

POLL Governor candidate McCollum's tax freeze not warmly received by cities

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NAPLES — It's an unnecessary step.

That's how some local government officials describe a proposal to freeze property tax rates for two years.

Bill McCollum, Florida's attorney general and a Republican gubernatorial candidate, recently announced that if he is elected governor, he plans to institute a two-year freeze on property tax rates.

That proposal would freeze tax rates at 2010 levels and require "that local governments face the same fiscal responsibilities that households must deal with every day," McCollum said in a June position paper outlining the proposal.

Rick Scott, the Naples Republican running for governor, hasn't yet rolled out his plan for property taxes.

Jennifer Baker, a spokeswoman for the Scott campaign, said Scott plans to do so in the coming weeks.

In the meantime, local government officials and experts are reacting sharply to McCollum's announcement.

"A freeze on tax rates is a 'one size fits all' approach and does not recognize that many cities, like Naples, have significantly reduced expenditures over the last several years," Naples City Manager Bill Moss said.

Some go further, suggesting McCollum didn't do his homework.

"We obviously think it's an effort that's devoid of any knowledge of recent history," said John Thomas, director of police and political affairs at the Florida League of Cities. "For the last three years, cities have significantly decreased property tax revenues.

"In the last three years there hasn't been a ... real need for property tax reform."

That's because the Florida Legislature mandated in 2007 that local governments reduce property taxes, officials said.

Then in 2008, Florida voters approved a tax reform amendment that further limited the amount of money local governments received from property taxes.

Cragin Mosteller, director of communications for the Florida Association of Counties, said that “in spite of tough times and dramatic cuts” Florida counties have stayed below the state-mandated tax rate cap.

Florida law states that local governments cannot impose a tax rate of greater than 10 mills, or \$10 for every \$1,000 of taxable value.

Mosteller said that of Florida’s 67 counties, only seven counties exceeded the cap in recent years.

“It’s not only pre-emptive but unnecessary,” she said of the proposal.

Moss said a cap at the 2010 tax rate could have unintended consequences, especially if property values increase during the freeze.

If rates are frozen and property values increase, Moss said, then the 2010 rate would act as a tax increase. If property values continue to decline during that period, Moss said, then the 2010 rate would act as a tax decrease.

The latter scenario would be bad news for local governments, who depend on property taxes to balance the budget.

Take the city of Naples, for example.

Ann Marie Ricardi, the city’s finance director, recently explained what would happen if Naples City Council opted to freeze tax rates at 2009 levels for the next five years.

The fiscal 2009 tax rate is 1.8 mills, or \$1.80 for every \$1,000 of taxable value. If City Council were to keep the same tax rate in fiscal 2010, the city could see a shortfall of more than \$1.8 million.

Ricardi predicts the city will see a shortfall of more than \$3.9 million in fiscal 2013 if the current tax rate is applied that year.

John Torre, a spokesman for Collier County government, said Collier officials “are not familiar enough with the specifics of the proposal” to comment on how it would affect the county budget.

But not everyone agrees that a freeze is automatically a bad idea.

Naples Councilman Gary Price said he understands the idea behind McCollum’s proposal, but is uncomfortable with the idea of a statewide mandate.

“I’d like to make that decision locally, instead of him making it for me,” Price said.

Mostellar said a mandatory freeze would “dramatically hinder communities from making a decision at a community level.”



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