



II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

	Fiscal Years 2007	2008	2009	2010	2011
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
<b>NET FISCAL IMPACT</b>					
<b># ADDITIONAL FTE POSITIONS (Cumulative)</b>					

\*\* SEE OFMB COMMENT: BELOW\*\*

Is Item Included in Current Budget? Yes \_\_\_ No \_\_\_

Budget Account No.: Fund \_\_\_ Dept \_\_\_ Unit \_\_\_ Object \_\_\_

B. Recommended Sources of Funds/Summary of Fiscal Impact:

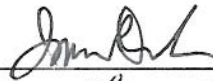
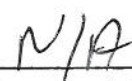
Based on the legislative and constitutional tax reform initiatives, the future tax revenue allowable without an override will not be sufficient to cover projected budget requirements. Based on current property value projections, the approval of Amendment 1 will result in a permanent loss of approximately \$11 million in base property taxes.

C. Departmental Fiscal Review: \_\_\_\_\_

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

The fiscal impact for this item is indeterminable at this time.

 3-19-08 2/19/08 OFMB VO 03/19	 N/A
	Contract Dev. and Control

B. Legal Sufficiency:

 3-21-08  
 Assistant County Attorney

C. Other Department Review:

Department Director

THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.

## **Attachment 1**

### **Fire Rescue Assessment Fee Report**

In the early 1990's the Board of County Commissioners (BCC) requested fire rescue staff report on the possibility of imposing a special assessment as a funding mechanism to replace, or partially replace, ad valorem taxes. After approximately 12 months of review the BCC rejected the use of assessment fees to fund fire rescue services, in part, based on the following findings.

#### **The use of a special assessment will likely shift the tax burden as follows:**

- From Non-Homestead to Homestead Properties
- From Higher Value to Lower Value Properties
- From Commercial to Residential Properties
- Benefit based, not property value based - service received rather than the ability to pay

#### **Other considerations**

- Only fire portion of budget can be funded by assessments
- Assessments are not tax deductible for IRS purposes
- Cities served by PBCFR would have to approve the fee or separate MSTU's would have to be established for them.
- Will partially address the tax equity issue between homestead and non-stead properties in that both properties would pay the same
- Revenue diversification - provides a funding source that could lower ad valorem taxes

Under Florida Statute, the BCC has the authority to levy assessments. The Board would need to adopt ordinances, hold public hearings, and provide first-class mailings to those affected. Annually, the BCC will have to set the rate by resolution. If the rate increases the BCC will have to set the rate by ordinance and a first class mailing must be sent to all properties. A fire special assessment is a funding source not related to the value of property, but rather is based on a benefit provided to the property. Since it is a benefit to property a fire assessment would comply with the law, but the law does not allow the use of special assessments for emergency medical services (EMS) which is a service to a person.

Palm Beach County Fire Rescue (PBCFR) is a consolidated Fire and EMS system. Since the same personnel and emergency apparatus respond to both Fire and EMS, we would have to develop a plan to allocate the budget between these two services. This is a very difficult process that would depend on a number of assumptions. An assessment program must be deemed as a "fair and responsible" methodology in order to be legally defensible.

Many property types such as churches, governmental buildings, schools, charitable organizations are exempt from ad valorem taxes, but these property types would not be exempt from the special assessment unless the BCC makes a decision to omit certain properties. While the Board has some flexibility on which properties will be exempt, the more properties exempted from the assessment, will increase the possibility of a challenge of the "fair and reasonable" requirement.

Should the BCC decide to move forward with a special assessment for fire services, staff recommends a consultant be hired to assure we develop a legally defensible assessment apportionment methodology and reduce the possibility of a legal challenge.