

Revenue cap prospect eats at city

By [Lorri Helfand](#), Times Staff Writer

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New legislation that would cap state and local government revenue hasn't been introduced yet, but city leaders are bracing for it.

"Of all the things facing the city in the next year, the economy and what have you, I think (this legislation) is probably the most serious thing the city will face in the next 12 months," said Kim Adams, Largo's finance director.

A similar bill died in committee this year. But Adams told city leaders that such a constitutional amendment will likely end up on the 2010 ballot.

The former version of the legislation generally capped revenue at a base amount, plus population growth and inflation. It also required voter approval to go above the limit or for any new tax or fee.

Officials don't know what a new proposal would entail. But Adams, a member of the Florida League of Cities Finance and Taxation Committee, assumed elements of the previous legislation would be incorporated in a new bill. And at a work session last week, he speculated on how some of those components might affect the city.

After introducing Adams' presentation Tuesday night, Mayor Pat Gerard said it was "nightmare time."

Adams outlined a host of possible pitfalls, from limitations on hiring to forced borrowing.

He also pointed to problems with similar legislation, such as Colorado's 1992 constitutional amendment, known as the Taxpayer's Bill of Rights. The state couldn't fund basic services, he said. And in 2005, residents voted to suspend the amendment for five years.

Proponents of such legislation say it eases the tax burden on citizens. But city leaders are worried about its ramifications, especially with the poor economy, Amendment 1 and other proposed legislation in the pipeline.

One of the city's top concerns is that it may hamper Largo's colossal plan to curb sewer system overflows, mandated by an agreement with the Florida Department of Environmental Protection.

The projects could run from \$50 million to \$70 million over several years, and city leaders expect to borrow money and raise sewer rates to cover the cost.

They're worried that the city may not be able to fund the work if Largo needs to raise revenue above the cap and voters don't agree to a rate increase.

He and other city leaders are also concerned that there may be referendums, and the costs associated with them, for many things the City Commission routinely does on its own.

"If this passes and so-called hometown democracy passes," Gerard said, "we might as well just have an election every month."