

*Evaluating the Past -- Assessing the Future*

# FLORIDA TAXWATCH STUDY OF LEON COUNTY'S ONE-CENT LOCAL OPTION INFRASTRUCTURE SALES SURTAX

*Report Card on Stewardship of Tax Revenues Since 1989  
Recommendations to Improve Performance and Accountability if Voters Extend the Tax Beyond 2004  
Economic Impacts of Extending and Not Extending the Tax*

## EXECUTIVE SUMMARY



July 2000



T. O'Neal Douglas  
Chairman

Dominic M. Calabro  
President and Chief Executive Officer

July 31, 2000

The Honorable Jane Sauls, Chair  
Leon County Commission

The Honorable Scott Maddox, Mayor  
City of Tallahassee

Dear Commissioner Sauls and Mayor Maddox:

Florida TaxWatch is pleased to submit the following study of Leon County's one-cent local option infrastructure sales surtax.

As provided in the contract with the Leon County Commission and Tallahassee City Commission, the study consists of three Deliverables: a performance-based "report card" on stewardship of tax revenues since 1989; recommendations to improve performance and accountability if voters extend the tax beyond November 30, 2004; and economic impact analysis for Leon County-Tallahassee of extending and not extending the tax.

This study is not designed to support or oppose the November 2000 ballot referendum. Rather, it is designed to provide accurate and meaningful information to Commissioners and Leon County-Tallahassee voters so the voters will have a more meaningful, relevant and accurate assessment before making this monumental decision that will affect the content and character of our community for the next 20 years.

Deliverable One is Florida TaxWatch's six-month review of Leon County's and the City of Tallahassee's stewardship of the one-cent local option infrastructure sales surtax. It examines the presentation of the tax's legal requirements and goals, priorities and benefits to voters during the 1989 public information campaign; project planning, discussion and decisions by the County and City Commissions between 1989 and 2000; program management and evaluation; and the status of projects funded since the tax was imposed on December 1, 1989. This review finds both positive efforts/accomplishments and notable shortcomings/areas which should be improved during the remaining four years of the current tax, and which should be addressed for a prospective tax extension to be decided by the voters in November 2000.

Deliverable Two recommends a Performance and Accountability Improvement Plan that the County and City Commissions should evaluate, refine and commit to prior to presenting the November 2000 ballot referendum. While it would have been preferable to include some of these provisions -- such as annual oversight by a citizens advisory committee -- in the referendum, it is essential that they be adopted by Ordinance. Additionally, relevant parts of the Plan should be adopted by amending the 1989 Ordinance for the remaining four years of the current sales tax. These two actions will demonstrate good faith to the community and help increase voter confidence that the County and City Commissions accept responsibility for past shortcomings, and are taking actions to assure improved accountable performance in the future.

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*"Improving taxpayer value, citizen understanding and government accountability"*

Two further steps to promote good stewardship and prudent financial and operational planning for expenditure of proposed sales tax extension revenues are (1) to develop contingency plans with alternative scenarios and options for dealing with currently unforeseen but possible Blueprint 2000, County and City project time delays occasioned by factors such as right of way and permitting problems and neighborhood preferences and (2) to estimate operational and maintenance costs over the first fifteen of the capital improvements proposed to be funded by the sales tax extension.

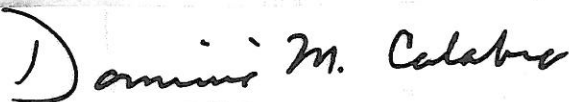
Deliverable Three, an economic impact study prepared by the Center for Economic Forecasting and Analysis at Florida State University in consultation with Florida TaxWatch, finds that Leon County-Tallahassee's proposed 15-year sales tax extension would generate an estimated \$841.2 million of additional economic growth (output) including nearly 2,000 extra jobs especially in construction, wholesale and retail trade, real estate, utilities, professional, business, health and social services will be generated and more than \$100 million of net increase in personal income, while \$479.7 million of output would be produced if the sales tax is not extended. Thus, the net economic growth or output, defined as the change in total sales (total dollar value of goods and services) generated by the affected industries because of increased economic activity over and above the benefits of sales tax funded projects is \$361.5 million during the period 2005-2021.

Failure to extend the sales tax would generate increased "other property type income" (payments for rents, royalties and dividends) and "indirect business taxes" (excise taxes, property taxes, fees, licenses and sales taxes paid by businesses). However, the net economic gains of the proposed sales tax extension would more than offset these losses to the tune of nearly \$361.5 million. The net economic benefit is that citizens would have the use of the capital improvements and a higher level of prosperity. Put another way, in addition to the value of the proposed capital improvements to be paid for from tax revenues, the estimated total economic benefit of extending the sales tax is somewhat greater than projected revenue to be collected from imposing it.

Florida TaxWatch has reviewed the planning process for utilization of tax revenues if the voters approve a tax extension beyond November 30, 2004, and finds that the work of the citizen-based Economic and Environmental Consensus Committee, together with assistance provided by County and City staff in refining and costing Blueprint 2000, County and City projects, is a substantial improvement over the 1989 sales tax planning and project costing process. The Committee's creative and balanced approach to dealing with Leon County's infrastructure challenges bodes well for future community development and revitalization.

The Leon County Commission and Tallahassee City Commission are commended for seeking Florida TaxWatch's independent and objective assessment of past and present stewardship of the local option sales tax, and recommendations for future improvement, in order to enhance your deliberations and public discussion. Florida TaxWatch looks forward to an opportunity to make a presentation on our findings to the Commissions at your earliest convenience, and to participate in community forums this fall as voters consider this monumental policy issue.

Sincerely,



**Dominic M. Calabro**  
President and Chief Executive Officer

# FLORIDA TAXWATCH STUDY OF LEON COUNTY'S ONE-CENT LOCAL OPTION INFRASTRUCTURE SALES SURTAX

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## Introduction

On September 19, 1989, more than three-fifths of Leon County voters participating in a referendum approved a one-cent local option infrastructure sales surtax for 15 years. The ballot referendum, a Leon County Ordinance and City of Tallahassee Resolution stipulated that tax revenues would be used to construct critical and significant community capital improvements in law enforcement and transportation.

In December 1999, the Leon County Commission and Tallahassee City Commission voted to contract with Florida TaxWatch to conduct a study to address three questions:

- Have sales tax revenues been spent in accordance with the legal requirements of the 1989 ballot referendum and with prudent and effective public management practices?
- What can be done to improve performance and accountability, and to engender citizen confidence, if voters extend the sales tax?
- What will be the likely economic impacts on Leon County-Tallahassee of extending and not extending the tax?

To answer these questions, Florida TaxWatch examined legal requirements; campaign commitments to voters; and accomplishments and shortcomings regarding one-cent local option infrastructure sales surtax policymaking, planning, execution and evaluation. TaxWatch also conducted face to face and telephone interviews with Leon County and City of Tallahassee staff, community activists and concerned citizens. Finally, TaxWatch subcontracted with the Center for Economic Forecasting and Analysis at Florida State University to assess economic impacts on Leon County-Tallahassee of extending and not extending the sales tax.

## DELIVERABLE ONE

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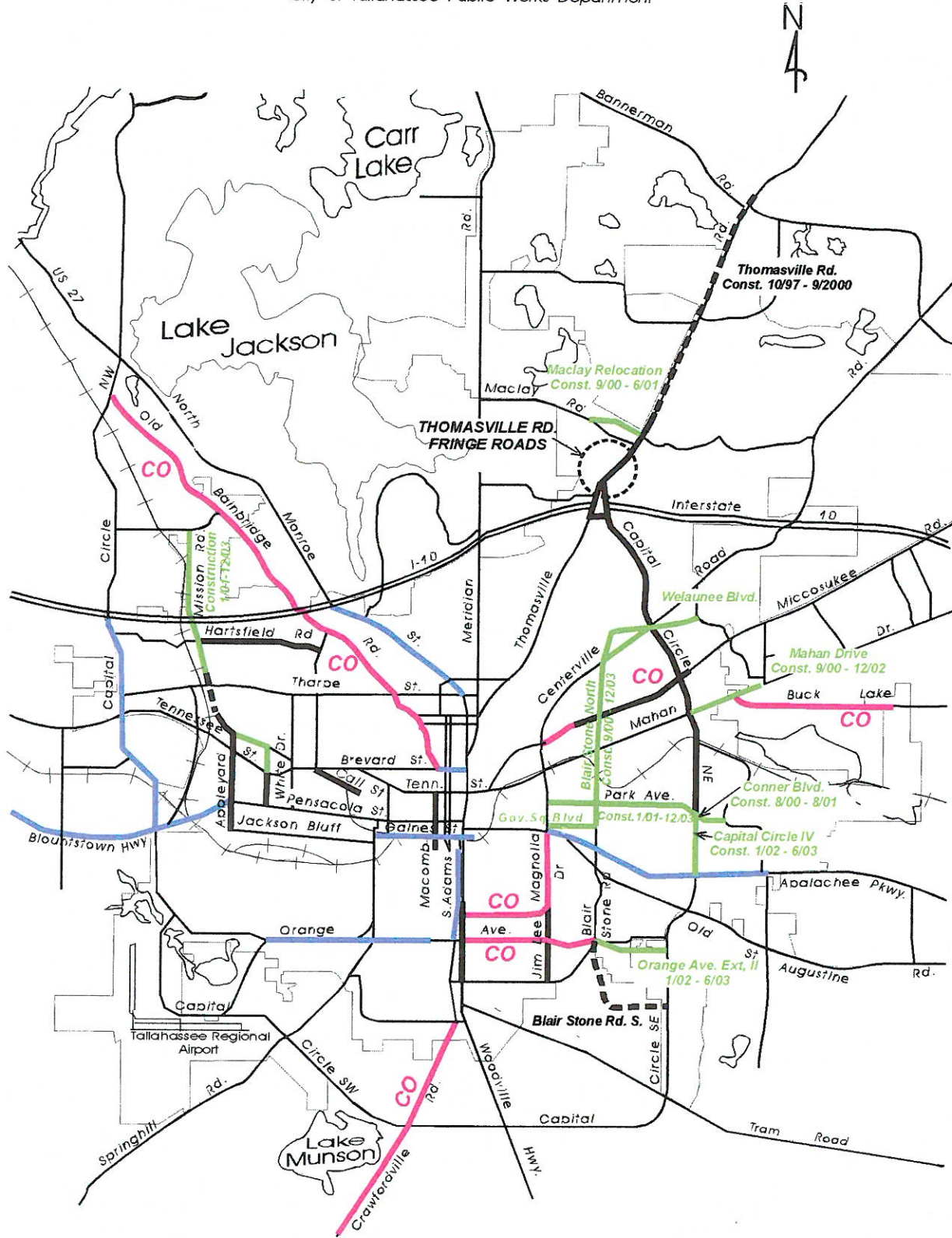
### Report Card on Stewardship of Leon County's One-Cent Local Option Sales Surtax

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Florida TaxWatch's six-month review of Leon County's and the City of Tallahassee's stewardship of the sales tax finds both positive efforts/accomplishments and notable shortcomings/areas which should be improved during the remaining four years of the current tax, and which should be addressed for a prospective tax extension to be decided by the voters in November 2000. These findings are summarized in part below and detailed in the full report at <http://www.floridataxwatch.org>.

# SALES TAX PROJECTS

Tallahassee-Leon County Planning Department  
 City of Tallahassee Public Works Department



## Legend

- Completed
- Under Construction
- Construction Scheduled Within 5yrs
- Sales Tax Rd. Beyond 5 yrs
- Leon Co. Sales Tax Rd

# SALES TAX PROGRAM EFFORTS/ACCOMPLISHMENTS

Note: Florida TaxWatch's full report includes responses by Leon County and the City of Tallahassee to most of the following findings. Please see <http://www.floridataxwatch.org>.

## Law Enforcement Improvements

1. Law enforcement improvements, including a new \$60 million County jail and a \$7.8 million expansion of Tallahassee Police Department headquarters, were completed on time and within budget. Jail bonds will be retired by 2004.

## Roadway Improvements

### City Roadways

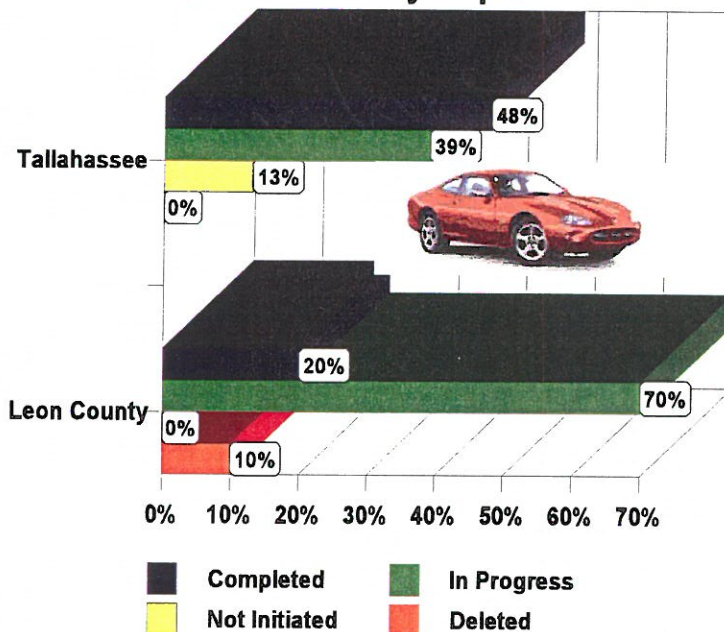
On July 1, 2000, of the City of Tallahassee's 68 projects, 48% (33) had been completed, 39% (26) were in progress and 13% (9) had not been undertaken. All except one of 18 intersection improvements had been completed. By November 2004, the City anticipates completing all eight (out of 17 listed) state road projects that are eligible for advance funding, and 50 of 51 local projects.

### County Roadways

On July 1, 2000, of Leon County's 20 projects, 20% (4) had been completed, 70% (14) were in progress and 10% (2) had been deleted. Of the 14 projects in progress, two are scheduled for completion in 2000; three in 2002; four more by 2004; and five in 2004-05.

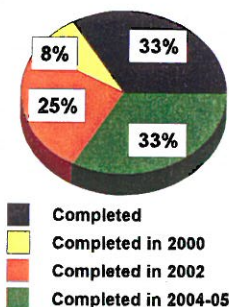
Note: City projects include state roads, major and minor City roads and intersection improvements. County projects include state roads and major County roads. During the initial four years of the sales tax, the County focused its attention on the \$50 million plus jail construction. These factors help explain why the City's roadway completion rate is higher than the County's.

## Status of Roadway Improvements



Source: Leon County Public Works Department, City of Tallahassee Public Works Department and Florida TaxWatch, July 2000.

## Leon County Projects Added Since 1989



Source: Leon County Public Works and Florida TaxWatch, July 2000.

*"The sales tax road schedule will be subject to some volatility over time due to state road project programming, project cost changes, concurrency, potential reprogramming of projects based on state paybacks, and unforeseen production problems."*

Tallahassee City Commission Agenda Item  
January 9, 1991

## *Project Additions, Modifications and Deletions*

■ The City of Tallahassee's and Leon County's project additions, modifications and deletions have been well documented and based on changing conditions, public comment and availability of funding.

The County has spent no sales tax dollars on planning and design of sales tax projects that were subsequently deleted. Just .05% (\$63,423 out of \$125 million) of City sales tax revenues have been spent for study and evaluation of four roadway projects on the 1989 priority list that subsequently were deleted.

## *Complementary Projects*

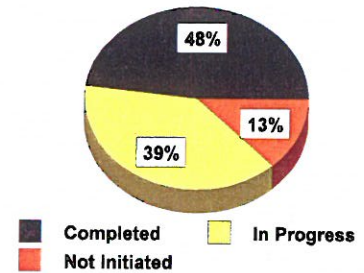
■ Several Leon County projects have complemented City of Tallahassee projects, and vice versa. Examples include the City's Orange Avenue Extension and the County's Orange Avenue widening; the City's Macomb/Wahnish Way project and the County's Old Bainbridge Road projects; and the City's advance funding of segments of Capital Circle, which complemented the County's widening of Miccosukee Road.

## *Citizen and Community Participation*

■ Leon County's Public Participation program enables citizens to participate as equals with transportation professionals and consultants on transportation corridor studies. A "memorandum of understanding" is produced at the end of each study which lists the transportation solutions and agreements to which the project team has agreed. Members of the project team stay involved during the engineering design phase of the project, up to the ribbon cutting.

■ The City of Tallahassee's citizen involvement program features community meetings for impacted citizens from project initiation through completion of project design. Citizen input is incorporated into the overall planning process at the onset of each project, and continues until project completion. Community meetings are conducted throughout the process, allowing citizen input to "shape" the project and to keep all parties informed.

**City of Tallahassee  
1999 Priority Projects**



Source: City of Tallahassee Public Works and Florida TaxWatch, July 2000.

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*"Mayor Maddox pointed out that the project list that was part of the (City's) 1989 resolution included a number of road projects that had never been implemented, and that priorities had changed."*

Minutes of Tallahassee City Commission  
Public Hearing  
December 6, 1995

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*County Commissioner Thael expressed that the public had not been well informed by County government as to where sales tax funds were being spent and on the progress being made on sales tax projects which were voted on in 1989.*

Minutes of Joint County and City  
Commission Meeting  
May 18, 1998

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# SALES TAX PROGRAM SHORTCOMINGS/AREAS TO IMPROVE

## Roadway Project Preparation and Execution

### *Strategic Planning*

■ Neither Leon County nor the City of Tallahassee developed strategic plans for utilizing sales tax revenues collected since December 1, 1989.

### *Sales Tax Project Lists*

■ While in 1989 the County and City Commissions found that state roads were Leon County's biggest transportation deficit, project lists lacked adequate financial planning -- especially regarding state roadway projects. Only 50% (9 of 18) of these projects are scheduled to be completed when the sales tax expires on November 30, 2004.

### *Sales Tax Project Cost Estimates*

■ Roadway project cost estimates were significantly understated by underestimating right-of-way, stormwater mitigation, environmental concerns, and satisfaction of neighborhood concerns. Additionally, the scope of some projects has changed significantly, as have environmental ordinances and the public input process. The City Public Works Department estimated that the cost of 11 roadway projects and 17 intersection projects increased by approximately 125% over 1989 estimates.

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*"Another significant problem with (sales tax) program implementation has been the original (1989) project cost estimates that were prepared hastily in preparation for the referendum. These estimates were prepared without any detailed study and have proven in some instances to be significantly different from more refined estimates, as can be seen by the original and current budgets..."*

City Commission Agenda Item  
September 22, 1999

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*Four projects originally budgeted at \$19 million now have projected costs of \$65 million. These projects are widening Orange Avenue from South Monroe to Blair Stone Rd; work on Old Bainbridge Road from Brevard to Tharpe Street; widening Miccosukee Road from Magnolia Drive to Capital Circle NE; and work on Buck Lake Road from Mahan Drive to Pedrick Drive.*

Excerpted by Florida TaxWatch from  
Status Report to the County and City Commissions  
April 14, 1999

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## Public Information Campaign

Florida TaxWatch's review of the 1989 public information campaign to persuade voters to tax themselves for law enforcement and transportation improvements finds the following (or finds that the following were not adequately explained to voters):

### *Ineligible Program Advertised*

Development of substance-abuse rehabilitation and education programs by the County, which was listed in a 1989 campaign flyer advertising expansion of the County jail, was not an eligible expenditure of sales tax funds.

### *Time To Build Roads*

The public education campaign did not explain that:

- Major road projects take up to ten years or longer to complete, thus virtually guaranteeing that some improvements on the County's and City's 1989 priority lists would not be available to motorists for a decade or more.
- Most of the major projects on the City of Tallahassee's priority lists involved state roads dependent upon advance funding by the City. In 1995, six years after passage of the tax, most of these projects had not been initiated because the City waited for assurances of reimbursement from the Florida Department of Transportation.
- City of Tallahassee Resolution 89-R-0024 permits amendment of the 1989 projects list advertised to voters. This Resolution was not referenced in 1989 campaign literature. Thus, citizens likely were unaware that some projects they might vote to tax themselves to implement would not be undertaken, while others might be delayed.

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*"A good campaign had been conducted to educate the public on the specific road projects which were proposed for funding by the additional sales tax."*

Tallahassee City Commission Meeting Minutes  
September 13, 1989

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*"We have not been the model of efficiency on the last sales tax or road building."*

Mayor Scott Maddox  
Joint Meeting of the City and County Commissions  
to Consider Sales Tax Extension, July 10, 2000

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## Oversight and Auditing

### *Evaluation*

■ No evaluation has been made of the success of five priorities for sales tax spending listed in the 1989 campaign literature. In the absence of evaluation, these priorities -- while laudable and important to voters and to the quality of life in Leon County -- amount to little more than campaign rhetoric.

*1989 campaign literature did not provide citizens -- or future County and City officials -- with realistic expectations regarding roadway improvements.*

Florida TaxWatch Research Finding

## **Florida TaxWatch Report Card on Stewardship of Leon County's One-Cent Local Option Sales Tax**

Florida TaxWatch's six-month study of Leon County's and the City of Tallahassee's stewardship of the one-cent local option infrastructure sales surtax between 1989 and 2000 assigns the following grades to the various facets of the sales tax program:

<b>Grade</b>	<b>Item</b>
D	1989 Sales Tax Project Planning/Costing of Projects
D	1989 Sales Tax Public Information Campaign
B	Public Information Initiatives Since 1996
A	Timely Completion of Law Enforcement Projects
C-	Timely Completion of 1989 Roadway Improvements per Voters' Expectations
B	Successful Completion of 1989 Roadway Improvements
B+	Timely Completion of 1989 City Intersection Improvements
B	Justification of Additions/Modifications/Deletions to 1989 Roadway Project Lists
C-	Evaluation of Sales Tax Program Priorities and Results

### Grading Scale

A	Excellent	B+	Very Good
B	Good	C	Acceptable
C-	Marginally Acceptable	D	Poor
F	Failure		

### *Performance*

■ Both Leon County and the City of Tallahassee lack documentation of quantitative and qualitative improvements/benefits resulting from sales tax-funded roadway projects.

## ***Audit***

■ Just one separate internal audit of the City of Tallahassee's \$100 million plus sales tax receipts has been conducted during the past eleven years. No separate internal audits of Leon County's \$100 million plus revenues have been conducted. No performance audits have been conducted on either the City's or the County's sales tax programs.

## **DELIVERABLE TWO**

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### **Performance and Accountability Plan For Improved Stewardship of Leon County's One-Cent Infrastructure Sales Surtax**

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In Deliverable Two, Florida TaxWatch recommends a Performance and Accountability Improvement Plan, summarized in part below, to the Leon County and Tallahassee City Commissions. While it would have been preferable to include some of these provisions -- such as annual oversight by a citizens advisory committee -- in the referendum, it is essential that they be adopted by Ordinance or Resolution. Additionally, relevant parts of the Plan should be amended into the County's 1989 Ordinance and the City's 1989 Resolution for the remaining four years of the current sales tax.

Two further steps to promote good stewardship and prudent financial and operational planning for expenditure of proposed sales tax extension revenues are to develop contingency plans for dealing with currently unforeseen project time delays, and to estimate operational and maintenance costs over the first fifteen years of the capital improvements proposed to be funded by the sales tax extension.

## ***Governance***

The Leon County Commission and Tallahassee City Commission should, by Ordinance and/or Resolution:

- Provide for an annual independent performance and financial audit of sales tax monies and projects to be reviewed by a Citizens Advisory Committee.
- Include a provision that if, at any time during the life of the sales tax extension, an independent audit shows that project completion dates or project budgets after contract letting fall below 80% compliance, a public hearing will be held to explain the reasons for lack of timely project performance and/or project overspending; the County and City will publish the reasons for lack of timely project performance and/or project overspending in a newspaper of countywide circulation, together with corrective measures to be taken; and the performance of senior management staff will be evaluated accordingly.
- Restrict the use of sales tax extension revenues to *Blueprint 2000* projects listed in the Ordinance or Resolution unless at least eight of the 12 members of the Metropolitan Planning Organization (County and City Commissions) or a majority plus one of a sales tax authority finds that extraordinary circumstances warrant funding other critical needs ahead of said projects.
- Specify procedures to be followed for altering sales tax projects.
- Require development of a joint County/City strategic plan for utilizing one-cent sales tax revenues.

- Require monthly management reports for internal use and quarterly project status reports for Commissioners and the public.
- Require an annual independent assessment of costs and benefits to the community in commonly understood terms in order to improve citizen understanding, engage the community and promote better stewardship of tax resources.

***Issue Status Report on Current Sales Tax Projects; Update Ordinance/Resolution***

- List, in an easily understandable format, the current status of each project on the County’s and City’s 1989 priority lists, and the status of projects added since 1989.
- Update Leon County Ordinance 89-14 and City of Tallahassee Resolution 89-R-0024 to list projects that will be completed between December 1, 2000 and November 30, 2004 when the current sales tax expires, plus those to be completed after November 30, 2004.

***Public Information Campaign on Sales Tax Extension***

The public education/information campaign to inform voters about a sales tax extension should clearly communicate the following:

- Major road projects take six to ten years to complete.
- The size and complexity of some *Blueprint 2000* projects will require a decade or longer to complete.
- It would take more than 50 years at the current annual level of state funding of \$8-10 million to pay for all state road projects that are proposed in *Blueprint 2000*. In other words, projects that can be completed in 15 years using sales tax extension revenues would require 50 years to complete using only state funding.
- Project additions, modifications and deletions may occur as priorities and conditions change, and as community preferences and environmental concerns are incorporated into project designs.

***Program Planning and Administration***

- *Blueprint 2000* projects, as well as County and City projects to be funded by one-cent sales tax extension revenues, should include estimated costs of design, right of way, stormwater mitigation, and resources earmarked for including citizens' and neighborhoods' preferences.
- A comprehensive sequencing/scheduling plan should be developed based on projected revenues and years required to complete each project.
- Request contractors to bid both cost and construction time on a project when there will be a quantifiable cost savings to the public for earlier use of the project.
- Provide increased incentives for timely consultant completion by design consultants and contractors, and increased penalties for delay.
- Provide incentives for more construction contractors to bid on projects. For example, package projects in bids to provide possibility of multi-million contract awards to increase out of area contractors and increase competition.

- Consider providing bonuses for designated City and County staff whose exemplary performance helps to complete one-cent sales tax projects ahead of time and under the final budget after contract letting.
- Provide reports to the Citizens Advisory Committee and the City and County Commissions with respect to each project, after the design thereof, detailing said design's compliance with the intent and language of the Blueprint 2000 report.

### *Cost Savings*

The County and City should commit to a 5-year goal of reducing administrative costs relating to one-cent sales tax funded projects through functional consolidation of staff, equipment, purchasing and other processes.

### *Program Review*

- The Citizens Advisory Committee should annually review the County's and City's documentation of quantitative and qualitative improvements and benefits resulting from one-cent local option sales tax-funded law enforcement and road projects (i.e. reduced travel time, increased safety, reduced congestion, reduced emissions and other benefits).
- Sales tax project status reports should include reasons for budget increases and project delays.

## **DELIVERABLE THREE**

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### **Economic Impact of Extending and Not Extending The Sales Tax**

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An economic impact study was prepared by the Center for Economic Forecasting and Analysis at Florida State University in consultation with Florida TaxWatch. This study finds that LeonCounty-Tallahassee's proposed 15-year sales tax extension would generate an estimated \$841.2 million of additional economic growth (output) – including nearly 2,000 extra jobs in construction, wholesale and retail trade, real estate, utilities, professional, business, health and social services - and more than \$100 million of net increase in personal income. An additional \$479.7 million would be produced if the sales tax is not extended. Thus, the net economic growth or output, defined as the change in total-sales (total dollar value of goods and services) generated by the affected industries because of increased economic activity, is \$361.5 million over and above the benefit of the sales tax funded projects during the period 2005-2021.

**Table One**  
**Economic Impacts on Leon County-Tallahassee Economy**  
**of Extending and Not Extending the One-Cent Sales Tax**

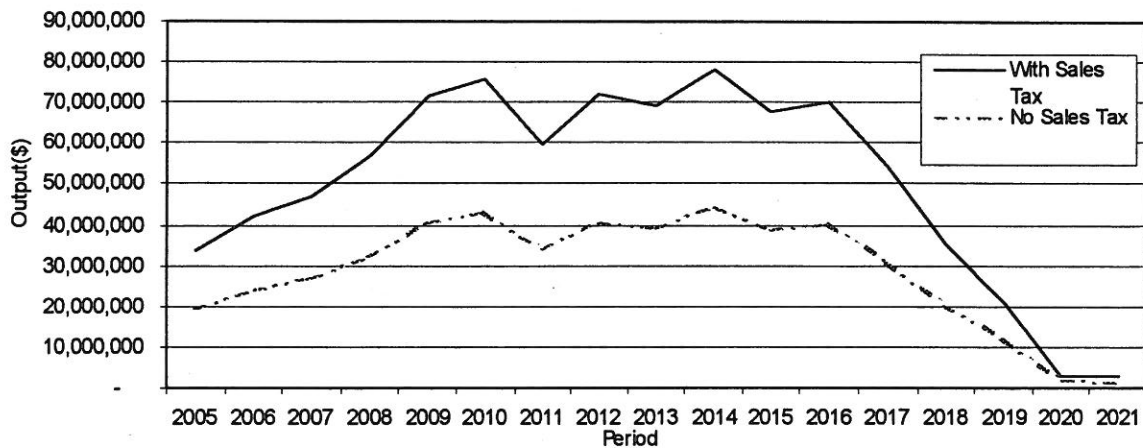
TYPE OF IMPACTS	WITH SALES TAX EXTENSION	NO SALES TAX EXTENSION	NET GAIN (LOSS) FROM SALES TAX EXTENSION
OUTPUT	\$ 841,188,496	\$ 479,694,420	\$ 361,494,076
EMPLOYMENT	9,219	7,266	1,953
PERSONAL INCOME**	\$ 286,718,968	\$ 180,305,207	\$ 106,413,761
EMPLOYEE COMPENSATION	\$ 244,551,355	\$ 162,652,778	\$ 81,898,577
PROPRIETARY INCOME	\$ 42,167,620	\$ 17,652,430	\$ 24,515,190
OTHER PROPERTY TYPE INCOME	\$ 59,444,447	\$ 97,312,210	\$ (37,867,763)
INDIRECT BUSINESS TAXES	\$ 19,464,548	\$ 33,660,380	\$ (14,195,832)

\*\*Personal income is the sum of employee compensation and proprietary income.

Table One above shows that the additional output from sales tax extension project implementation exceeds output generated under a no-sales tax extension scenario. If the proposed County, City and Blueprint 2000 projects are not implemented due to the non-extension of sales tax, the net impact of \$361.5 million can also be viewed as a potential opportunity cost or a foregone output to the Tallahassee-Leon County economy. In other words, increasing the purchasing capacity of consumers due to non-extension of the sales tax will not generate as much additional output as the proposed extension of sales tax.

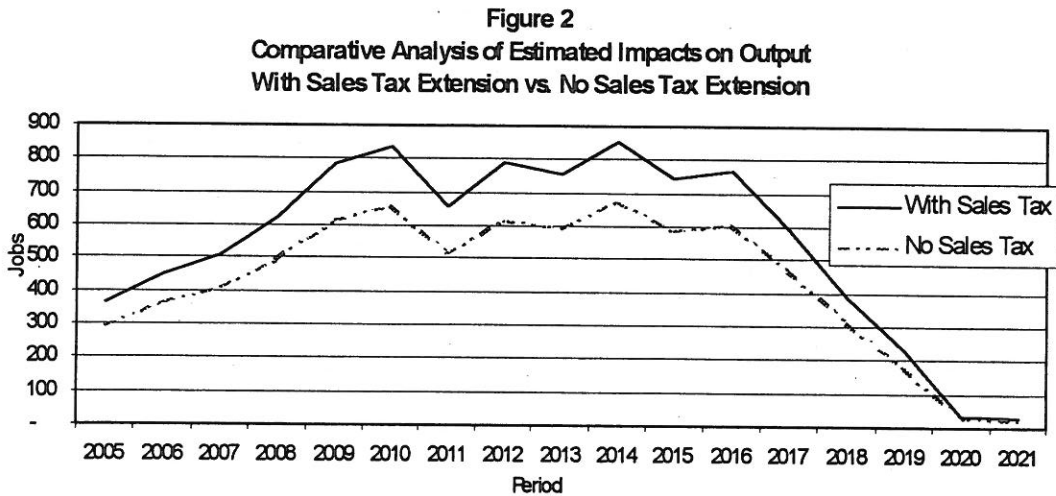
Figure One below presents a comparison of impacts on output of the two scenarios.

**Figure 1**  
**Comparative Analysis of Estimated Impacts on Output**  
**With Sales Tax Extension vs. Without Sales Tax Extension**



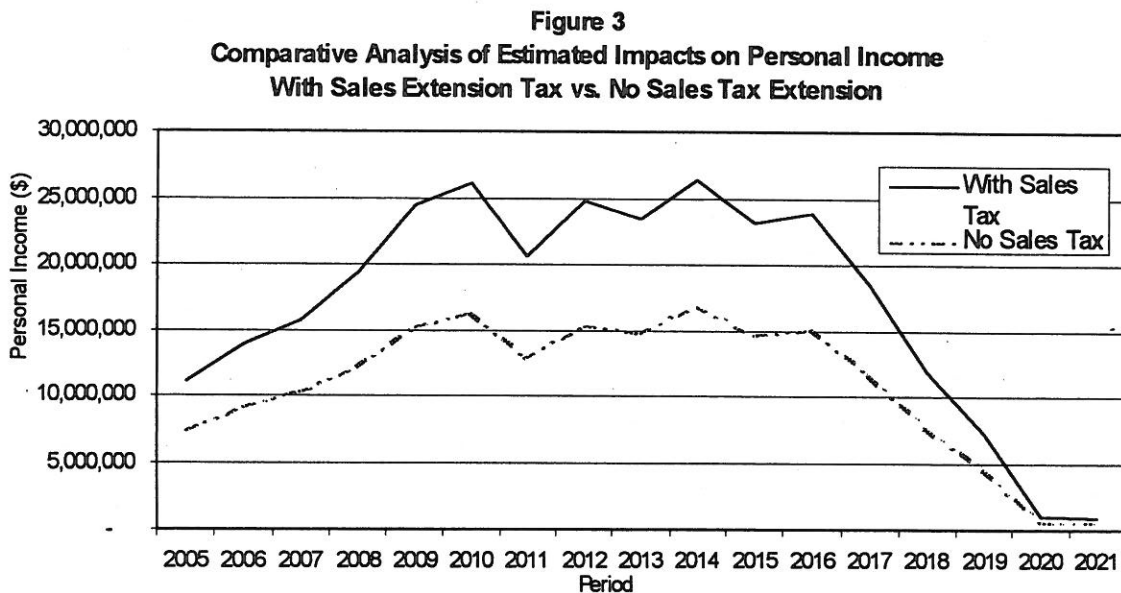
## Employment

Implementing the proposed 15-year sales tax extension projects would generate an estimated 9,219 jobs versus 7,266 new jobs if the tax is not extended. Thus, employment, expressed as the average number of full-time and part-time jobs created during a given period, is estimated to produce a net gain of 1,953 jobs resulting from sales tax project implementation. It is noteworthy that the surge in employment occurs when construction of projects is being undertaken, and dies out once the projects are done. Figure 2 shows the effects on employment under the two scenarios.



## Personal Income

Extension of the sales tax would create additional estimated personal income of \$286.7 million versus \$180.3 million under the no-sales tax extension scenario, a difference of \$106.4 million. Net personal income is the sum of employee compensation (\$81.9 million) and proprietors' income (\$24.5 million). Without the sales tax projects, the Tallahassee-Leon County economy would potentially incur an estimated opportunity cost or foregone personal income amounting to \$106.4 million. Figure 3 below compares the impacts on personal income of the two scenarios.



### *Other Property Type Income*

A sales tax extension would generate \$59.4 million of other property type income, or \$37.9 million less than the \$97.3 million created if sales tax extension fails. This is because expenditures on government projects do not generate as much other property type income as expenditures on consumer goods and services. Increased expenditures by consumers due to the availability of more spending money affects income from rents and royalties. Put another way, a sales tax extension would generate additional other property type income, but not as much as the no-sales tax extension scenario.

### *Indirect Business Taxes*

Approximately \$19.5 million of indirect business taxes -- which consist of excise taxes, property taxes, fees, licenses, but not income or profits -- would be generated by a sales tax extension, which is \$14.2 million less than an estimated \$33.7 million if the sales tax is not extended. This is because expenditures on government projects result in less indirect business taxes compared to households spending their money on consumer items.

## **FINDINGS AND CONCLUSION**

Implementation of proposed County, City and Blueprint 2000 projects through extension of the local option one-cent sales tax would provide significant net economic benefits to the Tallahassee-Leon County economy in terms of increased output, employment and personal income.

Failure to extend the sales tax would generate more other property type income and indirect business taxes. However, the net economic gains of the proposed sales tax extension would more than offset these losses to the tune of nearly \$361.5 million. The net economic benefit is that citizens would have the use of the capital improvements and a higher level of prosperity. Put another way, in addition to the value of the proposed capital improvements to be paid for from tax revenues, the estimated total economic benefit of extending the sales tax over and above the benefit of the sales tax funded projects is somewhat greater than projected revenue to be collected from imposing the tax.

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## *Acknowledgments*

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Florida TaxWatch expresses appreciation to the officials, organizations and citizens who provided information and contributed ideas, insights, constructive criticism and recommendations during the preparation of this report. Particular appreciation goes to Dinah Hart, project coordinator for the City of Tallahassee, and Vincent Long, project coordinator for Leon County. Also to John Davis, City Engineer and Assistant Director, City Public Works Department; and Mike Wilett, Leon County Director of Public Works, Tony Parks, Director of Engineering and Sally Dowlen, Transportation Coordinator for Public Works.

This study was conducted by

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under the direction of Keith G. Baker, Ph.D., Senior Vice President and Chief Operating Officer.  
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