



NEWS

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PALM BEACH GOVERNMENT TAXING MORE DESPITE RECORD HIGH RESERVES *Using Excess Reserve to Avoid a Tax Increase Recommended*

TALLAHASSEE — Palm Beach County, which already has one of the highest tax burdens in Florida, continues to raise taxes, despite having a nearly \$900 million dollar reserve fund, the highest of any county in Florida. That's one of the insights provided in a research report on Palm Beach County's \$4.3 billion budget by Florida TaxWatch, which concludes that the county government is able to and should consider cutting taxes significantly.

County property taxes have grown significantly, outpacing increases in residents' personal income, inflation, and population, according to the report by the independent, non-partisan research institute and government watchdog based in Tallahassee.

"No one is stopping Palm Beach County officials but themselves from using these excess reserves to counter large tax increases," said Dominic M. Calabro, President and CEO of Florida TaxWatch. "In times of windfall tax collections, it's fair and prudent for government to share the good times with the taxpayers, who produced the excess taxes by the sweat of their brows, by returning some of the money to the taxpayers," he said.

The report noted that the county is in excellent financial shape internally and the only county in Florida with an AAA bond rating, which allows lower cost long term financing. Yet the report found that reserves appear excessive compared to peer counties in the United States with AAA bond ratings and that the county may be designating revenues for capital projects faster than the county can reasonably acquire or build those projects.

"The county should determine if increasing taxes and then adding an ever-increasing portion of those taxes to capital projects is warranted," said John Turcotte, Senior Vice President for Research at Florida TaxWatch and the report's principal author.

The county's 2007 proposed budget includes a \$123 million property tax increase, which is a 15% increase over the previous year and is at a tax millage rate well above the state-mandated rollback rate. This would bring the tax increases adopted by the Commission above the legal Truth in Millage rollback rate, to \$216 million in the last two years and \$323 million in the last four years.

(more)

The research report notes that the 2007 proposed property taxes would grow the county's revenues by 18.3%, more than double the growth of personal income of county residents, and four times that of combined population and inflation growth.

Florida TaxWatch, through its Center for Local Government Studies, reviewed ten years of the Palm Beach County budgets, during which time property taxes grew 143%, total taxes grew 122%, while personal income grew by 62%, and the combined growth in inflation and the county's population was 55%. The report, commissioned by the Economic Council of Palm Beach County, noted that the county's taxes are higher and are rising faster than the average county and the other four largest peer counties that TaxWatch included in its review – Broward, Hillsborough, Miami-Dade, and Orange.

The report contained specific recommendations for Palm Beach County officials:

- Move to a zero-based budgeting process, with each county department developing several budget proposals based on alternative levels of service;
- Prioritize items within the budget, to allow the county commission and citizens to view the staff's priority of projects to help ensure a proper evaluation;
- Consider eliminating \$4.9 million in new spending proposed since last month's budget workshop, driven by increased tax collections;
- Eliminate all lump sum funds spent at the sole discretion of a public official for projects or activities that may not serve a valid public purpose;
- Adopt a standard budget format to replace the three different ones in use today, to help eliminate inconsistencies in budget documents and improve citizen understanding;
- Develop a sunset process so that each program and project is reviewed to determine if each should be continued, changed, or eliminated;
- Review all capital projects, including old uncontracted projects, to determine if any could be eliminated or reduced in cost or scope; and
- Consider merging independent administrative and support units of separate constitutional offices to save money

"We make these recommendations in a helpful and constructive manner and stand ready to assist Palm Beach County officials with any of the suggestions or other issues they'd like to proceed on toward providing the services its citizens need, while providing maximum taxpayer value," said Calabro.

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MEDIA NOTE:

John Turcotte will be available to answer questions about the Florida TaxWatch report following his presentation to the County Commission's Budget Workshop, scheduled for 9:30 a.m. **this morning** in the Commission's chambers on the sixth floor at 301 N. Olive Avenue, in West Palm Beach. Please contact Harvey Bennett for possible later morning availability.

[Click Here to View Research Report](#)

Florida TaxWatch is a private, non-profit, non-partisan research institute that over its 26 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Our mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida Government. On the web at www.floridataxwatch.org