing committees each "take ownership" and oversight responsibility for specific departments and agencies that fall under the committees' areas of jurisdiction. This oversight will far exceed what the TRUE Commission could do with its volunteer membership. The Performance Committee met and is debating how best to proceed: 1) wait for the bill to pass the Council and then take its lead from what issues the Council committees want to study; or 2) pick several areas to follow up on, particularly using the Council Auditor's Office's audit follow-ups as source material. For the time being a Performance Committee report should not appear on the TRUE agenda as a regular item until the committee has further news to report.

Auditor's Report

Council Auditor Kirk Sherman reported on several items. First, Assistant Council Auditor Pam Markham has been hired by the Mayor as his new Director of Performance Auditing, beginning in late April. Second, the Auditor's Office report on the HDR Engineering contract to manage Better Jacksonville Plan roadway construction projects was released in early March, and found that the contract was not well written. The contract has since been strengthened and the Auditor's Office will continue to follow up on performance. Third, an audit letter on the dispute between Brown Brothers Concrete, Inc. and the JEA over contractual terms for concrete replacement at JEA construction sites was issued in late March. The contractor alleged that the JEA breached the terms of the contract and owed the contractor \$500,000; the JEA counter-offered \$130,000; Devin Reed, the City's Director of Procurement, recommended a settlement of \$160,000; the Auditor's report recommends a settlement amount of \$106,000 based strictly on the volume of concrete transported that is the source of the dispute.

Chair's Report

- Chairwoman Lowe noted that the terms of commissioners Palombi, Meroney and Glassman expire at the end of June and asked commissioners to send in an updated resume' to staff if they intend to serve another term.
- The Public Parking Committee consisting of commissioners Roesser (chair), Mallet and Meroney is going to meet again. Staff was asked to request a copy of the Public Parking Division's cash handling policy for the committee.
- Ms. Lowe noted the distribution to all commissioners of the legal opinion from the General Counsel in response to the request regarding a clarification of the TRUE Commission's scope of authority with regard to the independent boards and commissions and the constitutional officers.

- Ms. Lowe also noted that a very successful new commissioner orientation, a first for the TRUE Commission, had been held in March and was well attended.

Old Business

- Commissioner Palombi suggested the need to search the commission's minutes for a motion that may have added the new commissioner orientation to the commission's Policies and Procedures Manual.
- Commissioner Whisenant reported that he had met with the contractor on the Wesconnett Boulevard widening project and can report that repairs are underway on noticeable defects in the work. He sees a need to look at the issue of contract manager authority and power.

Next meeting

The commission's next meeting will be on Monday, May 1st, 2006 at 4:00 p.m. following the GOOHS Committee meeting in the City Council Chamber.

There being no further business, the meeting was adjourned at 5:52 p.m.

Items pending further follow-up

- Housing Partnership home rehab program – Commissioner Myers
- Appointment of Nominating Committee for new officers – Chairwoman Lowe
- Policies and Procedures Manual, new commissioner orientation - staff