

City of Coral Gables City Commission Meeting

Agenda Item D-1

September 25, 2007

City Commission Chambers

405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Slesnick Donald D. Slesnick, II

Vice Mayor William H. Kerdyk, Jr.

Commissioner Maria Anderson

Commissioner Rafael "Ralph" Cabrera, Jr.

Commissioner Wayne "Chip" Withers

City Staff

City Manager, David Brown

City Attorney, Elizabeth Hernandez

City Clerk, Walter J. Foeman

Deputy City Clerk, Susan Franqui

Public Speaker

Carlos Lacasa, member of the Florida Taxation and Budget Reform Commission

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Carlos Lacasa, member of the Florida Taxation and Budget Reform Commission, to speak about the work of the Commission.

Mayor Slesnick: First item under personal appearances, we have with us a member of the Florida Taxation and Budget Reform Commission, a person well known to all of us, former State Legislator, and from a family of public servants; Carlos Lacasa, Carlos, welcome to City Hall.

Mr. Lacasa: Good morning Mayor, members of the Commission, its great to be here again. I haven't been here since – I used to come in and report to you how well we do in the budget process after the legislative session, so it's great to be back. As many of you know after 2002 when my term expired, I continued to give public service; we all enjoy it so much, serving on the Board of Citizens up until May of this year; serving on Miami-Dade Expressway Authority; and now on the Tax and Budget Reform Commission. The Tax and Budget Reform Commission couldn't have a better timing to convene given the state of things with property taxes in the State of Florida, and revenues. The Tax and Budget Commission – it was coincidence that it convened this year right when the market bubbled, and when property taxes, and insurance rates came to a head and started putting a real burden on Florida homeowners. The Commission as you know is made up of twenty-five (25) members; it takes seventeen (17) of us to put something on the ballot; if

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seventeen people approve of the ballot item that goes on in November of next year in the General Election; and given what happened yesterday in Liam County, Judge Francis taking Amendment One off the ballot in January 29th because the language of the – the summary of the ballot item was, in his words, “misleading”; its up in the air right now whether there will be a property tax proposal to vote on in January. The Legislature could go into Special Session include in the call trying to fix this language and get it back on the ballot. Right now I’m not optimistic that that’s going to happen. They could go into another Special Session after this one and try again; it’s anybody’s call what will happen. There’s been a lot of polling since that was adopted in June; the polls indicate that support for Amendment One was less than fifty percent (50%), so if I was a House member of Senator, I’d be kind of worried right now trying to get something back on the ballot only to have egg on my face in January. Having said that, I think that there is a lot of room for improvement on what that particular ballot initiative proposed. It didn’t do anything for commercial property; it didn’t do anything for non-Homestead residential property. We on the Tax and Budget Commission have been spending all summer getting informed from different State agencies, and different local agencies on how their tax structures work; how the budget process works; getting educated; these are citizens from around the State, some are former legislators, many are business people who are donating their time; tax collectors and appraisers from around the State; it’s a good mix of very professional, very qualified people. We started public hearings last week; we are going around the State now listening to the public and getting their concerns, and we figure that by the end of the year we’ll start to maybe narrow down to four or five issues, this is my guess, it could be a higher number, but I don’t think it would be – four or five issues that we think have a chance of making it onto the ballot in November. I think property taxes will definitely be one of them; I think some kind of review of sales tax exemptions will be another; and then the other two or three could be anybody’s guess, some people are talking about school vouchers, term limits, things like that. From my personal perspective I think property taxes – property tax is my focus, and I’m pushing forward a proposal that goes beyond Amendment One. I think that all real estate in Florida should have the Save-Our-Homes type of cap on the rate of growth in taxable value. I think Save-Our-Home should continue to be the law of the State; and that it should be portable, if not at one hundred percent (100%) at least seventy five percent (75%) portable; and I think that “snow birds” and anybody else who wants to have one residence in Florida should have the same treatment as those who have homesteads in Florida. The real estate market here is one of the main drivers of our economy, and our population, in order to have a healthy mix of working age, and retired, and school age people needs to have net migration on an annual basis. Last year most of our growth – eighty seven percent (87%) of it State-wide was net migration from within the United States and outside of the United States. It’s projected that by 2030 the population of Florida – the elderly population – will double to over seven and a half million (7.5M) people; while the rate of growth of the working age population will remain stable at about one percent (1%) a year. So we need net migration and Florida real estate needs to be attractive as one of the key drivers of that. These are the proposals I’m looking at and I’m here to hopefully get some comments from you guys.

Commissioner Anderson: I actually Carlos, I really appreciate you coming down; we had a couple of nice conversations, and I think what you are presenting – I'm kind of glad the Amendment is not going hopefully in January because I think what you are going to propose hopefully with the Budget and Tax Reform Committee will actually put in the structural fixes which I believe are some of the things you are talking about, which is some type of cap of Save-Our-Homes type Amendment on commercial properties, which have seen rate of growth has made – doesn't make economic sense for people to keep investing. So that would be something that I think is really important; the portability of the Homestead exemptions for people, I think is crucial. I don't know about the whole – what you are talking about, but I think it sounds really interesting in order to offer it to more people. My initial thought – the one we supported – Katy Sorenson's one was the one for seniors, but I think I'd love to see what the Budget and Tax Reform Committee offers. I don't know what your thoughts are on this, my question is, the folks that buy later, and they come into a neighborhood, and we see this a lot. In the last Budget Hearing the last couple of years people are talking about don't raise my taxes, I pay enough, but there have been years where we haven't raised the taxes but the valuation has gone up; and there are people who live on the same block that pay a hugely different tax than the person next door to them because they bought later, because they have taken a hit on the assessment. What are your thoughts on kind of helping to ease that burden on the residents?

Mr. Lacasa: There are two things on the Amendment One ballot item for January that I thought were very useful: one was super exemption; I think that the super exemption should continue to be an item that we look at, it is a great way for people to get an instant differential on – the differential being the difference between the market value and taxable value. The two hundred thousand dollar or the one ninety five actually was a good idea. The second one was a cap on spending; now I know that's a sensitive subject for local government, but everywhere I go people are as focused on caps on spending as they are on caps on revenue, or caps on the taxable value. I was luke-warm to the issue of revenue, sorry, spending caps, because I think that's a policy issue for elected officials, but I'm telling you that has momentum.

Commissioner Anderson: And it did in Colorado and they rescinded it since, the Citizens Bill of Rights.

Mr. Lacasa: Well we actually had a huge presentation in Jacksonville a couple of days ago, it's called.....

Commissioner Anderson: TABOR.

Mr. Lacasa: TABOR – thank you. TABOR continues to be the law of Colorado.

Commissioner Anderson: They haven't rescinded that?

Mr. Lacasa: There have been aspects of TABOR that were repealed, but the bulk of TABOR is still in place, and they swear by it. I want to know more before I vote for something like that.

Commissioner Anderson: Sure.

Vice Mayor Kerdyk: Carlos, how you going to deal with, you mentioned it, commercial property values – how the assessed values have continued to escalate, and the property owners have shouldered a lot of the burden that tax increases, and of course not only do the commercial property owners shoulder it then it gets passed on to the tenants, which are also passed on to the consumers. I heard your thought process of you doing something as far as that's concerned; have you come up with any initiatives of how that could be capped or.....

Mr. Lacasa: Sure – I mean, I've got to swing sixteen other votes on the TBRC, the Tax and Budget Reform Commission; and the more – obviously we are bound by the Sunshine Law, I can't build a coalition like I used to in the legislature, and then suddenly announce it in the press conference; I've got to build consensus with my colleagues at publicly noticed meetings, so it's a little tougher to do. But I see the consensus growing; I see more and more members nodding affirmatively when we talk about these subjects in our public meetings, and I'm getting the feeling that a cap on the rate of tax value growth for commercial has a chance. You know, the argument that most concerns me about this kind of aggressive property tax relief is the impact it has on school funding; I mean, the legislature, when it passed, put Amendment One on the ballot said that they would hold schools harmless; it was not exempt from Amendment One; it was exempt from what they did statutorily, not from Amendment One. But now they have a one billion dollar shortfall, another billion or so projected for next year, so it gets tougher to hold schools harmless. My thinking is that if we do this kind of aggressive property tax relief maybe the voters would be inclined to go from three percent (3%) to four percent (4%) on the capital rate of growth, and that one percent extra might hold schools harmless. This is what we are talking about in earnest on the Commission.

Commissioner Anderson: Are there other meetings that are coming up for the Budget and Tax Reform Committee that citizens can go to?

Mr. Lacasa: Yes ma'am, there is going to be a public hearing in Miami, I'm afraid I don't have the date.

Commissioner Anderson: If you could give that to the City Manager maybe we could publish it on the website or maybe air that on screen on our local government channel.

Mr. Lacasa: As a matter of fact I think that's October 10th, but I will get the information to the Manager.

Commissioner Anderson: That'll great so people can go and share their thoughts and their concerns because I know there is a lot of anxiety about that, and look forward to

some real structural changes that really do bring about some real reform; and I have to tell you I'm biased – I would look to the moderate because I think a lot of the things you are talking about will help bring about more moderation in government spending too because it will lower the amounts, but my belief is it will lower amounts in more sane ways than are now, although I realize people want relief now no matter what, I get that. But I look for some real structural changes that have meaningful and long lasting impact; I hope you are successful in your endeavors in the Reform.

Mayor Slesnick: Carlos, thank you very much for taking the time to come here. I think, for those of you who have watched the give and take up here at this dais, Carlos and I have had an opportunity over many years and now lately an occasion or two to talk over our differences on this issues, and we do not agree on some of these issues, but I do agree with one thing and that is, and I've told Carlos, this is the approach that the citizens of Florida adopted in their constitution to take a periodic look at the tax structure, and the process that Carlos has described is a deliberate and intelligent and insightful one; and so I have a great deal of confidence more so in that than quick knee-jerk reactions taken by people. Carlos, we wish you well, and tell you what, we don't get the tax and the Commission come up here often, we are going to get a picture of you and the Commission so that we can send that to you and let you remember us as you deliberate so you know that Coral Gables supports good sensible tax reform, not necessarily tax cutting – OK. Thank you Carlos, come on up here.