

FLORIDA TAXATION AND BUDGET REFORM COMMISSION

IN RE: COMMITTEE MEETING

DATE: NOVEMBER 01, 2007

TIME: COMMENCED AT 11:05 A.M.
CONCLUDED AT 1:30 P.M.

LOCATION: KNOTT BLDG., ROOM 412
TALLAHASSEE, FL

REPORTED BY: LISA D. FREEZE, RPR
NOTARY PUBLIC

ACCURATE STENOGRAPHY REPORTERS, INC

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MEMBERS OF THE COMMITTEE:

HOYT "BARNEY" BARNETT
MARTHA W. BARNETT
ALLAN BENSE
R. MARK BOSTICK
TALBOT "SANDY" D'ALEMBERTE
MIKE HARIDOPOLOS
MIKE HOGAN
JULIA JOHNSON
BRUCE KYLE
CARLOS LACASA
PATRICIA LEVESQUE
ALAN LEVINE
GWEN MARGOLIS
ROBERTO "BOBBY" MARTINEZ (BY TELEPHONE)
JACINTHA MATHIS (BY TELEPHONE)
JOHN M. MCKAY
ROBERT "BOB" MCKEE
LESLEY J. "LES" MILLER, JR.
RANDY MILLER
JADE THOMAS MOORE
FRANK PETERMAN
NANCY J. RILEY
DARRYL E. ROUSON
RAY SANSOM
JAMES "JIM" A. SCOTT (BY TELEPHONE)
SUSAN STORY
WILLIAM GREGORY "GREG" TURBEVILLE
KENNETH "KEN" WILKINSON
BRIAN YABLONSKI

1 P R O C E E D I N G S

2 CHAIRMAN BENSE: GOOD MORNING. I HOPE
3 EVERYONE TRAVELED SAFE AND HAD A GOOD BREAK AFTER
4 OUR PUBLIC HEARINGS, WHICH WE'LL TALK ABOUT IN A
5 LITTLE WHILE. NANCY, COULD YOU -- AND I'M SORRY
6 TO BE LATE. I'M USUALLY VERY PUNCTUAL WHEN WE
7 START, SO I'LL DO BETTER NEXT TIME. NANCY, COULD
8 YOU CALL THE ROLL, PLEASE?

9 MS. FRIER: COMMISSIONER BARNEY BARNETT.

10 MR. BARNETT: HERE.

11 MS. FRIER: COMMISSIONER MARTHA BARNETT.

12 MS. BARNETT: HERE.

13 MS. FRIER: COMMISSIONER BOSTICK.

14 MR. BOSTICK: HERE.

15 MS. FRIER: COMMISSIONER D'ALEMBERTE.

16 (NO RESPONSE.)

17 MS. FRIER: COMMISSIONER HARIDOPOLOS.

18 (NO RESPONSE.)

19 MS. FRIER: COMMISSIONER HOGAN.

20 MR. HOGAN: HERE.

21 MS. FRIER: COMMISSIONER JOHNSON.

22 MS. JOHNSON: HERE.

23 MS. FRIER: COMMISSIONER KYLE.

24 (NO RESPONSE.)

25 MS. FRIER: COMMISSIONER LACASA.

1 MR. LACASA: HERE.

2 MS. FRIER: COMMISSIONER LEVESQUE.

3 MS. LEVESQUE: HERE.

4 MS. FRIER: COMMISSIONER LEVINE.

5 MR. LEVINE: HERE.

6 MS. FRIER: COMMISSIONER MARGOLIS.

7 (NO RESPONSE.)

8 MS. FRIER: COMMISSIONER MARTINEZ.

9 (NO RESPONSE.)

10 MS. FRIER: COMMISSIONER MATHIS.

11 MS. MATHIS: HERE.

12 MS. FRIER: COMMISSIONER MCKAY.

13 MR. MCKAY: HERE BY PHONE.

14 MS. FRIER: COMMISSIONER MCKEE.

15 MR. MCKEE: HERE.

16 MS. FRIER: COMMISSIONER LES MILLER.

17 MR. LES MILLER: HERE.

18 MS. FRIER: COMMISSIONER RANDY MILLER.

19 MR. RANDY MILLER: HERE.

20 MS. FRIER: COMMISSIONER MOORE.

21 MR. MOORE: HERE.

22 MS. FRIER: COMMISSIONER PETERMAN.

23 (NO RESPONSE.)

24 MS. FRIER: COMMISSIONER RILEY.

25 MS. RILEY: HERE.

1 MS. FRIER: COMMISSIONER ROUSON.

2 MS. RILEY: HE'S HERE.

3 MS. FRIER: COMMISSIONER SANSOM.

4 (NO RESPONSE.)

5 MS. FRIER: COMMISSIONER STORY.

6 MS. STORY: HERE.

7 MS. FRIER: COMMISSIONER TURBEVILLE.

8 MR. TURBEVILLE: HERE.

9 MS. FRIER: COMMISSIONER WILKINSON.

10 (NO RESPONSE.)

11 MS. FRIER: COMMISSIONER YABLONSKI.

12 (NO RESPONSE.)

13 MS. FRIER: VICE CHAIR SCOTT.

14 MR. SCOTT: HERE BY PHONE.

15 MS. FRIER: CHAIR BENSE.

16 CHAIRMAN BENSE: HERE.

17 MS. FRIER: YOU HAVE A QUORUM.

18 CHAIRMAN BENSE: OKAY. FOLKS, FIRST OF ALL,
19 I WANT TO INTRODUCE SOME NEW STAFF MEMBERS, AND
20 THIS WILL PROBABLY BE THE FINAL ADDITION OF STAFF.
21 AS YOU HAVE NOTICED, WE HAVE SLOWLY RAMPED UP
22 STAFF FROM ONE PERSON IN MAY TO A BUNCH NOW. BUT
23 WE NEED A LOT OF FOLKS NOW AS WE GET INTO THE

24 PROPOSAL PHASE.

25 SO I WANT TO INTRODUCE CHANDRA GODWIN.

1 CHANDRA. SHE'S NEW ON THE STAFF. SHE'S BUSY
2 WORKING SOMEWHERE.

3 WE ALSO HAVE DAVID ZACHEM, WHO IS NOT HERE
4 TODAY. DAVID HAS BEEN INVOLVED IN REAL ESTATE
5 AND PROPERTY ISSUES AS A CONSULTANT AND IN
6 OTHER AREAS FOR ABOUT 30 YEARS. WAS INVOLVED
7 IN THE LEGISLATIVE PROCESS FOR A LONG TIME AND
8 WILL BRING SOME VALUABLE EXPERIENCE TO US.

9 ALSO, WE RETAINED DUDLEY GOODLETTE. HIS
10 TITLE IS SPECIAL COUNSEL TO THE CHAIR ON RULES,
11 POLICIES, AND PROCEDURES. AS MANY OF YOU KNOW,
12 I HAD THE OPPORTUNITY TO WORK WITH
13 MR. GOODLETTE OVER THE YEARS, AND I'VE FOUND
14 HIM TO BE A VERY TRUSTWORTHY PERSON WHO
15 UNDERSTANDS THE PROCESS. HE WAS FORMER RULES
16 CHAIRMAN IN THE FLORIDA HOUSE, I THINK HIS
17 THIRD YEAR IN THE LEGISLATURE, SO I THINK HE'LL
18 BE VERY HELPFUL TO US, ESPECIALLY MEMBERS, AS
19 YOU DRAFT YOUR PROPOSALS AND HAVE QUESTIONS
20 THAT YOU NEED TO HAVE ANSWERED.

21 I ALSO WANT TO THANK AVA PARKER. IS AVA
22 HERE? WE'VE WORE THEM ALL OUT. I WANT TO
23 THANK AVA PARKER FOR THE FINE WORK SHE'S DONE.

24 AVA HAS HELPED US TO PROMOTE THE PUBLIC
25 HEARINGS. I THINK I'VE BEEN ON 15 RADIO SHOWS

1 IN THE LAST THREE OR FOUR MONTHS PROMOTING
2 PUBLIC HEARINGS, TRYING TO GET PEOPLE TO TURN
3 OUT AND SHOW UP. AND SHE'S DONE A VERY, VERY
4 GOOD JOB ALONG THOSE LINES.

5 MOST IMPORTANTLY I WANT TO THANK ALL YOU
6 COMMISSIONERS FOR SPENDING TIME AT THE PUBLIC
7 HEARINGS. I KNOW YOU'VE TRAVELED, YOU TOOK
8 DAYS OUT OF YOUR BUSINESS, AND WE'RE ALL
9 GRATEFUL FOR THAT. AND AS WE PROGRESS IN THIS
10 MEETING, I DO WANT TO TALK ABOUT IN AN OPEN
11 FORUM WHAT WE HEARD, WHAT'S YOUR INTERPRETATION
12 OF WHAT WE HEARD IN THE VARIOUS PUBLIC
13 HEARINGS, WHICH MIGHT HELP US AS WE MOVE
14 FORWARD.

15 THE STAFF IS CONTINUING TO REVIEW THE WORK
16 OF THE LEGISLATURE THROUGH THE PASSAGE OF
17 SENATE JOINT RESOLUTION 2D AND SENATE BILL 4D,
18 WHICH WAS PASSED I GUESS MONDAY NIGHT. AND
19 HAVE WE PASSED SOMETHING OUT? HAVE YOU -- WE
20 HAVE A -- EVERYONE HAS THAT?

21 YOU HAVE BEFORE YOU A SUMMARY OF THE JOINT
22 RESOLUTION THAT WAS PASSED. WE DON'T HAVE
23 DETAILS YET. FRANKLY THE SENATE AND HOUSE F&T

24 STAFFS ARE VERY WORN OUT AT THIS POINT IN TIME.

25 AND I WOULD LIKE FOR US TO HAVE AN

1 IN-DEPTH DISCUSSION OF THIS. IF YOU HAVE
2 QUESTIONS TODAY, WE'LL ANSWER THEM AS BEST WE
3 CAN. YOU MIGHT WANT TO READ THROUGH THESE.
4 AGAIN, THIS IS A -- NOT A VERY DETAILED
5 ANALYSIS OF WHAT WAS PASSED, AND OUR STAFF HAS
6 NOT HAD A CHANCE TO TAKE A LOOK AT THE BILL AS
7 CLOSELY AS I WOULD LIKE BEFORE WE ANSWER A
8 SPECIFIC QUESTION, BUT IF YOU WOULD LIKE TO
9 TALK IN GENERAL ABOUT THE LEGISLATION, LET'S DO
10 SO AT THIS POINT IN TIME.

11 ARE THERE ANY OBSERVATIONS, ANY QUESTIONS?

12 (NO RESPONSE.)

13 OKAY. I DO WANT TO HAVE A MORE IN-DEPTH
14 DISCUSSION. NATURALLY, WE WERE ALL WAITING TO
15 SEE WHAT WOULD HAPPEN ON THE -- ON MONDAY AND
16 TUESDAY. SO THEY DID MOVE FORWARD AS WE ALL
17 KNOW, BASED UPON THIS SUMMARY, TO PUT JOINT
18 RESOLUTIONS ON THE BALLOT ON JANUARY 29TH.

19 AGAIN, NO MORE QUESTIONS, NO MORE DEBATE
20 ON THAT ISSUE?

21 (NO RESPONSE.)

22 ALSO, DUE TO INCLEMENT WEATHER -- AND
23 SUSAN STORY, BY THE WAY, COMMISSIONER STORY,

24 CAN ATTEST TO THE INCLEMENT WEATHER. SHE
25 ACTUALLY SAW A TORNADO AS SHE WAS GOING TO A TV

1 INTERVIEW IN PENSACOLA, WHICH CAUSED A
2 CANCELLATION OF OUR PUBLIC HEARING IN
3 NICEVILLE. FOR THOSE OF YOU FROM SOUTH
4 FLORIDA, NICEVILLE AND PENSACOLA AND FORT
5 WALTON ARE IN A SMALL GEOGRAPHIC AREA OF THE
6 PANHANDLE.

7 BUT COMMISSIONER STORY, DESCRIBE TO US
8 WHAT HAPPENED.

9 MS. STORY: WELL, I WAS ACTUALLY GOING TO
10 TALK ABOUT THE TBRC AND THE HEARING AND ENCOURAGED
11 PEOPLE TO GO, THAT AVA ALSO SET THAT UP. AND OUR
12 OFFICE BUILDING -- I HAD JUST LEFT, AND I TURNED
13 DOWN THE ROAD. AND THE TORNADO WAS FOUR BLOCKS IN
14 FRONT OF ME RIGHT WHEN IT WAS TOUCHING DOWN WITH
15 THE DEBRIS, AND SO THE POLICE HAD STOPPED
16 EVERYBODY. SO I IMMEDIATELY GOT BACK TO A SAFE
17 PLACE.

18 SO I TALKED TO ALLAN AND WE WERE LOOKING
19 AT THE WEATHER, AND I KNOW TALKED TO THE
20 EMERGENCY OPERATIONS CENTER. THERE WERE RISKS
21 THROUGH EIGHT O'CLOCK THAT EVENING THROUGHOUT
22 THAT AREA, SO JUST DECIDED IT WAS NOT WORTH THE
23 RISK TO TRY TO HAVE THAT PUBLIC HEARING.

24 BUT IT WAS A VERY EXCITING TIME.

25 CHAIRMAN BENSE: DO MEMBERS --

1 MS. STORY: NOT AS EXCITING AS TAX, BUT --
2 AND BUDGET, BUT IT WAS VERY EXCITING.

3 (LAUGHTER.)

4 CHAIRMAN BENSE: I KNOW SOME OF THE -- SO
5 MANY FOLKS WERE ON THE WAY, AND IT WAS JUST NOT A
6 SAFE AREA TO GO TO AT THAT POINT IN TIME. AND IT
7 TURNED OUT, COMMISSIONER, BEING A GOOD CALL WE
8 MADE NOT TO HAVE IT, BECAUSE IT GOT WORSE THAT
9 AFTERNOON.

10 WHAT ABOUT RESCHEDULING THAT HEARING? ANY
11 DISCUSSION ABOUT THAT? WOULD YOU LIKE FOR
12 SUSAN SKELTON TO TAKE THE LEAD IN COORDINATING
13 A TIME THAT'S BEST FOR ALL OF YOU -- OR HAVE WE
14 BEEN TO SIX DIFFERENT CITIES; HAVE YOU HEARD
15 ENOUGH? TELL ME WHAT YOU THINK ABOUT THAT.

16 COMMISSIONER HOGAN, YOU'RE RECOGNIZED.

17 MR. HOGAN: WELL, THERE HAS BEEN A LOT OF
18 INFORMATION THAT WE'VE RECEIVED THAT'S THE SAME AT
19 EACH MEETING, BUT I REALLY BELIEVE THAT WE OWE THE
20 FOLKS IN THE PANHANDLE THE OPPORTUNITY TO PRESENT
21 TO THIS COMMISSION, SO I WOULD ENCOURAGE US TO GO
22 AHEAD WITH THAT MEETING.

23 CHAIRMAN BENSE: OKAY. WE'LL TRY TO SET THAT

24 UP THE NEXT TWO, THREE, FOURS WEEKS. MS. SKELTON
25 WILL COORDINATE WITH YOU ON YOUR TRAVEL SCHEDULES

1 AND ARRANGING A PLACE TO HAVE A MEETING. I AGREE.
2 IT'S FAIR TO HAVE IT IN THE PANHANDLE AS WELL.
3 THAT COVERS VIRTUALLY ALL THE MAJOR GEOGRAPHIC
4 AREAS OF FLORIDA. AND I THINK WE'VE BEEN
5 DILIGENT -- YOU MEMBERS HAVE BEEN VERY DILIGENT IN
6 TURNING OUT AND LISTENING AND ASKING TOUGH
7 QUESTIONS, SO I DO APPRECIATE THAT.

8 MR. SCOTT: MR. CHAIRMAN?

9 CHAIRMAN BENSE: YES, SIR?

10 MR. SCOTT: THIS IS JIM SCOTT. YEAH, I WAS
11 GOING TO SECOND THAT IDEA. I THINK IT'S IMPORTANT
12 NOT ONLY HAVE TO THE HEARING -- I MEAN, WE COULD
13 GO AND GET SOME INPUT FROM THEM AND EVERYTHING,
14 BUT I THINK IT'S IMPORTANT THAT WHATEVER PRODUCT
15 WE'RE ABLE TO PUT BEFORE THE VOTERS, THAT WE SAY
16 THAT, YOU KNOW, WE WERE HEARD IN THAT AREA, WHEN
17 YOU GO OUT THERE TO TRY TO SELL IT, YOU KNOW.

18 CHAIRMAN BENSE: SOUNDS GOOD. ANY MORE
19 COMMENTS? COMMISSIONER RILEY, YOU'RE RECOGNIZED.

20 MS. RILEY: YEAH. IT MIGHT BE INTERESTING
21 BECAUSE THIS WILL BE THE FIRST TIME THAT WE WILL
22 HAVE HAD PUBLIC INPUT SINCE THE AMENDMENT WAS
23 PASSED.

24

CHAIRMAN BENSE: I AGREE.

25

MS. RILEY: AND THAT WILL BE DIFFERENT SLANT

1 ON IT COMPARED TO WHAT THEY WERE HOPING WE WOULD
2 BE GETTING.

3 CHAIRMAN BENSE: WELL, AND FOR SOME OF YOU
4 THAT DON'T TRAVEL IN THE PANHANDLE, YOU CAN COME
5 SEE MY WORLD TOO, THAT I LIVE IN EVERY DAY.

6 OKAY. NEXT UP, BEFORE WE GET TO OUR NEXT
7 ITEM, WHICH IS THE LEROY COLLINS INSTITUTE,
8 WHEN THEY'RE DONE, I WANT TO TALK ABOUT THE
9 FUTURE OPERATING PROCEDURES AND SCHEDULES FOR
10 COMMITTEES; AND I'LL ALSO WANT TO FIND OUT YOUR
11 FEEDBACK ON WHAT WE HEARD FROM THE COMMITTEE
12 HEARINGS. I WANT TO TALK ABOUT THE SOFT
13 DEADLINE WE PUT IN PLACE FOR PROPOSALS, THE
14 PLAN TO MEET ON NOVEMBER 16TH AND
15 NOVEMBER 30TH, AND ALSO THE PROCESS OF
16 COSPONSORING PROPOSALS. WE'LL TALK ABOUT THAT
17 AFTER WE HEAR FROM OUR FRIENDS HERE AT THE
18 LEROY COLLINS INSTITUTE. SO YOU MIGHT BE
19 FRAMING YOUR QUESTIONS THAT YOU MIGHT HAVE ON
20 THOSE ISSUES WE JUST DISCUSSED.

21 TODAY WE HAVE FORMER SENATOR CURT KISER
22 AND DR. DAVID DENSLOW AND CAROL WEISSERT TO
23 TALK TO US ABOUT THE ORIGINAL PUBLICATION

24 CALLED TOUGH CHOICES, SHAPING FLORIDA'S FUTURE
25 REPORT.

1 SO, SENATOR KISER, YOU WANT TO LEAD OFF?

2 SENATOR KISER: CERTAINLY DO.

3 CHAIRMAN BENSE: YOU'RE RECOGNIZED. THANK
4 YOU FOR BEING HERE.

5 SENATOR KISER: THANK YOU, MR. CHAIRMAN,
6 MR. SPEAKER, MEMBERS OF THE COMMITTEE. WE REALLY
7 DO APPRECIATE THE OPPORTUNITY TO BE WITH YOU TODAY
8 TO TALK A LITTLE BIT ABOUT THE -- IS THIS -- IS
9 THAT BETTER?

10 (AFFIRMATIVE RESPONSE.)

11 THANK YOU.

12 WE REALLY APPRECIATE THE OPPORTUNITY TO BE
13 HERE TODAY TO SPEAK A LITTLE BIT ABOUT THE
14 COLLINS INSTITUTE, WHO WE ARE, AND WHAT WE DO,
15 AND OUR MAJOR WORK PRODUCT FROM THE LAST
16 SEVERAL YEARS, AND ALSO TO GIVE AN UPDATE ON
17 THE REPORT THAT WE GAVE TWO YEARS AGO.

18 SOMETIMES THERE'S A LITTLE CONFUSION
19 BETWEEN THE COLLINS CENTER AND THE COLLINS
20 INSTITUTE. AT ONE POINT WE WERE ALL THE SAME,
21 AND THEN AS DIFFERENT THINGS OCCURRED, A
22 DECISION HAD TO BE MADE AND WE HAD -- WE
23 ELECTED TO STAY UNDER THE UNIVERSITY SYSTEM AND

24 THE COLLINS CENTER DECIDED TO BE INDEPENDENT

25 AND DO SOME THINGS THAT WOULD NOT BE

1 CONSTRICTED BY BEING IN THE UNIVERSITY FAMILY.
2 SO THAT'S HOW THE SPLIT OCCURRED.

3 AND SHORTLY THEREAFTER, WHEN THAT
4 OCCURRED, JIM SMITH HAD PREVIOUSLY BEEN THE
5 CHAIRMAN, AND HE LEFT BECAUSE OF THE -- HE WAS
6 APPOINTED TO THE BOARD OF TRUSTEES TO FLORIDA
7 STATE UNIVERSITY; AND I ASSUMED THE
8 CHAIRMANSHIP PROBABLY SOME FOUR OR FIVE YEARS
9 AGO.

10 WE HAVE A VERY DIVERSE GROUP OF MEMBERS OF
11 OUR BOARD. SOME FORMER ELECTED OFFICIALS, SOME
12 BUSINESS LEADERS, COMMUNITY LEADERS, ET CETERA,
13 FROM ALL AROUND THE STATE. AND WE HAVE DONE A
14 NUMBER OF OTHER PROJECTS. ONE OF THEM WAS
15 TRYING TO EXPLAIN CONSTITUTIONAL AMENDMENTS
16 SEVERAL YEARS AGO WHEN WE HAD A SERIES OF THEM
17 ON THE BALLOT. WE DID AN EDUCATION COURSE ON
18 THAT. AND A NUMBER OF OTHER THINGS, ALL
19 DEVOTED TO TRYING TO HELP THE PUBLIC DEBATE IN
20 FLORIDA OVER IMPORTANT PUBLIC ISSUES.

21 WELL, SEVERAL YEARS AGO WE DECIDED THAT
22 ONE OF THE THINGS THAT WAS REALLY NEEDED IN
23 FLORIDA WAS A THOROUGH ANALYSIS AND STUDY OF

24 OUR TAX SYSTEM, NOT ONLY THE TAXES BUT WHERE
25 THE SPENDING WENT. WHAT ARE THE TRENDS, WHAT'S

1 HAPPENING IN FLORIDA. AND WE DECIDED THAT WHAT
2 WE REALLY WANTED TO DO WAS TRY TO SET UP
3 BENCHMARKS SO THAT FROM HERE ON WE WOULD STAKE
4 OUT ALL THE IMPORTANT DATA FROM THAT TIME
5 PERIOD AND PERIODICALLY COME BACK AND UPDATE IT
6 AND PROVIDE IT TO THE PUBLIC OFFICIALS IN THE
7 STATE THAT MIGHT NEED THAT INFORMATION IN TERMS
8 OF THEIR DEBATING PUBLIC POLICY.

9 AND SO THE RESULT WAS OUR PROJECT, WHICH
10 LATER BECAME KNOWN AS TOUGH CHOICES. AND THIS
11 BOOK, WHICH WAS WRITTEN BY DAVID AND CAROL,
12 MANY OF YOU THAT KNOW ME KNOW THAT FOR THE 20
13 YEARS I WAS IN PUBLIC OFFICE I CHAIRED AND SAT
14 ON MANY A STUDY COMMISSION. AND I CAN TELL YOU
15 WITHOUT ANY HESITATION THAT THIS IS PROBABLY
16 THE MOST THOROUGHLY RESEARCHED AND DOCUMENTED
17 PUBLICATION I HAVE EVER BEEN ASSOCIATED WITH.

18 I MEAN LITERALLY EVERYTHING THAT WE DID
19 AND EVERY RECOMMENDATION THAT WE MADE IS PRETTY
20 WELL DOCUMENTED WITH CHARTS, STATISTICS, DATA,
21 YOU NAME IT, SHOWING HOW WE ARRIVED AT THOSE --
22 THE DIFFERENT STATEMENTS THAT ARE IN THERE AND
23 HOW WE ARRIVED AT OUR CONCLUSIONS.

24

WE PUT THAT REPORT OUT, AND WE HAD THE

25

WORST OF ALL POSSIBLE CIRCUMSTANCES. WHEN WE

1 PUT THAT OUT TWO YEARS AGO, WE SAID, THE REASON
2 FLORIDA IS DOING SO WELL IS BECAUSE OF THE
3 HOUSING BOOM, HISTORIC PROPORTIONAL NUMBERS FOR
4 THE HOUSING BOOM, LIKE NOTHING EVEN IN THE
5 '20S.

6 AND THE HOUSING BOOM WAS RELATED TO A
7 NUMBER OF OTHER ISSUES, ONE OF WHICH OBVIOUSLY
8 IS THE FINANCING SYSTEMS THAT WERE IN PLACE AT
9 THAT TIME, SUB-PRIME MORTGAGES, AND ESPECIALLY
10 THE BACK-TO-BACK HURRICANE SEASONS WITH ALL
11 THESE PAYOUTS COMING TO CITIZENS FOR THE
12 DAMAGES, AND THEY WERE BUYING PLYWOOD AND
13 CONCRETE AND GLASS AND FURNITURE AND FIXTURES,
14 YOU NAME IT. ALL OF THESE REALLY BOOSTED UP
15 SALES TAX COLLECTIONS AND THEN THE FLORIDA
16 ECONOMY WAS DOING MUCH BETTER THAN THE REST OF
17 THE NATION.

18 AND WE CONCLUDED THAT THAT WAS GOING TO
19 END. NOW, WE DIDN'T KNOW WHETHER IT WAS GOING
20 TO BE AN ABRUPT END, A SLOWDOWN, OR A CRASH.
21 BUT WE KNEW -- DID KNOW ONE THING FROM HISTORY.
22 THEY ALL -- ALL OF THOSE HOUSING BOOMS DO BURST
23 AT SOME POINT.

24 WELL, WE CAME OUT WITH THAT REPORT, AND WE

25 SAID, YOU KNOW, ABOUT 2005 -- I MEAN, 2007 IS

1 WHEN IT'S GOING TO PROBABLY START TO SHOW
2 ITSELF. AND A LOT OF PEOPLE AT THAT TIME KIND
3 OF POOH-POOHED IT AND SAID, OH, NO, WE'RE DOING
4 GREAT, WE GOT A LOT OF THINGS GOING ON, A LOT
5 OF REFORMS TAKING PLACE IN FLORIDA.

6 AND THE WEEK AFTER WE ISSUED THE REPORT
7 ANOTHER BILLION-DOLLAR SURPLUS WAS ANNOUNCED OF
8 NEW REVENUE FROM THE REVENUE ESTIMATING FOLKS,
9 AND SO A LOT OF PEOPLE SAID, YOU KNOW, WELL,
10 HERE YOU ARE OUT HERE SAYING THIS IS GOING TO
11 HAPPEN, AND LOOK AT ALL THIS MONEY WE GOT. WE
12 JUST GOT ANOTHER BILLION DOLLARS LAST WEEK.

13 WE SAID, WE KNOW. GO LOOK AT THE BOOK.
14 LOOK AT WHAT WE SAID, AND YOU'LL SEE THAT
15 THAT'S EVEN KIND OF INDICATED, THAT AS LONG AS
16 THE HOUSING BOOM WAS GOING WE WERE GOING TO
17 HAVE TREMENDOUS TIMES, BUT AT SOME POINT THAT'S
18 GOING TO BREAK.

19 NOW, FOR THOSE OF YOU THAT DON'T LIKE TO
20 POUR THROUGH THREE OR 400 PAGES OF DOCUMENTS
21 AND CHARTS AND THINGS, WE DID DO THE READER'S
22 DIGEST VERSION IN THE EXECUTIVE SUMMARY. WELL,
23 WE FOUND THAT MOST PEOPLE READ THAT MORE THAN

24 ANYTHING. AND AGAIN, IN THERE WE TRIED TO

25 CAPTURE THE HIGHLIGHTS OF OUR REPORT.

1 SO THIS MORNING WE'RE GOING TO HAVE DAVID
2 AND CAROL PRESENT SOME OF THE DOCUMENTATION OF
3 WHAT'S HAPPENED SINCE WE DID OUR REPORT. WE
4 HAVE A SERIES OF RECOMMENDATIONS. WE DIDN'T
5 FOCUS IN ON THE PROPERTY TAX. WE FOCUSED IN ON
6 THE FLORIDA ECONOMY. WE FOCUSED IN ON THE
7 ENTIRE FLORIDA TAX STRUCTURE.

8 IT JUST SO HAPPENED THAT, AGAIN, TIMING
9 BEING WHAT IT IS, THE WHOLE PROPERTY TAX ISSUE
10 HIT A CRESCENDO OVER THE SUMMER. AND NOW, WE
11 EVEN FORECAST IN THE REPORT THAT THE RISE IN
12 PROPERTY TAXES WAS, AGAIN, BECAUSE OF THE
13 EVALUATIONS GOING UP WAS GOING TO BE A PROBLEM
14 AND GOING TO CREATE SOME PROBLEMS DOWN THE ROAD
15 WHERE THEY WOULD NEED TO BE ADDRESSED.

16 I'M GOING TO BE COMING BACK WHEN THEY
17 FINISH WITH THE RECOMMENDATIONS, WHICH WE HAVE
18 HANDED OUT TO YOU. IT'S A TWO-PAGE FINDING --
19 TWO PAGES OF RECOMMENDATIONS.

20 I WILL POINT OUT, THE ONE RECOMMENDATION
21 THAT WE DIDN'T INCLUDE, AGAIN, FROM OUR
22 PREVIOUS REPORT -- WHICH I STILL THINK HAS A
23 LOT OF MERIT. I JUST WANT TO EXPLAIN THE FIRST

24 RECOMMENDATION WAS THAT THE LEGISLATURE FORMED
25 SOME SORT OF A JOINT STUDY COMMISSION TO

1 BASICALLY TAKE UP WHAT WE HAVE FOUND, AND FOR
2 YOU-ALL AND THE LEGISLATURE, AS WE WERE
3 DIRECTING THOSE COMMENTS TO THEM, LOOK AT WHAT
4 WE'VE SAID, LOOK AT WORK WE'VE DONE, AND VERIFY
5 FOR YOURSELF THAT THIS IS WHAT HAPPENED SO YOU
6 CAN GET COMFORTABLE AND GET YOUR ARMS AROUND
7 IT.

8 I WAS ONE THE PEOPLE THAT FELT STRONGLY
9 ABOUT MAKING THAT RECOMMENDATION BECAUSE I KNOW
10 THROUGH THE YEARS THAT I SAT ON THE STUDY
11 COMMISSION, IF WE DIDN'T HAVE MEMBERS OF THE
12 LEGISLATURE SITTING ON IT, IT FELL ON DEAF
13 EARS.

14 AND SO WE REALLY FELT LIKE THAT THEY
15 NEEDED TO HAVE THEIR OWN LOOK AT WHAT WE DID,
16 TO NOT TAKE US AT FACE VALUE, WHAT WE SAID, BUT
17 GO AHEAD AND CHECK OUT WHAT WE'VE GOT IN HERE.
18 WE THINK YOU'LL FIND VERY STRONG CONCLUSIONS
19 THAT ARE NECESSARY FROM THAT WORK.

20 WE DIDN'T INCLUDE THAT AGAIN BECAUSE,
21 OBVIOUSLY, WE'VE NOW DONE THE REPORT, THE
22 ISSUES ARE OUT, AND THE -- BUT WE HAVE INCLUDED
23 A NUMBER OF RECOMMENDATIONS, AGAIN, THAT WE HAD

24 IN THAT REPORT PLUS A FEW NEW ONES.

25 AND WITH THAT, I WOULD LIKE TO

1 RECOGNIZE -- CAROL, WILL YOU COME -- DAVID
2 DENSLOW FROM THE UNIVERSITY OF FLORIDA. HE'S
3 BEEN OUR NUMBERS GURU, AND MANY OF YOU KNOW
4 THAT DAVID IS FROM THE UNIVERSITY OF FLORIDA,
5 TEACHES -- SOME OF YOU MAY HAVE HAD THE
6 FORTUNATE EXPERIENCE TO BE IN ONE OF HIS
7 CLASSES. I THINK THEY PROBABLY ALL WOULD HAVE
8 BEEN FORTUNATE.

9 AND DAVID WAS ALSO THE ONE THAT WAS VERY
10 MUCH INVOLVED WITH THE LEGISLATURE WHEN THEY
11 MADE THE CHANGES TO THE FEFP FORMULA THAT DID
12 AWAY WITH THE WAY THE COST OF LIVING WAS
13 FACTORED BACK THEN, AND DAVID WAS THE ONE WHO
14 PUT THOSE NUMBERS TOGETHER FOR THAT, WORKING
15 WITH THE LEGISLATURE. DAVID?

16 CHAIRMAN BENSE: WELCOME, MR. DENSLOW.

17 MR. DENSLOW: THANK YOU, CHAIRMAN BENSE.
18 THANK YOU, SENATOR KISER.

19 WHAT I WANT TO DO TODAY IS TALK MORE ABOUT
20 THE LONG RUN. AND WHEN TOUGH CHOICES CAME OUT,
21 WE -- THERE WAS SOME TEMPTATION TO TITLE IT,
22 THE COMING TRAIN WRECK, AND I THOUGHT THAT WAS
23 A BIT TOO DRAMATIC. AND SO PEOPLE CAME UP WITH

24 TOUGH CHOICES AS A BETTER NAME FOR IT.

25 RIGHT NOW, OF COURSE, WE'RE IN SOME RATHER

1 TOUGH TIMES, AND I WOULD LIKE TO BE ABLE TO BE
2 CONTRARY AGAIN AND POINT TO WHAT I THINK IS A
3 POTENTIAL FOR A PRETTY GLOWING FUTURE FOR
4 FLORIDA. AND THAT'S GOING TO BE HARD TO SEE
5 RIGHT NOW BECAUSE WE ARE CURRENTLY IN SOME
6 PRETTY HARD TIMES. AND EVEN THOUGH YOU'RE
7 DIRECTED TO LOOK TOWARD THE LONG RUN, THAT'S
8 THE PURPOSE OF THIS COMMISSION; NONETHELESS,
9 YOU HAVE TO OPERATE IN THE SHORT RUN. YOU KNOW
10 THAT ANYTHING YOU PUT OUT THERE TO BE VOTED ON
11 IS GOING TO BE -- OR ANYTHING YOU RECOMMEND TO
12 THE LEGISLATURE IS GOING TO BE SEEN IN A
13 SHORT-RUN CONTEXT.

14 AND SO I WORKED PRETTY HARD AT TRYING TO
15 BE ABLE TO TELL YOU SOMETHING, MY VIEWS ON WHAT
16 IS GOING TO HAPPEN OVER THE NEXT YEAR OR TWO TO
17 THE HOUSING MARKET, BUT I CAN'T. I JUST CAN'T
18 DO THAT. THERE ARE FORCES WORKING BOTH
19 DIRECTIONS AND THE CRUCIAL THING IS WHETHER
20 THERE'S GOING TO BE A NATIONAL RECESSION, AND
21 THOSE ARE SIMPLY UNPREDICTABLE.

22 PEOPLE ARE SAYING THERE'S ABOUT A
23 40 PERCENT CHANCE OF THAT NOW. IF THAT OCCURS

24 THEN THE HOUSING MARKET WILL BE PRETTY BAD. IF

25 IT DOESN'T OCCUR THEN THERE'S SOME FORCES

1 OPERATING THE OTHER DIRECTION THAT WOULD HELP
2 FLORIDA OUT.

3 NOW, WITH THE LONG RUN THERE IS ONE TREND
4 THAT I REALLY FEEL PRETTY CONFIDENT ABOUT,
5 ANOTHER THAT I'M PRETTY UNCERTAIN ABOUT. LET
6 ME TALK ABOUT THE ONE I'M FAIRLY CONFIDENT
7 ABOUT FIRST. AND THAT IS, I THINK THERE'S A
8 SORTING GOING ON BETWEEN FLORIDA AND THE REST
9 OF THE SOUTHEAST. WE'RE ABOUT 25 PERCENT OF
10 THE POPULATION OF THE 11 STATES IN THE
11 SOUTHEAST GOING UP THROUGH VIRGINIA, THROUGH
12 MISSISSIPPI, ALABAMA, NORTH CAROLINA,
13 ARKANSAS -- YOU KNOW WHAT THEY ARE. SO WE'RE
14 ABOUT 25 PERCENT OF THAT POPULATION.

15 I THINK WHAT WE HAVE SEEN SINCE ABOUT 2000
16 IS A BEGINNING OF A SORTING PROCESS WHEREBY
17 FLORIDA IS GOING TO BECOME FOR RETIREES MORE
18 AFFLUENT -- AND CERTAINLY MORE AFFLUENT. THIS
19 IS A PROCESS THAT HAS HAPPENED IN SOME OTHER
20 CITIES THAT ARE CALLED SUPERSTAR CITIES WHERE
21 INCOMES HAVE RISEN PRETTY SHARPLY BECAUSE THE
22 SUPPLY OF HOUSING, THE SUPPLY OF DWELLINGS OR
23 SPACE, HAS BEEN PRETTY LIMITED. THEY COULD

24 BUILD UP, BUT THEY CHOOSE NOT TO, ANY MORE THAN
25 THEY HAVE.

1 AND AS THAT HAS OCCURRED, THERE'S BEEN A
2 SORTING PROCESS WHERE IT BECOMES CONSIDERABLY
3 MORE AFFLUENT. AND THAT HAS BEEN TRACED OUT BY
4 SCHOLARS HAPPENING IN, FIRST, SOME OF THE
5 CALIFORNIA CITIES AND BOSTON AND SOME OTHER
6 CITIES LIKE THAT.

7 AND I THINK WHAT WE'RE SEEING IS THAT'S
8 BECOMING APPLIED TO FLORIDA, STARTING TO HAPPEN
9 HERE, STARTING ABOUT 2000, WITH THE FIRST WAVE
10 OF RETIREMENT OF BABY BOOMERS. AND IT CAN
11 HAPPEN AS THE MODELS SUGGEST SIMPLY BECAUSE
12 YOU'VE GOT A LARGER POPULATION THAT IS SEEKING
13 AN AREA AND -- THIS IS A CRUCIAL THING -- THERE
14 IS A RESTRICTION ON THE SUPPLY OF RESIDENCES
15 WITH GOOD ACCESS IN THAT AREA, OF
16 TRANSPORTATION, OF INFRASTRUCTURE, PERMITTING,
17 ALL THOSE THINGS THAT RESTRICT THE SUPPLY.

18 SO I THINK THAT'S WHAT WE'VE SEEN THE
19 INITIATION OF. NOW, WAIT A MINUTE, YOU SAY,
20 BECAUSE YOU'RE FAMILIAR WITH DEMOGRAPHY.
21 YOU'VE HAD DEMOGRAPHIC PRESENTATIONS. THE BABY
22 BOOMERS WERE BORN BETWEEN 1946 AND '64, AND THE
23 FIRST OF THOSE DOESN'T TURN 62 UNTIL NEXT YEAR,

24 2008. SO WE WOULDN'T BE SEEING THAT EFFECT FOR
25 THOSE 77 MILLION PEOPLE UNTIL NEXT YEAR.

1 BUT -- AND SOME PEOPLE CHEAT, THEY RETIRE
2 EARLY, AND SO WE HAVE SEEN THE INITIAL WAVE OF
3 THOSE RETIREES, AND WE'VE SEEN THE INITIATION
4 OF THAT SORT OF SORTING GOING ON.

5 SO I THINK THAT THIS IS NOT GOING TO BE A
6 ALL OR NOTHING THING, BUT WE'RE GOING TO SEE A
7 STRONG TREND TOWARD AFFLUENT RETIREES LIVING IN
8 THE SUNSHINE STATE WHERE THE CLIMATE'S GOOD,
9 WHERE THERE'S LOTS OF GOLF COURSES. AND THE
10 QUESTION THEN BECOMES, WHAT ABOUT THE OTHERS?
11 WHAT ABOUT THOSE WHO ARE SAY UNDER 55, WHAT
12 ABOUT THE FAMILIES WITH CHILDREN? WHAT KIND OF
13 SORTING ARE WE GOING TO SEE THERE VIS-A-VIS THE
14 REST OF THE SOUTHEAST?

15 AND THAT'S WHAT I'M NOT SURE ABOUT,
16 BECAUSE IT DEPENDS ON WHAT WE AS A STATE DO.
17 IT DEPENDS ON WHAT YOU DECIDE, WHAT THE
18 LEGISLATURE DECIDES, WHAT THE VOTERS DECIDE,
19 WHAT WE DECIDE TO DO IN -- WHAT WE DO IN THAT
20 CASE. THERE ARE VARIOUS FORCES AT WORK THERE,
21 AND I'LL TRY TO DEVOTE THOSE, WHILE I AM
22 UNCERTAIN.

23 BUT LET'S GO TO WHAT IS THE FIRST SLIDE.

24 THIS IS THE ONE THAT SHOWS DATA YOU'RE ALL
25 FAMILIAR WITH. THIS IS A HOUSE PRICE INDEX

1 WHERE I'VE ARBITRARILY SET THE FIRST QUARTER
2 YEAR 2000 EQUAL TO 100, AND THE RED BAR, THE
3 THICK ONE THERE, IS FLORIDA. THE BLUE ONE THAT
4 IS -- COMES UP NEXT HIGHEST WOULD BE VIRGINIA,
5 AND THEN YOU'VE GOT ALL THE OTHER SOUTHERN
6 STATES.

7 SO A COUPLE OF THINGS TO NOTICE HERE. ONE
8 IS, FLORIDA, LIKE ALL THE REST OF THEM, WHICH
9 HAD AMAZING POPULATION GROWTH DURING THE 1980S
10 NONETHELESS SAW THAT WITH NO INFLATION-ADJUSTED
11 INCREASE IN HOUSE PRICES. NOW, WHY COULD THAT
12 BE? WHY COULD WE HAVE THE PRICE OF HOUSING
13 STAYING THE SAME AS THE DEMAND WAS OBVIOUSLY
14 INCREASING ENORMOUSLY DURING THAT PERIOD?

15 THERE'S SOME OTHER SIDE OF THE STORY.
16 CAN'T REMEMBER WHAT IT WAS. SUPPLIES. THE
17 SUPPLY WAS JUST SHIFTING WAY UP. IT'S A
18 SUPPLY-DRIVEN PHENOMENON LARGER THERE WITH THE
19 THRIFT CRISIS AND THE STATE INSTITUTIONS
20 SHOVELING OUT DEVELOPERS WILLING TO TAKE A
21 RISK, AND THOSE CAN ALWAYS BE FOUND. BUT THEN
22 WE GET TO THE YEAR 2000, AND WE GET THE FIRST
23 OF THOSE BABY BOOMERS STARTING TO RETIRE AT THE

24 SAME TIME THAT THERE ARE SUPPLY RESTRICTIONS ON
25 CONSTRUCTION, ON HOUSING -- THERE'S A HOUSING

1 BOOM, OF COURSE, THERE'S A LOT OF CONSTRUCTION
2 GOING ON, DON'T WANT TO SAY THERE'S NOT. IT'S
3 JUST THAT THE SUPPLY IS RESTRICTED RELATIVE TO
4 THE DEMAND. AND SO THE PRICE GROWS PRETTY
5 SHARPLY.

6 NOW, THE POINT THERE IS THAT THE PRICE
7 ROSE 100 PERCENT IN FLORIDA WHILE IT WAS RISING
8 ABOUT 25 TO 30 PERCENT IN THE OTHER
9 SOUTHEASTERN STATES, AND SO THIS WAS A
10 PHENOMENON THAT WAS DIFFERENTIAL HERE.

11 WELL, YOU CAN SEE SOME -- THE NEXT
12 SLIDE -- SOME IMMEDIATE IMPLICATIONS THAT, ONE
13 IS THAT JUST SYMBOLIC HERE, THE FLORIDA
14 DOCUMENTARY TAX COLLECTIONS WERE WAY UP, AND
15 THIS SHOWS THEM FROM '92 THROUGH 2006. THE
16 HOME OWNERSHIP RATE, THE NEXT SLIDE, WAS ALSO
17 UP. THIS ONE EXAGGERATES IT BECAUSE IT CUTS
18 OFF AT 64 PERCENT. AND SO YOU SEE MORE AND
19 MORE PEOPLE MOVING FROM APARTMENTS INTO HOUSES.

20 WE REALIZED LATER ONE OF THE THINGS THAT
21 WAS ENCOURAGING THAT WAS THE DEVELOPMENT, OF
22 COURSE, OF THE SUBPRIME MORTGAGES, AND SO WE
23 FIND THAT THE STATE WAS DOING GREAT. THE NEXT

24 SLIDE SHOWS A REAL GROSS STATE PRODUCT GROWTH,

25 AND THIS WAS -- THE NATION WAS DOING WELL

1 DURING THESE YEARS, MOST OF THEM. BUT FLORIDA
2 JUST SAILED RIGHT THROUGH THE RECESSION WITH --
3 IN THE RECESSION YEAR 2001 OUR GDP ROSE BY
4 ALMOST 3 PERCENT. THE UNEMPLOYMENT RATE HAS
5 BEEN TRENDING DOWN ON THE NEXT SLIDE IN FLORIDA
6 FOR SOME TIME.

7 SO I'M JUST GIVING YOU A LITANY HERE OF
8 GOOD ECONOMIC NEWS THAT WAS OCCURRING AND HAS
9 BEEN OCCURRING. THAT UNEMPLOYMENT RATE HAS
10 TIPPED UP A LITTLE BIT BUT NOT VERY MUCH. WE
11 WERE STILL AT ABOUT 4 PERCENT. AND THE TREND
12 HAS BEEN DOWN, BOTH ABSOLUTELY AND RELATIVE TO
13 THE REST OF THE NATION.

14 YOU CAN SEE IN THE NEXT SLIDE THE BOOM IN
15 CONSTRUCTION JOBS IN FLORIDA, WHICH HAS TAPERED
16 OFF A LITTLE BIT RECENTLY, BUT NONETHELESS A
17 VERY SPECTACULAR GROWTH OF THAT -- GOING FROM
18 1992 ABOUT 300,000 CONSTRUCTION JOBS TO OVER
19 600,000 CURRENTLY. AND IT PEAKED A LITTLE BIT
20 HIGHER THAN THAT, ABOUT 650,000. SO THINGS
21 WERE GOING GREAT GUNS. EVERYBODY'S FAMILIAR
22 WITH WHAT HAPPENED SINCE.

23 HERE IS THE -- NEXT ONE IS THE PERCENTAGE

24 CHANGE IN THE HOUSE FOR SALE INVENTORY. AND SO

25 THE BLUE BARS ARE VARIOUS OTHER CITIES, THE

1 ORANGE BARS ARE SOME FLORIDA CITIES, AND YOU
2 CAN SEE THAT THE PERCENTAGE INCREASE, THE
3 NUMBER OF HOUSES FOR SALE HAS GONE UP IN
4 JACKSONVILLE, IN MIAMI, FORT LAUDERDALE AND
5 ALSO IN ORLANDO, AND IN OTHER FLORIDA CITIES AS
6 WELL.

7 WELL, IF YOU'VE HAD THIS BIG INCREASE IN
8 THE NUMBER OF HOUSES FOR SALE, THEN AT THE SAME
9 TIME THE PACE OF SALES -- COMMISSIONER RILEY
10 HAS BEEN PICKING UP OR SLOWING DOWN. YEAH,
11 IT'S OBVIOUSLY SLOWING DOWN, AND SO WHAT
12 HAPPENS TO THE INVENTORY SALES RATIO? THAT, OF
13 COURSE, GOES WAY UP. AND SO THERE ARE A LOT OF
14 PEOPLE -- AND THE DYNAMICS OF HOUSING MARKET IS
15 NOT LIKE THE DYNAMICS OF THE STOCK MARKET.
16 THAT CLEARS PRETTY FAST.

17 THE LAW OF SUPPLY AND DEMAND APPLIES VERY
18 SLOWLY IN THE HOUSING MARKET, BECAUSE PEOPLE
19 ARE PRETTY CONVINCED THAT THEIR HOUSE IS THE
20 ONE THAT'S UNIQUE AND THAT IT'S GOING TO NOT
21 HAVE TO BE SOLD AT A LOWER PRICE; AND THEY'LL
22 SIT ON IT FOR A LONG TIME BEFORE THEY FINALLY
23 GIVE UP. AND SO IT'LL TAKE A WHILE FOR THIS

24 MARKET TO CLEAR. IT'S NOT GOING TO HAPPEN

25 QUICKLY.

1 WE LOOK AT THE PERCENTAGE CHANGE IN HOUSE
2 PRICES, WHICH HAS BEEN LESS THAN THE PERCENTAGE
3 CHANGE IN INVENTORY, AND HERE I'VE GOT TAMPA,
4 WHICH IS PRETTY A PHENOMENAL REDUCTION IN HOUSE
5 PRICES FOR A SINGLE YEAR. THIS IS A ONE-YEAR
6 REDUCTION WHERE HOUSE PRICES HAVE FALLEN
7 8 PERCENT, MIAMI, FT LAUDERDALE, WHERE THEY'VE
8 FALLEN BY ABOUT 6 PERCENT. SO IT'S A SLOW
9 PROCESS THAT GOES ON HERE. WHO KNOWS HOW FAR
10 THEY'RE GOING TO FALL. THAT'S SOMETHING THAT
11 WE DON'T KNOW.

12 AND AS I SAY, A LOT OF IT DEPENDS ON
13 WHETHER THERE'S A NATIONAL RECESSION, BECAUSE
14 THERE ARE SOME THINGS WORKING IN FLORIDA'S
15 FAVOR. ONE IS, OF COURSE, DEMOGRAPHY, THE
16 APPROACHING RETIREMENT OF BABY BOOMERS, AND
17 THE -- IT'S ALREADY UNDERWAY. AND ANOTHER
18 WOULD BE EXCHANGE RATES AND SO ON. SO IF WE
19 DON'T HAVE A NATIONAL RECESSION, I THINK WE'LL
20 SEE A TURNAROUND IN ABOUT A YEAR.

21 THE NEXT SLIDE SHOWS THE PERCENTAGE OF
22 MORTGAGE PAYMENTS THAT ARE OVERDUE, AND YOU CAN
23 SEE THAT MIAMI, FORT LAUDERDALE TOPS THE LIST

24 HERE OF THIS PARTICULAR GROUP CITIES. ORLANDO
25 IS ALSO QUITE HIGH, JACKSONVILLE EVEN, WHICH IS

1 NORMALLY A FAIRLY CALMER AREA. AS COMMISSIONER
2 HOGAN CAN TELL YOU, IT'S A LITTLE BIT -- HAS
3 SEEN THAT OCCURRING THERE AS WELL, AS THE
4 SUBPRIMES HAVE BEEN IN DEFAULT. NOW -- AND
5 EVEN THE RENTAL VACANCY RATE HAS BEEN CRAWLING
6 UP A LITTLE BIT.

7 NOW, HERE IS A FIRST MAJOR POINT THAT I
8 WOULD LIKE TO MAKE IN THE NEXT SLIDE, AND THAT
9 IS THAT THIS HUGE INCREASE IN HOUSE PRICES HAS
10 BEEN -- HAS BEEN DRIVEN BY PARTLY LOW INTEREST
11 RATES, BUT IT'S NOT JUST LOW INTEREST RATES,
12 BECAUSE IF IT WERE ONLY LOW INTEREST RATES THE
13 OTHER SOUTHEASTERN STATES WOULD HAVE SEEN THEIR
14 HOUSE PRICES RISE AS MUCH AS FLORIDA DID.

15 IT'S -- THE EFFECTIVE INTEREST RATE
16 INTERACTS WITH WHAT PEOPLE ARE EXPECTING ABOUT
17 THE FUTURE, AND, WELL, WHAT KIND OF STOCK IS
18 GOING TO BE MORE SENSITIVE TO A CHANGE IN
19 INTEREST RATES, A GROWTH STOCK OR GENERAL
20 MOTORS? AND IT'LL BE THE GROWTH STOCK THAT'S
21 GOING TO BE MORE SENSITIVE BECAUSE THE INTEREST
22 RATE TELLS YOU HOW HEAVILY YOU'RE DISCOUNTING
23 THAT FUTURE.

24 WELL, FLORIDA HOUSE PRICES ROSE SO MUCH --

25 NOT BECAUSE RENTS WERE RISING. I MEAN, RENTS

1 DID GO UP A BIT, NOT BECAUSE THE COST OF
2 STRUCTURES WAS RISING. IT DID RISE SOME, ROSE
3 MAYBE 20 PERCENT OR SO. BUT THAT 100 PERCENT
4 INCREASE IN THE HOUSE PRICES WAS DRIVEN BY
5 ANTICIPATION OF THE RETIRING BABY BOOMERS AND
6 BY AN ANTICIPATION THERE WOULD BE RESTRICTIONS
7 ON THE SUPPLY OF HOUSING IN FLORIDA, AND SO
8 HOUSE PRICES WENT WAY UP BEYOND RENTS.

9 NOW, HERE'S SOMETHING TO THINK ABOUT. A
10 HOUSE IS A COMBINATION OF TWO THINGS. ONE IS
11 STRUCTURE AND THE OTHER IS ITS LAND. AND THE
12 PRICE OF STRUCTURES ISN'T GOING TO VARY A WHOLE
13 LOT, BECAUSE THAT'S LIKE THE PRICE OF
14 AUTOMOBILES. YOU CAN ALWAYS HAVE THE PRICE OF
15 STRUCTURES CONSTRAINED BY THE COST OF PRODUCING
16 A NEW ONE, JUST LIKE THE COST OF A CAR IS
17 CONSTRAINED BY WHAT IT COSTS TO PRODUCE A NEW
18 ONE. SO THE PRICE OF STRUCTURES DOESN'T CHANGE
19 A WHOLE LOT.

20 NOW, THAT 100 PERCENT INCREASE, THAT IS
21 NOT DRIVEN BY AN INCREASE IN THE PRICE OF
22 STRUCTURES; IT WAS DRIVEN, OF COURSE, BY AN
23 INCREASE IN THE PRICE OF LAND. NOW, LAND IS AN

24 ASSET THAT HAS A HUGE FUTURE, AND IT'S NOT
25 CONSTRAINED BY THE COST OF PRODUCING MORE LAND.

1 AND IF THERE ARE GOING TO BE LIMITS ON THE
2 SUPPLY IN TERMS OF PERMITTING OR IN TERMS OF
3 BUILDING INFRASTRUCTURE FOR ACCESS OR OTHER
4 CONSTRAINTS ON SUPPLY, THE PRICE OF LAND IS
5 LIKE AN ASSET PRICE, IT'S LIKE A STOCK MARKET
6 PRICE, LIKE LONG-TERM BONDS, THINGS THAT ARE,
7 FIRST, UNPREDICTABLE, AND SECOND, HIGHLY
8 VOLATILE.

9 WELL, A FEDERAL RESERVE STUDY HAS
10 CONFIRMED WHAT ALL OF US KNOW, THAT A MUCH
11 BIGGER SHARE OF THE COST OF A HOUSE IN FLORIDA
12 IS NOW THE PRICE OF LAND, AND THAT MEANS THAT
13 HOUSE PRICES ARE GOING TO BECOME MORE
14 PREDICTABLE OR LESS, CONSIDERABLY LESS
15 PREDICTABLE. IT'S GOING TO OPERATE MORE LIKE
16 AN ASSET MARKET. NOW, NOT A PERFECT ASSET
17 MARKET LIKE THE STOCK MARKET, NOT AN EFFICIENT
18 ASSET MARKET LIKE THE STOCK MARKET.

19 PEOPLE WHO ARE BUYING AND SELLING HOUSES,
20 FIRST OF ALL, FACE LARGER TRANSACTION COSTS;
21 AND SECOND, THEY'RE NOT THAT SOPHISTICATED AS
22 STOCK MARKET PARTICIPANTS. BUT NONETHELESS,
23 THAT IS A FEATURE THAT'S GOING TO BE THERE,

24 MAKING THEM SOMEWHAT LESS PREDICTABLE. I THINK
25 THEY'RE GOING TO GO UP OVER THE LONGER HAUL.

1 BUT ANYWAY, THIS SHOWS THAT THE RENT HAS
2 RISEN MUCH LESS THAN HOUSE PRICES. THIS IS
3 BASED -- WE DID A WEB SURVEY OF ABOUT 3,000
4 APARTMENT COMPLEXES IN FLORIDA IN THE YEAR
5 2000, AND SO WE MATCHED AS MANY OF THOSE AS WE
6 COULD AND FOUND 1,121 MATCHES AND THEN
7 CALCULATED THESE INCREASES IN RENT FROM THOSE.
8 AND SO THE BIG INCREASES IN RENT, PLACES LIKE
9 PANAMA CITY AND THE PANHANDLE AND FORT MYERS,
10 HAVE BEEN UP THERE AROUND 13 PERCENT, BUT
11 NOTHING LIKE THE HOUSE PRICE INCREASES.

12 WELL, OKAY. LET'S GO UP AND DOWN -- LET'S
13 FIRST GO UP AT THE ATLANTIC COAST IN FLORIDA,
14 AND WE CAN DO THIS PRETTY QUICKLY. AND YOU CAN
15 SEE THEN I'VE GOT THE VARIOUS METROPOLITAN
16 STATISTICAL AREAS THAT ARE LISTED HERE AS YOU
17 GO FROM SOUTH TO NORTH ALONG THE ATLANTIC
18 COAST. BUT WHAT'S THE PATTERN THAT YOU SEE
19 THERE? THE LARGEST INCREASES WERE IN THE
20 SOUTHERN PART OF THE STATE OR THE NORTHERN,
21 MIAMI OR JACKSONVILLE? YEAH, THE BIGGEST
22 INCREASE IS MIAMI, AND THAT'S THE BIGGEST YOU
23 GET, THEN FORT LAUDERDALE. WELL, YOU SEE THE

24 PATTERN. IT'S PRETTY EASY TO POINT OUT.

25 AND THE LOWEST INCREASE WOULD BE A MERE

1 70 PERCENT INCREASE THAT OCCURRED IN
2 JACKSONVILLE. SO AS YOU GO FROM SOUTH TO NORTH
3 THE POINT IS THAT THE INCREASE IS LARGER.

4 DO THE SAME THING ON THE GULF COAST AND
5 YOU CAN SEE THIS PATTERN FOR YOURSELF. THE
6 BIGGEST INCREASE IS FARTHER SOUTH IN NAPLES.
7 THE NEXT BIGGEST WOULD BE FROM LEE COUNTY, AND
8 THE NEXT BIGGEST WOULD BE -- EVEN THOUGH IT'S
9 GOT THESE VERY GREAT BEACH AREAS IN PENSACOLA.

10 SO THE FARTHER NORTH YOU GET, THE POINT
11 IS, THE LOWER THE INCREASE IN HOUSE PRICES. WE
12 DO THE SAME THROUGH THE MIDDLE OF THE STATE,
13 SAME PATTERN, THAT THE FARTHER SOUTH YOU ARE,
14 THE BIGGER THE HOUSE INCREASE IS.

15 WHAT'S THE POINT THAT I'M MAKING THERE?
16 THE POINT I'M MAKING THERE IS THAT PEOPLE ARE
17 REALLY WILLING TO PAY A PREMIUM TO LIVE FARTHER
18 SOUTH, AND FLORIDA IS FARTHER SOUTH THAN THE
19 OTHER SOUTHEASTERN STATES. THEY'RE WILLING TO
20 PAY A PREMIUM TO LIVE WHERE WE ARE.

21 WELL, THE NEXT FIGURE JUST SHOWS SOME
22 HOUSE PRICE INDICES. SHOWS THAT THEY'VE
23 STARTED DECLINING NOW THAT THAT'S -- THE FIRST

24 OF THESE -- I SHOULD HAVE NAMED IT -- THE
25 OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT,

1 THE PEOPLE OVERSEE JENNIE MAE AND FANNIE MAE,
2 AND THAT'S THEIR REPEAT SALES INDEX. THE
3 STANDARD & POOR'S INDEX IS ACTUALLY A LITTLE
4 BIT BETTER, AND IT SHOWS HOUSE PRICES ARE -- AS
5 EVERYBODY KNOWS -- DECLINING NATIONALLY, WHICH
6 IS KIND OF A NATIONAL FIRST.

7 AND THEN LET ME GO OVER THESE QUICKLY AND
8 IN THE INTEREST OF TIME WE CAN SORT OF SKIP
9 THEM. IF WE LOOK AT GROWTH PER CAPITAL GROSS,
10 HOUSEHOLD FINANCIAL AND REAL ESTATE ASSETS,
11 LOOK, REAL ESTATE ASSETS HAVE GONE WAY UP. BUT
12 THE POINT I WANT TO MAKE HERE IS FINANCIAL
13 ASSETS ARE WAY UP TOO. PEOPLE KEEP COMPARING
14 HOUSE PRICES TO INCOME; IT'S PART OF WEALTH.
15 IT'S AN ASSET. IT'S A PART OF YOUR WEALTH, AND
16 WEALTH HAS GONE WAY UP IN THIS COUNTRY.

17 AND SO IT'S NOT ALL THAT BIG A SURPRISE
18 THAT HOUSE PRICES HAVE GONE UP AS WELL. HERE'S
19 THE INVENTORY TO SALES RATIO THAT'S GOING TO BE
20 A PROBLEM. I'LL SKIP OVER THIS REAL GDP BY
21 SHARES OF PRODUCT. DID I GET TOO FAR AHEAD OF
22 YOU THERE? OKAY.

23 SO EVEN THOUGH -- SO I'M SHOWING THAT EVEN

24 THOUGH HOUSE PRICE HAS GONE WAY UP THE
25 STRUCTURE AS FAR AS GDP, COMMERCIAL AND

1 RESIDENTIAL IS NOT THAT BIG COMPARED TO
2 HISTORY; IT'S THE LAND PART THAT IS BIG HERE.

3 OKAY. NOW I WANT TO GET TO THE SORTING.
4 AND THE NEXT ONE LEADS ME INTO THAT. AND SO
5 HERE I HAVE THE INCOME SHARE OF THE HIGHEST
6 INCOME HOUSEHOLDS. AND THE POINT I WANT TO
7 MAKE HERE IS THAT PEOPLE AT THE TOP OF THE
8 INCOME DISTRIBUTION -- YOU'RE FAMILIAR WITH ALL
9 THIS -- THEY'RE GETTING REALLY RICH.

10 THERE ARE PROBLEMS WITH THE DATA BECAUSE
11 WHAT THEY'VE DONE RECENTLY IS THEY'VE TURNED
12 FROM CENSUS AND CURRENT POPULATION SURVEY DATA,
13 WHICH ARE TOP-CODED, TO THE INTERNAL REVENUE
14 SERVICE DATA, WHICH ARE NOT -- THE IRS WANTS IT
15 ALL. AND THE PROBLEMS THERE ARE WHAT THESE
16 VERY AFFLUENT PEOPLE REPORT TO INTERNAL REVENUE
17 SERVICE IS DEPENDENT ON WHAT THE TAX STRUCTURE
18 IS.

19 BUT NONETHELESS, THE CONCLUSION IS THEY'RE
20 INSOLVENT, THAT THE RICH ARE BECOMING REALLY,
21 REALLY RICH, AND THOSE PEOPLE WANT SECOND
22 HOMES, FIRST HOMES, AND IN VERY, VERY NICE
23 AREAS, AND THAT MEANS FLORIDA, SO THAT THAT'S

24 DRIVING DEMAND. THE SECOND ONE IS SIMPLY

25 MAKING THE SAME POINT. THE BOTTOM LINE THERE

1 SHOWS THE INCOME OF THE LOWEST 20 PERCENT OF
2 THE POPULATION. THE NEXT ONE IN THE SORT OF
3 LIGHT GREEN IS THE HIGHEST 20 PERCENT OF THE
4 POPULATION, THEIR AVERAGE INCOME.

5 BUT IF YOU LOOK AT THE TOP 1 PERCENT --
6 THAT'S SORT OF THE LIGHT BLUE THERE -- YOU CAN
7 SEE THAT THE AVERAGE INCOME -- AND THIS IS
8 ADJUSTED FOR INFLATION -- IN THAT CATEGORY NOW
9 IS ABOUT A MILLION DOLLARS A YEAR. I MEAN,
10 THERE ARE PEOPLE WHO CAN AFFORD THESE FLORIDA
11 HOUSES. THERE ARE PEOPLE WHO CAN AFFORD THESE
12 HOUSES ON THE COAST. FOLKS, YOU LOOK AT THE
13 TOP 1500 STANDARD & POOR FIRMS, AND THERE ARE
14 FIVE EXECUTIVE OFFICERS. THEIR AVERAGE PAY IS
15 \$6.3 MILLION. THOSE ARE THE PEOPLE WHO CAN
16 AFFORD A SECOND HOME HERE, WHO CAN AFFORD TO
17 PAY WHATEVER.

18 OKAY. TURNING TO THE DEMOGRAPHICS OF IT,
19 HERE IS A STUDY -- THE RESULTS OF A STUDY --
20 SHOWING WHAT PERCENTAGE OF PEOPLE RETIRE AT A
21 GIVEN AGE. AND YOU CAN SEE THE MODAL AGE OF
22 RETIREMENT IS 62; THE NEXT MODAL AGE OF
23 RETIREMENT IS 65, BUT THERE ARE PEOPLE -- THE

24 TREND STARTS UP AT ABOUT 50. THERE ARE PEOPLE
25 WHO ARE RETIRING THEN, AND THERE'S A LITTLE

1 PEAK EVEN AT 70.

2 AND SO THE POINT I WANT TO MAKE HERE IS
3 THAT EVEN THOUGH THE BABY BOOMERS DIDN'T START
4 UNTIL ABOUT '46; NONETHELESS, SOME OF THOSE
5 PEOPLE HAVE STARTED RETIRING ALREADY, AND
6 THEY'VE STARTED MOVING TO FLORIDA.

7 AND THE NEXT ONE IS I'VE TAKEN THAT CHART,
8 I'VE TAKEN THE AGE STRUCTURE OF THE POPULATION,
9 AND I'VE CONSTRUCTED FROM THAT AN ESTIMATE OF
10 THE NUMBER OF NEW RETIREES PER YEAR. THE --
11 WHAT I WANT TO POINT OUT HERE IS I STARTED
12 TRENDING UP PRETTY SHARPLY ABOUT THE YEAR 2000,
13 ABOUT THE TIME THIS HOUSING BOOM STARTED. AND
14 IT'S GOING TO KEEP GOING UP FROM THE CURRENT
15 LEVEL OF ABOUT 2 MILLION A YEAR IN THE UNITED
16 STATES TO AROUND 3.5 MILLION A YEAR BY 2030, SO
17 WE'RE JUST AT THE BEGINNING OF A TREND THAT
18 EVERYBODY'S FAMILIAR WITH, BUT IT'S GOING TO
19 CONTINUE.

20 THE NEW INFORMATION I THINK FOR YOU HERE
21 POSSIBLY WOULD BE THAT THAT STARTED ABOUT THE
22 YEAR 2000. THE -- AND IT'S GOING TO CONTINUE
23 ON INTO THE FORESEEABLE FUTURE. AND IF WE LOOK

24 AT THE SOCIAL SECURITY RETIRED BENEFICIARIES

25 PER COVERED WORKER THERE, YOU CAN SEE THE

1 VARIOUS PROJECTIONS OF THEIR COMMITTEE, THEIR
2 ACTUARIAL STAFF, AND ONE, TWO, AND THREE
3 SCENARIOS. AND IF YOU GO BACK TO THE YEAR
4 2000, YOU CAN SEE THAT IT'S ABOUT 2008 THAT
5 THAT REALLY STARTS GOING UP.

6 NOW, THERE'S ANOTHER POINT THAT I WANT TO
7 MAKE FROM THAT BESIDES THE DEMOGRAPHIC ALONG
8 WITH THE SOCIAL SECURITY. EVERYBODY KNOWS THAT
9 SOCIAL SECURITY IS IN TROUBLE, THAT IT'S NOT
10 SOLVENT, THAT IT'S GOING TO GO BANKRUPT AT SOME
11 POINT. AND I THINK MOST OF YOU ARE PROBABLY
12 AWARE THAT MEDICARE IS IN EVEN WORSE SHAPE AND
13 SCHEDULED NOW TO GO BANKRUPT ABOUT 2019.

14 AND SO -- AND THE POINT I WANT TO MAKE
15 THERE IS RETIREES DO PRETTY WELL AT THE FEDERAL
16 LEVEL. THE OLDER GENERATION IS GOING TO GET
17 MORE THAN THEY EVER PUT INTO SOCIAL SECURITY.
18 THEY'RE GOING TO GET MORE OUT OF MEDICARE THAN
19 THEY EVER PUT INTO MEDICARE. AND SO THEY
20 REALLY WIN AT THE FEDERAL LEVEL. THEY WIN BIG.

21 AND -- BUT IF YOU LOOK AT IT AT THE SAME
22 LOCAL LEVEL, THE STATE AND LOCAL GOVERNMENTS
23 GET SOME OF THAT BACK, BECAUSE, AS YOU'RE WELL

24 AWARE, THE RETIREES ARE NOT PUTTING CHILDREN IN
25 SCHOOL. THEY ARE NOT DRIVING DURING RUSH HOUR

1 AS MUCH. THEY ARE NOT GOING TO BE GUESTS OF
2 THEIR FRIENDLY JUSTICE SYSTEM, AND SO THEIR
3 TAXES THAT THEY PAY ARE CONSIDERABLY HIGHER
4 THAN THE AMOUNT THAT THEY COST IN PUBLIC
5 SERVICES. THE NET BENEFIT OF A RETIREE IN
6 FLORIDA IS ABOUT 2,000 A YEAR, STATE AND LOCAL
7 GOVERNMENTS.

8 WELL, OKAY, SO WE'RE GOING TO DO PRETTY
9 WELL, AND PLUS WE'RE GOING TO GET AFFLUENT
10 RETIREES AS THEY SOAR INTO THE STATE. SO
11 THAT'S, IN A SENSE, SORT OF A GOLD MINE THAT IS
12 HEADING FOR US IN THE LONG RUN. IT'S A REAL
13 OPPORTUNITY AS THESE PEOPLE COME HERE.

14 NOW, SO ANOTHER POINT HERE IN THE NEXT
15 SLIDE SHOWS MEAN FAMILY WEALTH. AND REMEMBER,
16 I ARGUE THAT HOUSING DEMAND IS DRIVEN AS MUCH
17 BY WEALTH AS BY INCOME. AND YOU CAN SEE THAT,
18 OF COURSE, HOUSEHOLDS WHO ARE 55 TO 64 ARE
19 WEALTHIER THAN THOSE WHO HAVE HEADS 35 TO 44,
20 BUT I WANT TO SHOW YOU HOW MUCH THAT WEALTH HAS
21 INCREASED IN RECENT YEARS. THAT'S WHAT I THINK
22 IS DRIVING THE DEMAND FOR THIS HIGH AMENITY
23 AREA, FOR THE SUNSHINE STATE, FOR THE GOLF

24 COURSES, THE COAST, THE SUN.

25 AND AT THE SAME TIME THAT THAT'S GOING ON

1 WE CAN, OF COURSE, SEE WHAT'S HAPPENING IN THE
2 NEXT SLIDE. AGAIN, HERE IS THE WAGE PREMIUM
3 OVER HIGH SCHOOL GRADUATES IN 1973 AND 2003.
4 SO THE FIRST BARS ARE '73, SOME COLLEGE IN '73
5 GAVE YOU A 2 PERCENT ADVANTAGE, COLLEGE
6 38 PERCENT ADVANTAGE, GRADUATE DEGREE
7 53 PERCENT ADVANTAGE, OR A LAW DEGREE OR MBA.

8 AND THEN THAT HAS GONE TO 13 PERCENT FOR
9 SOME COLLEGE, 77 PERCENT FOR COLLEGE,
10 121 PERCENT FOR AN ADVANCED DEGREE. THE PAYOFF
11 TO EDUCATION HAS GONE WAY, WAY UP. AND THAT'S
12 SIMPLY ONE OF THE FEATURES, ONE OF THE
13 PHENOMENA ASSOCIATED WITH THE INCREASING
14 DISPARITY IN THE DISTRIBUTION OF BOTH WAGES AND
15 INCOME.

16 THE NEXT ONE JUST SHOWS THERE IS A -- NOT
17 SURPRISINGLY -- A POSITIVE RELATIONSHIP BETWEEN
18 THE SHARER OF THE POPULATION, THE STATE, THAT
19 ARE COLLEGE GRADUATES AND THE AVERAGE INCOME IN
20 THAT STATE. WHO KNOWS WHICH DIRECTION THAT'S
21 WORKING. FLORIDA IS HIDDEN IN THE MIDDLE OF
22 THE PACK THERE.

23 WELL, OKAY. IF WE LOOK AT THE NEAR TERM,

24 WHICH UNFORTUNATELY I AM NOT ABLE TO TELL YOU
25 MUCH SATISFACTORY ABOUT, THERE'S SOME POSITIVE

1 NEWS. THE POSITIVE NEWS IS -- THIS IS POSITIVE
2 IN TWO SENSES. SINCE 2002 THE DOLLAR HAS
3 REALLY PLUNGED AGAINST THE CANADIAN DOLLAR.
4 WHAT DOES THAT DO FOR THE DEMAND FOR HOUSING IN
5 FLORIDA? YEAH, IT'S GOING TO INCREASE IT.
6 WHAT DOES IT DO TO THE CHANCE THAT WE'LL HAVE A
7 RECESSION? IT DECREASES IT, BECAUSE IT'S
8 BOOSTING OUR EXPORTS.

9 THE NEXT SLIDE JUST VERY QUICKLY SHOWS
10 IT'S NOT JUST THE LOONIE. IT'S ALSO THE DOLLAR
11 VERSUS THE BRITISH POUND, THE DOLLAR VERSUS THE
12 EURO. THE ONLY THING OUR CURRENCY IS NOT
13 FALLING AGAINST IS THE YEN. A LITTLE BIT
14 AGAINST IT BUT NOT VERY MUCH, BUT THAT DOESN'T
15 MATTER FOR HOUSING IN FLORIDA MUCH. SO WE'VE
16 GOT THAT THAT IS WORKING IN OUR FAVOR.

17 THE FEDERAL FUNDS RATE, THE SHORT-TERM
18 INTEREST RATE THAT'S SET BY THE FEDERAL
19 RESERVE, IS SHOWN ON THE NEXT GRAPH. AND SO
20 YOU CAN SEE THAT INTEREST RATES HAVE BEEN
21 FAIRLY LOW. AND IN FACT THE FED KEPT THEM
22 LOWER THAN ITS CUSTOMS WOULD SUGGEST FOR THAT
23 PERIOD THAT FUELED THE HOUSING BOOM IN THE

24 EARLY 2001, 2002 IN FLORIDA. INTEREST RATES
25 DOWN, THE TREASURY LEVEL.

1 WELL, OKAY, HOW HAVE GOVERNMENTS
2 RESPONDED? LET ME GO A LITTLE BIT INTO THAT IN
3 THE NEXT SLIDE -- OKAY, SO THERE'S THE
4 LONG-TERM INTEREST RATES DOWN. I THINK WE'RE
5 SHOWING THERE WITH THE RECESSIONS. HOW HAVE
6 LOCAL GOVERNMENTS RESPONDED?

7 AND WHAT WE'VE DONE HERE IS THAT WE
8 HAVE -- WE HAVE AGGREGATED ALL THE LOCAL
9 EXPENDITURE DATA TO THE COUNTY LEVEL -- TOOK A
10 COUPLE MONTHS TO DO -- BECAUSE YOU CAN'T REALLY
11 COMPARE JUST ONE COUNTY GOVERNMENT TO ANOTHER.
12 YOU'VE GOT TO LOOK AT OBVIOUSLY THE COUNTY
13 LEVEL, THE MUNICIPALITIES, THE SPECIAL
14 DISTRICTS OF VARIOUS SORTS.

15 AND SO WE SUMMED ALL THOSE UP. IT PROVED
16 IMPOSSIBLE TO DO IN DUVAL COUNTY, SO WE
17 EXCLUDED THAT. BUT THIS IS THE RATIO --
18 APOLOGIES.

19 (LAUGHTER.)

20 BUT IN ANY EVENT, THAT SHOWS THE RATIO OF
21 TOTAL EXPENDITURE TO TOTAL PERSONAL INCOME AND
22 ALSO THE RATIO OF TOTAL EXPENDITURES TO JUST
23 VALUES. SO HERE'S THE QUIZ: WHICH ONE OF

24 THESE LINES, BLUE OR RED, IS THE RATIO TO TOTAL
25 PERSONAL INCOME AS OPPOSED TO JUST VALUE?

1 OKAY, THAT BLUE LINE IS THE ONE THAT'S RATIO TO
2 PERSONAL INCOME, SO THE SHARE OF JUST VALUE IS
3 GOING FOR THE LOCAL SPENDING. THAT'S DOWN. IT
4 IS. AND THE SHARE RELATIVE TO PERSONAL INCOME,
5 OF COURSE, IS WAY UP.

6 AND SO WHAT HAPPENED THERE? I'M SURE
7 YOU'RE FAMILIAR WITH THIS STORY. WE HAD SAVE
8 OUR HOMES, AND SAVE OUR HOMES THEN INTERACTED
9 BY ACCIDENT WITH THE HOUSING BOOM YEARS OF
10 2003, 2005, AND SO IT SHIFTED TAXES AWAY FROM
11 THE HOMESTEADERS ONTO BUSINESSES, ONTO
12 SNOWBIRDS, ONTO APARTMENT DWELLERS AND SO ON.
13 BUT THE MEDIAN VOTER IS WHO? THE MEDIAN VOTER
14 IS AN APARTMENT DWELLER OR A HOMEOWNER.

15 YEAH, THE MEDIAN VOTER IS A HOMEOWNER, AND
16 SO THESE EXPENDITURES GO WAY UP ON THE MEDIAN
17 VOTERS IS UNDISTURBED BY IT, AND THEY RAISE
18 THEIR SPENDING A FAIR AMOUNT. NOW -- AND SO
19 THERE'S BEEN SOME OUTCRY ABOUT THAT. ON THE
20 OTHER HAND, THE SHIFT TOWARD THE PUBLIC SECTOR
21 HAS NOT BEEN AS DRAMATIC AS YOU MIGHT IMAGINE.

22 THE NEXT SLIDE SHOWS THE NUMBER OF
23 GOVERNMENT JOBS IN FLORIDA, BUT THEN ON THE

24 NEXT LINE COMPARE IT TO THE TOTAL EMPLOYMENT IN
25 FLORIDA. AND IT'S NOT THAT WE'VE HAD A SHIFT

1 OF OUR EMPLOYMENT TOWARD THE PUBLIC SECTOR;
2 THAT HAS ACTUALLY DECLINED SLIGHTLY. IN FACT,
3 I HAD AN ADDITIONAL SLIDE THAT SHOWED THAT THAT
4 IS A BIG DRAMATIC DROP BY CHEATING ON THE
5 SCALES, BUT CURT WOULDN'T LET ME SHOW IT, SAID
6 YOU GOT TO BE HONEST HERE. AND IT -- BUT IT
7 SHOWS SORT OF A GRADUAL DECLINE IN THAT SHARE.

8 NOW, THE NEXT SLIDE SHOWS THE ANNUAL
9 INCOME GROWTH FOR RESIDENT, AND THAT'S BEEN
10 ABOUT 2 PERCENT A YEAR FOR FLORIDA AND THE
11 UNITED STATES OVER THE PERIOD SINCE 1970, AND
12 THAT'S PROBABLY GOING TO CONTINUE. THAT WOULD
13 MEAN OUR INCOME PER CAPITA WOULD DOUBLE IN 35
14 YEARS, SO THE PEOPLE COMING ALONG ARE GOING TO
15 BE RELATIVELY AFFLUENT.

16 FLORIDA, AFTER 1989, THEY'D BEEN ABOVE THE
17 U.S. AVERAGE, IT FELL BELOW FOR A TIME, IT FELL
18 FARTHER AND FARTHER BELOW, AND THEN STARTED
19 PICKING UP, AND WATCH THAT UPTICK THERE. THAT
20 UPTICK THERE I THINK IS THE BEGINNING OF THIS
21 SORTING PROCESS WITH THE AFFLUENT RETIREES.
22 IT'S THE INITIATION OF THAT SORTING PROCESS,
23 AND WE'RE GOING TO GO ABOVE I THINK THE

24 NATIONAL AVERAGE, AND THAT'S GOING TO HAPPEN

25 WITHIN ABOUT THREE YEARS OR SO THAT WE'LL GO

1 ABOVE THE NATIONAL AVERAGE, WHICH IS NICE NEWS
2 FOR US IN EVERYTHING EXCEPT MEDICAID PAYMENTS,
3 SINCE IT MEANS WE'LL GET LESS TRANSFER FROM THE
4 FEDERAL GOVERNMENT, BUT OTHER THAN THAT THAT'S
5 GOOD NEWS.

6 WELL, I HAVE TAXED YOUR PATIENCE SO LET ME
7 JUST GO PRETTY MUCH THROUGH THESE OTHERS. THE
8 BUSINESS TAXES AS A SHARE OF GDP INFLATION WE
9 THINK IS GOING TO REMAIN PRETTY LOW. THAT, OF
10 COURSE, HAD STRONG IMPLICATIONS FOR -- WE'RE
11 NOT GOING TO GO BACK TO 1970S WHERE PRICES ROSE
12 AN AVERAGE 7 PERCENT A YEAR, WHERE WE HAD
13 118 PERCENT INCREASE IN THE CDI BETWEEN 1972
14 AND 1982. THAT'S NOT GOING TO HAPPEN AGAIN.
15 THE FEDERAL RESERVE HAS LEARNED A LESSON FROM
16 THAT, AND IT WILL NOT RECUR.

17 WE'LL PROBABLY SEE THE -- THE FEDS' TARGET
18 NOW IS ABOUT 2 PERCENT A YEAR, WHICH IS BELOW
19 THE SAVE OUR HOMES CAP, AND SO THAT -- AND EVEN
20 BELOW THE 10 PERCENT CAP ON BUSINESSES. SO
21 THAT'S NOT GOING TO BE I THINK A HUGE FACTOR.
22 WE MAY BE SOME YEARS OF THREE, THREE AND A HALF
23 PERCENT, BUT NOTHING REALLY HUGE THERE.

24 WE DID SIMULATIONS THERE, THE RATIO OF
25 TAXABLE VALUE TO PERSONAL INCOME. THE POINT

1 THERE IS THAT THAT'S GOING TO RISE, EVEN UNDER
2 ANY SCENARIO THAT YOU HAVE UP THERE. SAVE OUR
3 HOMES WITH PORTABILITY, WITHOUT PORTABILITY,
4 THERE'LL BE A DIP AS WE ADJUST TO IT, BUT THEN
5 IT'S GOING TO START PICKING UP AGAIN.

6 BUSINESS TAXES AS A SHARE OF GROSS STATE
7 PRODUCT. THESE ARE DATA BY ERNST AND YOUNG.
8 YOU'VE ALREADY SEEN THEM FOR A EARLIER YEAR.
9 THEY WERE PRESENTED TO YOU BY THE FLORIDA
10 CHAMBER OF COMMERCE FOR LAST YEAR, AND SO TWO
11 THINGS HERE, SAY THAT THEY'RE THE SAME THIS
12 YEAR AS THEY WERE LAST YEAR, UPDATED, AND ALSO
13 TO ASSERT THAT I THINK THAT'S ABOUT THE BEST
14 DATA AVAILABLE ON BUSINESS TAXES VERSUS OTHER
15 TAXES OUT THERE. THE CHAMBER OF COMMERCE CHOSE
16 THE RIGHT PEOPLE THERE. THE BUSINESS SHARE OF
17 STATE AND LOCAL TAXES, SIMILAR THING THERE.

18 LET ME -- YOU PROBABLY DON'T WANT ANYTHING
19 ON HURRICANES. I DON'T KNOW IF YOU DO OR
20 DON'T. OKAY. VERY QUICKLY, YOU'RE FAMILIAR
21 WITH THE NEW FLORIDA LEGISLATION. A FUNNY
22 THING ABOUT HURRICANES, WHAT DRIVES THE BEAR IS
23 THAT EMPIRICAL STUDIES SHOW THAT THE STORM

24 DAMAGE IS PROPORTIONAL TO THE SEVENTH POWER OF
25 THE MAXIMUM SUSTAINED WIND SPEED, AND THAT

1 SEEMS LIKE A PHENOMENAL MATTER, SEEMS TOTALLY
2 INCREDIBLE.

3 HOW COULD IT BE RELATED TO THE SEVENTH
4 POWER? AND YOU'RE SAYING, HEY, WAIT A MINUTE,
5 I KNOW THAT THE FORCE OF WIND IS RELATED TO THE
6 SQUARE, AND SO WHAT IN THE WORLD IS GOING ON
7 HERE. WELL, OKAY, IF YOU HAVE A HURRICANE WITH
8 A STRONGER MAXIMUM SUSTAINED WIND SPEED, IT'S
9 GOING TO HAVE A LARGER AREA, SO IT'LL HIT A
10 LARGER AREA. IT'S GOING TO LAST LONGER OVER
11 ANY GIVEN AREA, AND SO IT'LL BE DOING MORE
12 DAMAGE THAT WAY.

13 BUT MOST IMPORTANTLY, PEOPLE BUILD
14 STRUCTURES WITH HURRICANES IN MIND. THEY BUILD
15 THEM TO WITHSTAND A ONCE-IN-A-100-YEAR
16 HURRICANE, AND THEN WHEN THE BIG ONE COMES
17 ALONG IT CAUSES CATASTROPHIC FAILURE. AND ONCE
18 YOU GET CATASTROPHIC FAILURE TO A STRUCTURE,
19 BOOM, THERE YOU ARE. AND SO THE SEVENTH POWER
20 I THINK IS THE CORRECT ONE.

21 THE PAPER I BASE THIS ON ACTUALLY,
22 NORDHOUSE AT YALE UNIVERSITY, THINKS IT'S THE
23 EIGHTH POWER, BUT WE'LL GO WITH THE SEVENTH.

24

THE NEXT SLIDE SHOWS THERE ARE

25

CALCULATIONS. THERE ARE STUDIES OF WHAT ARE

1 THE AREAS AT RISK OF HURRICANE, AND SO YOU CAN
2 SEE THAT 50 PERCENT OF THAT IS LOCATED IN THE
3 STATE OF FLORIDA. AND, OF COURSE, THE SHIFT
4 HAS BEEN A -- THE RECENT LEGISLATION HAS BEEN A
5 SUBSIDY OF COASTAL AREAS, THE HIGH AT-RISK
6 AREAS AT THE EXPENSE OF THE INTERIOR AREAS,
7 BASED ON A STUDY BY MILLIMAN ACTUARIES, WHICH
8 IS A GOOD ACTUARIAL GROUP. THEY'RE VERY SOLID.

9 OKAY. LET ME THEN, ON K12 EDUCATION, I
10 THINK I HAVE TRIED YOUR PATIENCE SO I'LL SKIP
11 THAT, UNLESS THERE'S A CLAMOR. YOU'VE PROBABLY
12 HEARD A LOT ON THAT FROM PEOPLE REVIEWING AND
13 SO ON.

14 AND I WILL TURN THIS OVER TO -- ONE THING
15 ON THAT. YOU'RE GOING TO RUN THROUGH A REAL
16 TRICKY ISSUE ON THAT 90 PERCENT CAP ON THE
17 FEFP. IT'LL BE INTERESTING TO SEE HOW THAT
18 PLAYS OUT AT SOME POINT, BECAUSE WITH THE
19 INCREASING SKEWNESS OF THE DISTRIBUTION OF
20 PROPERTY PER FTE ACROSS COUNTIES, MORE AND MORE
21 OF THE POPULATION IS GOING TO HIT THAT 90
22 PERCENT CAP.

23 WELL, THE FLORIDA CONSTITUTION, AS YOU

24 KNOW, PROHIBITS A STATE TAX ON PROPERTY, THAT'S

25 RESERVED TO THE LOCAL GOVERNMENTS, AND SO AT

1 WHAT POINT IS SOMEBODY GOING TO CLAIM WHEN
2 THESE DISPARITIES BECOME LARGER THAT THAT
3 REQUIRED LOCAL EFFORT IS REALLY A STATE TAX,
4 AND I DON'T KNOW ENOUGH CONSTITUTIONAL LAW TO
5 KNOW HOW THAT'S GOING TO PLAY OUT, BUT IT'S
6 GOING TO POSE AN EXCELLENT ISSUE AT SOME POINT.

7 CHAIRMAN BENSE: DR. DENSLOW, BEFORE YOU --
8 ARE THERE ANY QUESTIONS?

9 MS. JOHNSON: QUESTION.

10 CHAIRMAN BENSE: COMMISSIONER JOHNSON, YOU'RE
11 RECOGNIZED.

12 MS. JOHNSON: WONDERFUL PRESENTATION. I
13 APPRECIATE THAT VERY MUCH. AND, MR. CHAIRMAN, IF
14 WE COULD, THE SLIDES THAT HE PRESENTED, IF WE
15 COULD GET THEM LARGER AND IN COLOR, I'D LIKE TO BE
16 ABLE TO REFER BACK TO THEM.

17 CHAIRMAN BENSE: WE'LL GET THAT FOR YOU.

18 MS. JOHNSON: BUT YOUR PRESENTATION HAS BEEN
19 OUTSTANDING. ONE OF THE THINGS THAT YOU FOCUSED
20 ON AS A TREND WAS THE FACT THAT OUR STATE WILL BE
21 MORE GRAY AND THAT THEY'LL BE MORE AFFLUENT. WHAT
22 I'VE BEEN CONCERNED -- AND MAYBE IT'S MY OWN
23 PRECONCEIVED NOTIONS, WAS THE FACT THAT THE STATE

24 WILL ALSO BE MORE BROWN, AND HOW DOES THAT FACTOR
25 INTO YOUR ANALYSIS? WITH MORE MINORITIES, MORE

1 HISPANICS.

2 I SEE YOU STATING AND ARTICULATING AND
3 DEMONSTRATING THAT -- WHAT MORE GRAY WILL DO.
4 BUT ARE THOSE MINORITIES, ARE THEY WEALTHIER?
5 DO THEY HAVE THE SAME BUYING PATTERNS? DO THEY
6 HAVE MORE SCHOOL-AGED KIDS? HOW DO THEY IMPACT
7 SERVICES AND TAXATION?

8 I'M FINDING -- SO I'VE BEEN CONCERNED
9 ABOUT THIS. I'VE BEEN ASKING STAFF. THEY'VE
10 BEEN TRYING TO PUT TOGETHER INFORMATION FOR ME.
11 BUT IF YOU, DR. DENSLOW, TELL ME, DON'T WORRY
12 ABOUT IT, IT'S NOT GOING TO IMPACT THE TRENDS
13 OVER THE NEXT 20 YEARS, THEN I WON'T WORRY
14 ABOUT IT.

15 BUT RIGHT NOW I AM, AND I WANT TO
16 UNDERSTAND HOW THEY FACTOR INTO THIS BECAUSE
17 WE'RE GOING TO MAKE A DECISION. AND I
18 APPRECIATE YOU SAYING, WELL, YOU KNOW, YOU GOT
19 TO DEAL WITH THE POLITICS BECAUSE SOME OF YOUR
20 SOLUTIONS WILL BE SHORT-TERM.

21 BUT I'M TAKING OUR POSITION VERY
22 SERIOUSLY, THAT WE ONLY MEET EVERY 20 YEARS,
23 AND I WOULD LIKE TO BE ABLE TO FORMULATE

24 POLICIES AND DECISIONS BASED UPON THE ANALYSIS
25 OF WHAT THIS STATE WILL LOOK LIKE, FEEL LIKE,

1 AND BE LIKE OVER THE NEXT 20 YEARS.

2 MR. DENSLOW: AND SO YOU'VE CAUGHT ME,
3 BECAUSE I SKIPPED THE HARD PART. AND THE EASY
4 PART IS PROJECTING WHAT'S GOING TO HAPPEN WITH
5 RETIREEES. AT LEAST I THINK IT'S THE EASY PART.
6 THE HARD PART IS THAT OTHER DICHOTOMY -- NOT A
7 DICHOTOMY, CONTINUUM REALLY. BUT THAT OTHER
8 SORTING THAT COULD GO ON BETWEEN FLORIDA AND THE
9 REST OF THE SOUTHEAST.

10 MS. JOHNSON: RIGHT.

11 MR. DENSLOW: AND WHAT YOU POINTED OUT IS,
12 FOR EXAMPLE, LAST YEAR FOR THE FIRST TIME, I
13 BELIEVE, THE FLORIDA K12 EDUCATION WAS A MAJORITY
14 MINORITY. AND I WAS TALKING WITH STAN SMITH, OUR
15 HEAD DEMOGRAPHER, YESTERDAY ABOUT THIS
16 PRESENTATION, AND HE WAS GOING OVER SOME DATA WITH
17 ME SHOWING THAT FERTILITY RATES ARE REALLY, REALLY
18 HIGH FOR HISPANICS RIGHT NOW. AND THOSE ARE NOT
19 THE CUBANS. THEY'RE THE IMMIGRANTS WHO ARE COMING
20 IN FROM MEXICO, FROM CENTRAL AMERICA, FROM THE
21 CARIBBEAN. THROW IN THE HAITIANS. AND SO THAT'S
22 A HUGE PART OF OUR POPULATION GROWTH.

23 NOW -- AND THOSE BIRTH RATES, THOSE

24 FERTILITY RATES, HAVE BEEN RISING, THE

25 FERTILITY RATES FOR HISPANIC.

1 AND SO THE POINT THERE THAT I THINK YOU'RE
2 MAKING IS THAT WE'RE GOING TO HAVE A RETIREE
3 POPULATION COMING DOWN FROM THE REST OF THE
4 COUNTRY THAT IS GOING TO BE LARGELY MAJORITY
5 POPULATION AND THEN WE'RE GOING TO HAVE A
6 MAJORITY MINORITY YOUNGER POPULATION, AND THE
7 QUESTION IS, ARE THOSE RETIREES GOING TO BE
8 WILLING TO SUPPORT THE EDUCATION OF THAT
9 MINORITY GROUP?

10 THEY'RE CERTAINLY GOING TO HAVE THE
11 AFFLUENCE TO DO IT. THERE ARE CERTAINLY GOING
12 TO BE ENOUGH ADULTS PER SCHOOL CHILD TO DO IT.
13 THEY CAN EASILY AFFORD TO. BUT WILL THEY SEE
14 FLORIDA AS A CHANCE TO ESCAPE FROM THE
15 OBLIGATIONS UP IN MICHIGAN OR NEW JERSEY OR NEW
16 YORK OR NEW ENGLAND OR SOMEWHERE AND COME HERE,
17 AND THEY WILL BE PERFECTLY HAPPY TO HAVE A
18 DICHOTOMOUS STATE IN THAT SENSE, THAT WE HAVE A
19 NOT-TOO-WELL-EDUCATED GROUP OF YOUNGER PEOPLE.

20 IF THAT'S THE CASE, THEN THE YOUNGER
21 HOUSEHOLDS ARE GOING TO SORT, NOT IN FLORIDA,
22 THEY'RE GOING TO SORT INTO WHERE HOUSING IS
23 CHEAPER AND WHERE THE EDUCATIONAL SYSTEMS ARE

24 BETTER IN NORTH CAROLINA, GEORGIA, AND PLACES

25 LIKE THAT.

1 SO THE QUESTION -- THE CRUCIAL QUESTION, I
2 THINK, THAT YOU'RE ADDRESSING HERE IS ONE THAT
3 IS JUST IMPOSSIBLE TO PREDICT HOW THAT IS ALL
4 TO GOING TO PLAY OUT.

5 NOW, I WISH THAT YOU WOULD TRANSFER MORE
6 POWER TO LOCAL GOVERNMENTS.

7 MS. JOHNSON: BUT WHY IS IT IMPOSSIBLE TO
8 PREDICT? HELP ME UNDERSTAND. IF YOU CAN
9 UNDERSTAND --

10 MR. DENSLOW: BECAUSE IT'S OUR CHOICE.

11 MS. JOHNSON: WELL, IT'S ALSO THE CHOICE OF
12 THE RETIREES, BUT YOU'VE DETERMINED THAT OVER THE
13 YEARS THEY'RE GOING TO CHOOSE HERE. HOW DO YOU
14 NOT KNOW WHAT THE MINORITY POPULATIONS, WHETHER OR
15 NOT -- IF THEY'RE TRENDING HERE, WOULDN'T WE
16 EXPECT THAT TREND TO CHANGE, STAY THE SAME, GROW
17 STRONGER? AND I'M TRYING TO KIND OF SORT THROUGH
18 THAT --

19 MR. DENSLOW: WELL, THIS WOULD BE A
20 SUBSTANTIAL MINORITY POPULATION HERE, AND THE
21 IMMIGRANT POPULATION, CONDITIONAL UPON NATIONAL
22 GOVERNMENT POLICY, OF COURSE, BUT NONETHELESS
23 THEY'RE -- AND ALSO CONDITIONED ON THEIR

24 FERTILITY, WHICH IS HIGH FOR THIS NON-CUBAN
25 HISPANIC GROUP, AND RISING. SO THERE'S -- THERE

1 ARE GOING TO BE A LOT OF PEOPLE FROM THEM. AND MY
2 ATTITUDE IS, MAN, I WELCOME THEM. THEY'RE THE
3 ONES WHO ARE SEEKING THE AMERICAN DREAM. WE
4 WELCOME THEM, BUT MANY OF THOSE PARENTS HAVE AN
5 EIGHTH GRADE EDUCATION. AND IT'S HARDER FOR THEM
6 TO HELP THEIR CHILDREN ASSIMILATE. I MEAN, THEY
7 WANT TO DO IT --

8 MS. JOHNSON: SO THIS IS AN OPPORTUNITY, AND
9 MY CONCERN TOO IS HOW DO WE PREPARE FOR IT? HOW
10 DO WE MAKE DECISIONS AS IT RELATES TO EDUCATION
11 THAT MIGHT PROVIDE THEM WITH THE GREATEST CHOICE
12 TO HAVE THE BEST EDUCATION?

13 HOW DO WE ENSURE THAT THEY -- THAT WE SET
14 POLICIES THAT WILL MAKE SURE THAT THE -- THEY
15 HAVE THE TOOLS THAT THEY NEED TO CONTINUE TO BE
16 THE CONTRIBUTING MEMBERS THAT THEY ARE, AND TO
17 ANSWER THAT YOU HAVE TO FIRST UNDERSTAND THE
18 TRENDS, AS BEST WE CAN.

19 MR. DENSLOW: RIGHT. THE THING THAT WORRIES
20 ME ARE THE STUDIES THAT SHOW THAT RETIREES IN
21 PLACE -- WHEN THEY RETIRE WHERE THEY WERE, AS MANY
22 DO, MOST DO IN FACT -- SUPPORT LOCAL EDUCATION.
23 WHEN THEY MOVE SOMEWHERE ELSE, THEY TEND NOT TO.

24 AND SO WE'RE GOING TO HAVE ALL THESE RETIREES
25 COMING IN.

1 NOW, MY NOTION -- AND I OWE THIS TO FORMER
2 GOVERNOR MCKAY, BUDDY MCKAY -- MY NOTION THERE
3 IS THAT, WOULDN'T IT BE NICE IF FLORIDA REALLY
4 ATTRACTED THEIR LOYALTY. TO THEM THE STATE OF
5 FLORIDA IS SORT OF AN ABSTRACTION, TO MANY OF
6 THE RETIREES COMING IN. THEIR LOCAL COMMUNITY
7 IS WHAT THEY LINK TO. AND SO I WOULD LIKE TO
8 SEE MORE AUTHORITY WITH THE LOCAL GOVERNMENTS,
9 BE THEY SCHOOL BOARDS, BE THEY MUNICIPALITIES,
10 BE THEY COUNTIES OR WHATEVER, BECAUSE I THINK
11 THAT'S WHERE YOU'RE GOING TO GET THE GREATER
12 INVOLVEMENT IN THE ADOPTION OF A NEW COMMUNITY
13 FROM THESE RETIREES.

14 BUT I'M GETTING FAR OUT OF MY AREA OF
15 EXPERTISE ON THIS, I REGRET. BUT THAT'S THE
16 CONCERN I WOULD HAVE THERE.

17 CHAIRMAN BENSE: COMMISSIONER LEVINE, I THINK
18 YOU HAVE SOMETHING IN THAT SAME WORLD THERE.

19 MR. LEVINE: YES, I DO. THAT WAS A GREAT
20 QUESTION BY COMMISSIONER JOHNSON. AND BY THE WAY,
21 DR. DENSLOW, THE LAST TIME I SAW YOU I WAS A
22 FRESHMAN IN ECONOMICS AT THE UNIVERSITY OF
23 FLORIDA. SO THIS TIME I ACTUALLY SHOWED UP TO

24 CLASS. I HAVE SOME CATCHING UP TO DO HERE.

25 MR. DENSLOW: HOPE YOU GOT THE A YOU

1 DESERVED.

2 (LAUGHTER.)

3 MR. LEVINE: BUT, YOU KNOW, A COUPLE OF
4 TRENDS I'M SEEING. I'M IN SOUTH FLORIDA NOW IN
5 BROWARD COUNTY AND WHAT WE'RE SEEING, FIRST OF
6 ALL, THE ISSUE OF THE POPULATION THAT'S AGING THAT
7 RELOCATES TO FLORIDA ACTUALLY IS A TREMENDOUS
8 POSITIVE ECONOMIC IMPACT. I'M IN HEALTH CARE, AND
9 THOSE MEDICARE DOLLARS ARE DOLLARS COMING IN FROM
10 OUTSIDE THE STATE, SO IT DOES HAVE ECONOMIC
11 IMPACT.

12 MY CONCERN IS, WHAT WE'RE SEEING NOW IS A
13 SOFTENING OF VOLUME OF MEDICARE PATIENTS THAT
14 ARE SEEKING CARE IN OUR SYSTEM, AND I THINK
15 THAT MAY BE A SUBSET OF PEOPLE BECAUSE OF THE
16 COST OF THE HOUSING AND BECAUSE OF THE COST OF
17 TAXES AND INSURANCE THEY'RE NOT COMING DOWN AS
18 MUCH AS THEY HAVE IN THE PAST.

19 I MEAN, I'M JUST LOOKING IN TERMS OF OUR
20 BUSINESS MODEL. I RUN A HOSPITAL SYSTEM, AND
21 WE'RE SEEING A SUBSTANTIAL SOFTENING OF THE
22 MEDICARE VOLUME THAT WE USED TO SEE. THAT'S
23 THE FIRST ISSUE.

24

THE SECOND THING I'M SEEING THAT GOES

25

ALONG WITH THAT IS, AS THE -- WITH THE SCHOOL

1 SYSTEM IN BROWARD COUNTY WE'RE NOW A MAJORITY
2 MINORITY IN BROWARD COUNTY, 54 PERCENT
3 MINORITY, AFRICAN-AMERICAN, HISPANIC,
4 CARIBBEAN.

5 AND WHAT'S HAPPENING IS THERE'S LIKE
6 13,000 FEWER STUDENTS FROM THE SCHOOL SYSTEM
7 THIS YEAR THAN THERE WAS TWO YEARS AGO, BUT
8 ACTUALLY THAT NUMBER IS EVEN WORSE BECAUSE
9 WHAT'S HAPPENED IS MORE MIDDLE INCOME FAMILIES
10 ARE LEAVING. AND THEY'RE BEING REPLACED WITH
11 PEOPLE THAT ARE COMING IN FROM SOUTH AMERICA,
12 THE CARIBBEAN THAT DON'T HAVE HIGH-WAGE JOBS,
13 THAT DON'T HAVE HIGH-INCOME JOBS, THAT DON'T
14 HAVE HEALTH INSURANCE.

15 MR. MCKAY: MR. CHAIRMAN?

16 CHAIRMAN BENSE: YES? WHO IS THAT?

17 MR. MCKAY: THIS IS JOHN MCKAY. CAN YOU ASK
18 EVERYBODY TO SPEAK INTO THE MICROPHONES A LITTLE
19 MORE CLEARLY?

20 CHAIRMAN BENSE: WE SURE WILL.

21 MR. MCKAY: THEY FADE IN AND OUT.

22 CHAIRMAN BENSE: OKAY, COMMISSIONER. SORRY.

23 MR. LEVINE: SO MY CONCERN, PIGGYBACKING ONTO

24 WHAT COMMISSIONER JOHNSON WAS TALKING ABOUT, IS
25 YOU HAVE -- MAYBE YOU'RE SAYING THAT WE'RE GOING

1 TO CONTINUE TO SEE THE HUGE GROWTH IN THE RETIREE
2 POPULATION. MAYBE THAT'S TRUE OF PEOPLE THAT ARE
3 RETIRING IN FLORIDA. OR ARE YOU SAYING THAT
4 YOU'RE GOING TO CONTINUE TO SEE A MIGRATION OF
5 PEOPLE FROM OUTSIDE THE STATE THAT ARE RETIRED
6 HERE, NUMBER ONE.

7 AND NUMBER TWO, WHAT I'M SAYING IN TERMS
8 OF THE POPULATION CHANGE, THE DEMOGRAPHIC
9 CHANGE THAT'S OCCURRING IN SOUTH FLORIDA, THE
10 POPULATION THAT'S LEAVING THAT HAS -- THE
11 MIDDLE INCOME POPULATION WITH SCHOOL-AGED
12 CHILDREN ARE BEING REPLACED WITH PEOPLE THAT
13 ARE LOW INCOME, AND I'M SEEING A DEMOGRAPHIC
14 SHIFT.

15 AND I THINK THAT'S GOING TO HAVE A HUGE
16 IMPACT ON INFRASTRUCTURE IN TERMS OF PUBLIC
17 SERVICES. OUR HOSPITAL SYSTEM IS A PUBLIC
18 SYSTEM. OUR RATE OF UNDERINSURED IS GOING --
19 IS NOW UP TO 25 PERCENT. HOW DO WE -- I MEAN,
20 HAVE YOU MODELED THAT? HAVE YOU LOOKED AT THAT
21 DEMOGRAPHIC SHIFT AND WHAT IS THE ECONOMIC
22 IMPACT OF THAT SHIFT GOING TO BE?

23 MR. DENSLOW: WELL, TAKING FIRST THE DECREASE

24 IN THE NUMBER OF STUDENTS IN THE BROWARD SCHOOLS,
25 AND THAT IS, OF COURSE, AN UNUSUAL PHENOMENON TO

1 BE OCCURRING IN THE STATE OF FLORIDA, AND IT IS
2 NOT OCCURRING IN OTHER SOUTHEASTERN STATES. THAT
3 IS -- THERE IS AN INCREASE IN THE SCHOOL AGE
4 POPULATION IN GEORGIA, NORTH CAROLINA, SOUTH
5 CAROLINA, VIRGINIA. AND SO IT'S A DIFFERENT
6 PHENOMENON HERE.

7 AND I THINK IT IS THAT YOU'VE GOT THE
8 RETIREES AND THE IMMIGRANTS WHO ARE REPLACING
9 SOME OF THE FAMILY HOUSEHOLDS WITH CHILDREN WHO
10 HAVE BEEN HERE BEFORE, SO THAT IS OCCURRING.

11 NOW, WITH RESPECT TO THE SOFTENING OF
12 DEMAND BY MEDICARE PATIENTS, AND YOU SEE A
13 SIMILAR PHENOMENON AT THE STATE LEVEL THAT
14 DR. WEISSERT WILL TALK ABOUT WITH RESPECT TO
15 MEDICAID, AND WHICH I'M SURE YOU'RE FAMILIAR
16 WITH.

17 AND -- BUT LOOK AT WHO THE BABY BOOMERS
18 ARE AND HOW OLD THEY ARE. THEY WERE BORN FIRST
19 IN '46 THROUGH '64, BUT THOSE ONES BORN IN '46
20 HAVE NOT HIT MEDICARE AGE YET. AND SO YOU'VE
21 GOT THE EARLY WAVE OF RETIREES COMING IN, THESE
22 AFFLUENT EMPTY NESTERS, PEOPLE 55 THROUGH 62 OR
23 SO, AND THEY'RE NOT GOING TO BE TREATED ON

24 MEDICARE.

25 AND THEN TOO FLORIDA HAS A RELATIVELY

1 HEALTHY -- AND YOU'VE SEEN THIS PRESENTATION,
2 AHCA MADE A PRESENTATION TO YOU -- FLORIDA HAS
3 HEALTHY SENIORS. AND SO WE'RE GOING THROUGH I
4 THINK A PRETTY GOOD PHASE RIGHT THERE IN TERMS
5 OF A REDUCED DEMAND FOR MEDICAL CARE.

6 NOW, HOW MUCH OF THAT REDUCED DEMAND --
7 AND WHAT YOU DON'T KNOW, AND HERE'S YOUR MORE
8 IMPORTANT ISSUE, IS HOW MUCH OF THAT REDUCED
9 DEMAND FOR MEDICAL CARE IS DUE TO THE FACT THAT
10 THE NUMBER OF UNINSURED, BOTH IN FLORIDA AND
11 NATIONALLY, HAS GONE UP.

12 AND IT HAS GONE UP MAINLY -- NOT BECAUSE
13 FIRMS AREN'T OFFERING INSURANCE ANYMORE, BUT
14 BECAUSE THE CO-PAY HAS GONE UP AND SO PEOPLE
15 ARE BEING PRICED OUT OF IT. AND YOU'RE
16 SUDDENLY GOING TO SEE A WAVE OF DEMAND FOR
17 EMERGENCY CARE THAT COMES BECAUSE PEOPLE HAVE
18 POSTPONED THE SORT OF CARE THAT THEY DID NEED.

19 AND I DON'T KNOW THERE, BUT IT CERTAINLY
20 IS GOING TO CHANGE THE COMPOSITION OF YOUR
21 CLIENTELE I THINK PRETTY DRAMATICALLY, IF YOU
22 LOOK AT THE SORT OF POPULATION SORTING THAT'S
23 GOING ON, BOTH IN BROWARD COUNTY AND THROUGH

24 THE STATE.

25 I 'M NOT SURE I ADDRESSED ALL THE ISSUES

1 YOU RAISED, BUT THERE ARE COMPLICATED ONES.

2 CHAIRMAN BENSE: COMMISSIONER LACASA.

3 MR. LACASA: I WANTED TO GO BACK TO THE CHART
4 YOU PUT ON, TITLED INCOME SHARE OF HIGHEST INCOME
5 HOUSEHOLDS IMMEDIATELY BACK TO A POST WORLD WAR
6 II --

7 MR. DENSLOW: RIGHT.

8 MR. LACASA: -- TIME. I HAVE A -- I'M
9 CURIOUS ABOUT SOMETHING.

10 I SEE -- THE CHART INFERS A STRONG
11 CORRELATION BETWEEN HIGH CONCENTRATION AND THE
12 TIMING OF RECESSIONARY AND DEPRESSIVE PERIODS
13 IN OUR ECONOMY, AND I WANTED TO ASK YOU TO
14 COMMENT ON THAT. IS THERE A CORRELATION OR IS
15 IT JUST A WILD COINCIDENCE?

16 MR. DENSLOW: WELL, IF WE GET BACK TO THAT
17 CHART, BUT THE OVERALL PICTURE OF THE DISTRIBUTION
18 OF INCOME IS INCREASINGLY CONCENTRATED IN THE
19 1920S FROM -- ACTUALLY FROM ABOUT THE FIRST WORLD
20 WAR THROUGH THE 1920S, AND THEN -- SO YOU CAN SEE
21 THE U HERE.

22 AND THEN THERE WAS WHAT WAS CALLED THE
23 GREAT COMPRESSION, WHETHER IT BE WAGES OR

24 INCOME. AND YOU CAN SEE THAT OCCURRING AFTER
25 THE SECOND WORLD WAR. AND THAT CONTINUED UNTIL

1 THE LATE 1970S, AND THEN THE 1980S WERE WHEN
2 THAT -- THAT STARTED WIDENING. IT HAS LITTLE
3 UPS AND DOWNS. THEY'RE ASSOCIATED WITH
4 RECESSIONS. PROPERTY INCOME OF COURSE DECLINES
5 MORE DURING RECESSIONS THAN LABOR INCOME DOES,
6 AND SO YOU GET LESS INCOMING QUALITY DURING
7 RECESSIONS THAN YOU DO DURING OTHER PERIODS.
8 BUT THE LONG TRENDS THERE ARE -- I THINK ARE
9 SOMEWHAT UNAFFECTED BY THAT.

10 NOW, ONE MUST CONFESS THAT THERE ARE
11 MEASUREMENT ISSUES THERE, AND THERE'S THE
12 ECONOMIST ANDERSON WHO'S POINTED THOSE OUT, BUT
13 THERE'S AN INCENTIVE AS THE TAX RATES GET LOWER
14 TO DECLARE MORE OF WHAT YOU'RE MAKING AS INCOME
15 AND PUT LESS OF IT OFF INTO CAPITAL GAINS AND
16 FUTURE ACCRUALS.

17 BUT NONETHELESS, EVEN ASIDE FROM THAT, THE
18 BROAD U PATTERN IS I THINK THERE AND WELL
19 ESTABLISHED, AND EVEN IF YOU LOOK WITHIN THE
20 TOP 1 PERCENT, IT'S BECOMING INCREASINGLY
21 UNEQUALLY DISTRIBUTED. WITHIN THE TOP
22 ONE-TENTH OF 1 PERCENT, IT'S BECOMING
23 INCREASINGLY UNEQUALLY DISTRIBUTED, SO HOWEVER

24

25

1 MARKET, I THINK THE IMPORTANT THINGS THERE FOR
2 THE COASTAL AREAS IN THE SOUTH WOULD BE WHAT'S
3 HAPPENING IN THAT TOP 1 PERCENT, AND THEN FOR
4 THE OVERALL STATE THE INCREASING SHARE IS GOING
5 TO THE TOP 10 PERCENT OR SO.

6 CHAIRMAN BENSE: YOU ARE RECOGNIZED.

7 MR. LACASA: AND I UNDERSTAND PERFECTLY HOW
8 THIS TREND WOULD AFFECT THE REAL ESTATE MARKET IN
9 FLORIDA, YOU KNOW, THAT TOP 1 PERCENT, BUT IF THE
10 INTENT OF -- IF WE DESIRE TO MAINTAIN A STRONG
11 INFLOW OF MIDDLE CLASS SETTLERS TO FLORIDA -- AN
12 INFLOW OF MIGRATION OF MIDDLE CLASS COHORT OF WAGE
13 EARNERS, HOW DOES THIS TYPE OF TRENDING AFFECT US
14 AND HOW CAN WE ADDRESS IT AS A COMMISSION?

15 MR. DENSLOW: RIGHT. OKAY. SO LET ME MAKE
16 SURE THAT I UNDERSTAND WHAT YOU'RE ASKING. YOU
17 SAY -- OKAY, YOU WOULD ALL AGREE THAT THIS
18 INCREASED INCOME IN WEALTH IN THE TOP PART IS
19 GOING TO BE A HUGE INCREASE IN THE DEMANDS FOR
20 HOUSING IN FLORIDA, ESPECIALLY IN THE HIGH
21 AFFLUENT AREAS.

22 NOW, WHAT ABOUT AS YOU GO BACK FROM THOSE?
23 ONCE YOU GET FARTHER FROM THE COAST, A LITTLE

24 BIT MORE DISTANT FROM THE GOLF COURSE, HOW CAN

25 WE MAKE THE STATE ATTRACTIVE TO PEOPLE WHO ARE

1 IN THE SECOND AND THIRD QUINTILES? WHAT CAN WE
2 DO TO ATTRACT THEM?

3 AND SO THAT GETS INTO A WHOLE HOST OF
4 ISSUES, INCLUDING AFFORDABLE HOUSING. BUT MY
5 BELIEF THERE WOULD BE THAT THERE ARE TWO
6 THINGS. ONE IS WE WANT TO EDUCATE PEOPLE INTO
7 THAT GROUP THROUGH OUR K12 SYSTEM AND THROUGH
8 OUR UNIVERSITY SYSTEM. THEY WON'T ALL STAY IN
9 THE STATE OF COURSE, BUT NONETHELESS WE WANT TO
10 EDUCATE PEOPLE INTO THAT GROUP.

11 SECOND, WE WANT TO ATTRACT PEOPLE WHO
12 WOULD WANT TO BE IN THAT GROUP BY GIVING THEM
13 REALLY GOOD SCHOOLS, AND WHILE YOU'RE
14 DISTRIBUTING GOOD SCHOOLS -- IT'S KIND OF HARD
15 TO ANSWER YOUR QUESTION DIRECTLY.

16 MAYBE YOU'RE FAMILIAR WITH WELLINGTON.
17 THAT'S A LITTLE BIT INTERIOR FROM WEST PALM
18 BEACH. SO THERE'S A PLACE THAT'S BUILT UP TO
19 ESCAPE, IF YOU WILL, THE SCHOOLS OF PALM BEACH
20 ITSELF, THE CITY. AND SO THEY GO OFF THERE,
21 AND THERE'S NO CRIME. AND YOU'VE GOT GOOD
22 SCHOOLS, AND YOU CAN BUY A HOUSE THERE FOR
23 200,000.

24

AND SO THAT WAS WHERE THE -- SOME OF THE

25

ACCOUNTANTS, BOOKKEEPERS AND DENTISTS AND ALL

1 WHO ARE SERVING THE VERY AFFLUENT PEOPLE ALONG
2 PALM BEACH AS OPPOSED TO -- I THINK I SAID PALM
3 BEACH WHEN I MEANT WEST PALM BEACH. PALM BEACH
4 AS OPPOSED TO WEST PALM PEACH COULD GO THERE,
5 AND THEY COULDN'T AFFORD TO LIVE RIGHT ON THE
6 COAST, BUT THEY COULD DO REALLY PRETTY WELL IN
7 THOSE SCHOOLS THERE.

8 WELL, WHAT'S HAPPENED TO THE HOUSE PRICES
9 IN WELLINGTON? THEY'RE UP NOW TO ABOUT 500,
10 600,000, AND PEOPLE CAN'T AFFORD NOW TO MOVE
11 INTO THAT AREA. AND SO I THINK WHAT IT IS IS
12 YOU'VE GOT TO TAKE A LOT OF THE EXISTING AREAS
13 AND MAKE THEM HIGH QUALITY PLACES TO LIVE.

14 NOW, WHAT YOU MAY BE DRIVING AT IS THAT WE
15 WANT TO MAKE SURE THAT THE TAXES SYSTEM IS
16 EQUITABLE FOR THEM, THAT THE PUBLIC SERVICES
17 PROVIDED FOR THEM IS HIGH LEVEL SERVICE AND SO
18 ON. BUT THOSE ARE COMPLICATED ISSUES, AND
19 THANK GOODNESS WE HAVE A LOT OF CREATIVE MINDS
20 THAT ARE DEVOTED TO TRY AND FIGURE THEM OUT.

21 CHAIRMAN BENSE: BEFORE WE GET TO
22 COMMISSIONER RILEY, I WANT TO FOLLOW UP ON THE
23 SENIORS ISSUE. AND I'VE HEARD FROM -- WE'VE HEARD

24 FROM OTHER DEMOGRAPHERS, AND MY QUESTION TO YOU

25 IS: I'M CONVINCED THAT AS SENIORS MOVE TO

1 FLORIDA, RETIREES AND WHATNOT, IT'S A PLUS FOR US
2 IN TERMS OF THEN DEMANDS, SERVICES. I THINK YOU
3 SAID THERE'S \$2,000 PER YEAR BENEFIT TO LOCAL
4 GOVERNMENT.

5 BUT ALSO IN THEIR LATTER YEARS, AS THEY
6 BECOME ILL AND A BIT MORE FRAIL, I'VE -- I
7 UNDERSTAND THEY COULD ULTIMATELY -- THOSE YEARS
8 ARE SO EXPENSIVE TO LOCAL COMMUNITIES THAT THEY
9 OFFSET THOSE GOOD YEARS.

10 COULD YOU COMMENT ON THAT FOR ME?

11 MR. DENSLOW: I DON'T KNOW THE ANSWER TO IT,
12 MR. SPEAKER. THERE'S A LOT OF DEBATE OVER THAT
13 ISSUE. AS YOU KNOW, AS YOU'VE SEEN IN YOUR AHCA
14 PRESENTATION, FLORIDA'S RETIREES ARE LESS LIKELY
15 TO BE IN NURSING HOMES. THE NURSING HOME COSTS
16 ARE NOW LOWER IN FLORIDA THAN THEY ARE NATIONALLY,
17 ABOUT 70,000 NATIONALLY AND 50,000 A YEAR IN
18 FLORIDA. AND SO IT HASN'T BEEN AS MUCH OF A
19 BURDEN IN OUR STATE.

20 AND THE PEOPLE THAT I TALK TO DON'T REALLY
21 KNOW WHAT'S GOING ON. THERE'S SORT OF A COUPLE
22 OF HYPOTHESES. ONE IS THAT WE JUST HAVE
23 HEALTHIER RETIREES, AND THEY'RE MORE LIKELY TO

24 HAVE SPOUSES THERE WHO CAN TAKE CARE OF THEM.

25 BUT THE OTHER STORY IS THAT THEIR CHILDREN

1 STILL LIVE UP NORTH, AND SO WHEN THEY BECOME
2 FRAIL OUTWARDLY AS OPPOSED TO HEALTHY, THAT
3 THEY MOVE UP TO STAY WITH PROBABLY A DAUGHTER
4 IN SOME NORTHERN STATE, AND SO THEY DON'T
5 BURDEN OUR MEDICAID SYSTEM.

6 BUT IF YOU LOOK AT IT OVERALL -- AND WE
7 DID INCLUDE THAT, WE INCLUDED THE COST OF
8 MEDICAID AND THOSE OTHER THINGS. WE CAME TO
9 WHAT IS ADMITTEDLY A VERY CRUDE ESTIMATE AS
10 BEST WE COULD DO, THAT THE NET BENEFIT FROM ALL
11 OF THE RETIREES THAT WE HAVE IN THE STATE WOULD
12 BE ABOUT \$2,000.

13 NOW, THERE'S ANOTHER ISSUE THERE AS WELL.
14 AND THAT IS, IS BEING IN A NURSING HOME AND
15 COSTING A LOT FOR MEDICAID, IS THAT SOMETHING
16 THAT IS, A, DEPENDENT ON YOUR CHRONOLOGICAL
17 AGE, HOW LONG IT'S BEEN SINCE YOU WERE BORN, OR
18 IS IT DEPENDENT ON HOW LONG IT'S -- REMAINS
19 UNTIL YOU DIE?

20 AND IF IT'S THE LATTER THAT'S A MUCH MORE
21 OPTIMISTIC PICTURE FOR FLORIDA MEDICAID
22 BENEFITS THAN THE FORMER, BECAUSE THE PEOPLE
23 ARE JUST GOING TO STAY ESSENTIALLY HEALTHY AND

24 OUT OF NURSING HOMES UNTIL THE YEAR BEFORE

25 MAYBE THEY PASS ON, THEN HAVING ALL THESE EXTRA

1 RETIREES ISN'T GOING TO BE THAT BIG A BURDEN ON
2 OUR BUDGET.

3 CHAIRMAN BENSE: MY LAST QUESTION IS: WE'VE
4 BEEN HEARING AGAIN FROM DEMOGRAPHERS AND OTHERS
5 THAT THE NET OUTFLOW OF PEOPLE FROM FLORIDA FOR
6 THE FIRST TIME IN YEARS EXCEEDS THE INFLUX OF
7 PEOPLE. THE MOVING COMPANIES GIVE US THE NEW
8 STATISTICS. GENERALLY SPEAKING, OUR SCHOOL
9 POPULATION IS STATIC OR DROPPING.

10 MY QUESTION TO YOU IS: DO YOU THINK
11 THAT'S A SHORT-TERM PHENOMENON, OR DO YOU THINK
12 THAT IS A LONG-TERM TREND THAT WE'RE GOING TO
13 SEE HERE IN FLORIDA?

14 MR. DENSLOW: WELL, LET ME TAKE THE SECOND
15 QUESTION FIRST, ABOUT WHETHER IT'S A SHORT RUN OR
16 A LONG-TERM PHENOMENON. AND THERE'S A CHART THAT
17 I DIDN'T SHOW, BUT THAT CHART WOULD SHOW THE --
18 THAT'S USELESS, RIGHT? THE ANNUAL POPULATION
19 CHANGE IN FLORIDA FROM 1972 THROUGH 2007.

20 THE POINT IT MAKES IS THAT WE HAVE THESE
21 DIPS PERIODICALLY. THEY LAST TWO OR THREE
22 YEARS, AND THEY'RE NOT THAT THEY'RE NEGATIVE
23 GROWTH BUT THAT, FOR EXAMPLE, THE ANNUAL

24 POPULATION CHANGE. 1972 IT WAS RUNNING AT
25 470,000, AND IT DROPPED DOWN TO 225,000 BY

1 1974. SIMILAR DIPS IN THE '80 THROUGH THE '82
2 RECESSION. ANOTHER DIP LIKE THAT IN THE 1990,
3 '91 RECESSION.

4 SO THOSE DIPS COME AND THEN THEY GO. WE
5 RECOVER AS THE ECONOMY RECOVERS. SO YOU WOULD
6 THINK THAT'S NOT GOING TO BE A LONG TREND.

7 THE OTHER SIDE OF IT WOULD BE THAT OUR
8 DEMOGRAPHERS, STAN SMITH AND HIS GROUP, ARE
9 CONVINCED THAT WE DO NOT NOW HAVE A NET
10 MIGRATION OUTFLOW. AND THERE IS DISPUTE ABOUT
11 THAT WITH VARIOUS DEMOGRAPHERS. THEY HAVE
12 DISAGREED WITH THE U.S. CENSUS ABOUT THAT IN
13 THE PAST, AND WHEN THE CENSUS COMES AROUND AND
14 SORT OF SETTLES THE ISSUE, THE PAST THREE TIMES
15 STAN HAS WON.

16 NOW, HE MAY BE THE LOSER THIS TIME. WE DO
17 IT ON A DIFFERENT METHOD FROM THE U.S. CENSUS.
18 THEY TRY TO USE THE INTERNAL REVENUE SERVICE
19 MIGRATION DATA OF INS AND OUTS AND THEN ADJUST
20 THAT FOR RECENT DEATHS. WE INSTEAD COUNT
21 DWELLINGS, AND WE TRY TO GET THE INFORMATION
22 FROM THE POWER COMPANIES ON WHETHER THEY'RE
23 OCCUPIED AND OTHER SOURCES.

24

AND SO OUR SOURCES -- OUR ESTIMATES SAY

25

NO, NO, WE'VE GOT NET MIGRATION COMING INTO THE

1 STATE STILL. IT'S POSSIBLY -- THIS WE DON'T
2 KNOW BECAUSE YOU JUST DON'T HAVE ENOUGH
3 AGE-SPECIFIC DATA, BUT THE INFORMAL INDICATIONS
4 WE GET ARE THAT IT'S THE HOUSEHOLDS WITH
5 CHILDREN MOVING OUT AND THEN RETIREES COMING IN
6 IN LARGER FLOW THAN THE HOUSEHOLDS WITH
7 CHILDREN MOVING OUT. SO WE'RE STILL GAINING
8 NET POPULATION THROUGH MIGRATION.

9 AND ALSO YOU'VE GOT TO COUNT ALL THE
10 IMMIGRANTS WHO ARE COMING IN FROM OUT OF THE
11 COUNTRY INTO THE STATE. SO YOU PUT THOSE
12 THINGS TOGETHER, NET MIGRATION IN IS STILL
13 POSITIVE. IT WILL PRESUMABLY PICK UP. IT'S
14 NOT GOING TO BE QUITE AS RAPID AS WE MIGHT
15 THINK. THE CONSENSUS ESTIMATING CONFERENCE ON
16 DEMOGRAPHY MET TUESDAY, I GUESS IT WAS, AND
17 THEY ARE DOWN-SCALING THEIR PROJECTIONS FOR
18 ABOUT TEN YEARS OUT BY SOME AMOUNT, I DON'T
19 EXACTLY, AROUND 300,000, BECAUSE OF WHAT'S
20 GOING ON RIGHT NOW.

21 BUT NONETHELESS, THEY'RE STILL MAINTAINING
22 MOST OF THEIR EXPECTATION OF POPULATION GROWTH,
23 AND THOSE ARE REALLY WELL-INFORMED PEOPLE.

24 CHAIRMAN BENSE: COMMISSIONER RILEY, YOU'RE
25 RECOGNIZED.

1 MS. RILEY: THANK YOU, CHAIRMAN.

2 I FIND YOUR PRESENTATION, DOCTOR,
3 FASCINATING, AND I TELL -- I CAN SAY THAT ALL
4 OF YOUR PAST HISTORY ON HOUSING IS ABSOLUTELY
5 100 PERCENT RIGHT. BUT THAT'S EASY FOR US TO
6 KNOW WHAT THE FACTS ARE IN THE PAST, BUT I
7 WOULD LIKE TO TAKE SORT OF THE EMOTION OUT OF
8 THIS AND ASK YOU A COUPLE OF QUESTIONS, BECAUSE
9 I THINK WE HAVE TO SEPARATE OUR DESIRE FROM THE
10 FACTS, AND I THINK YOU'RE TRYING TO GIVE US THE
11 FACTS.

12 AND IF I'M UNDERSTANDING YOU CORRECTLY,
13 YOU'RE SAYING THAT IN THIS SORTING -- THAT
14 DESCRIPTION THAT YOU USE OF WHAT'S HAPPENING --
15 THAT THE WEALTHY RETIREES ARE SORTING TO
16 FLORIDA. AND I THINK THE FAMILIES ARE
17 SORTING -- BECAUSE THAT'S WHERE THEIR LIFESTYLE
18 IS MORE COMFORTABLE -- TO MAYBE OTHER SOUTHERN
19 STATES.

20 AND THAT'S THE THING THAT I THINK THAT WE
21 NEED TO ADDRESS BECAUSE, IF WE'RE GOING TO BE
22 LOOKING INTO THE FUTURE FOR THE NEXT 20 YEARS,
23 THE AFFLUENT RETIREES COMING TO FLORIDA

24 BRINGING LOTS OF MONEY, MEANING THAT THEY'RE
25 GOING TO BE SPENDING IT HERE, IT'S GOING TO BE

1 HAPPENING; BUT SHOULD WE PUT OUR FOCUS MORE ON
2 THOSE NEEDS AS OPPOSED TO FAMILY NEEDS LIKE
3 SCHOOL? SHOULD WE BE LOOKING TO FIND ANOTHER
4 SOURCE OF REVENUE FOR SCHOOLS, OR SPENDING THE
5 MONEY FOR SCHOOLS A LITTLE BIT MORE WISELY, AND
6 NOT JUST DOING BUSINESS THE WAY WE'VE ALWAYS
7 DONE BUSINESS, BECAUSE THAT SEGMENT OF OUR
8 POPULATION THAT WE PUT A LOT OF FOCUS ON, AND,
9 YOU KNOW, IT'S -- WE'VE SEEN THIS PAST SESSION
10 HERE.

11 I MEAN, YOU TRY TO TAKE REVENUE AWAY FROM
12 SCHOOLS OR ADJUST THE WAY YOU SPEND THAT
13 REVENUE FOR SCHOOLS AND YOU'RE CONDEMNED, BUT
14 AS A COMMISSION, MY QUESTION TO YOU IS, DO WE
15 NEED TO BE LOOKING AT HOW WE FUND OUR SCHOOLS,
16 HOW MUCH MONEY WE SPEND IN OUR SCHOOLS, WHERE
17 WE END, WHERE WE GET THAT?

18 MR. DENSLOW: AND SO THAT'S A TOUGH ISSUE,
19 COMMISSIONER RILEY. AND OBVIOUSLY, GIVEN MY
20 PROFESSION, IT WON'T SURPRISE YOU TO KNOW THAT I
21 AM STRONGLY IN FAVOR OF SUPPORTING PUBLIC
22 EDUCATION. IT GETS ALL BOGGED UP IN A WHOLE BUNCH
23 OF OTHER ISSUES.

24

THERE ARE ALL KINDS OF COMPLICATIONS THAT

25

YOU'RE WELL AWARE OF THAT FLORIDA HAS IN ITS

1 K12 EDUCATIONAL SYSTEM, AND THOSE INCLUDE
2 EVERYTHING FROM THE CLASS SIZE AMENDMENT
3 THROUGH THE FACT WE HAVE THE LARGEST SCHOOL
4 DISTRICTS IN THE COUNTRY, THE LARGEST SCHOOLS
5 IN THE COUNTRY -- NOT THE LARGEST SCHOOL
6 DISTRICTS. WE'RE PRETTY CLOSE. WE DO HAVE THE
7 LARGEST SCHOOLS AT THE ELEMENTARY LEVEL, THE
8 MIDDLE SCHOOL LEVEL, THE HIGH SCHOOL LEVEL.

9 WE HAVE THE FLORIDA EDUCATION FINANCE
10 PROGRAM WHICH MEANS THAT WE REALLY HAVE TAKEN A
11 LOT OF THE CONTROL OF OUR SCHOOLS TO THE STATE
12 LEVELS OF THE LOCAL GOVERNMENTS. YOU DON'T
13 HAVE A LOT OF LOCAL GOVERNMENTS BECAUSE THE
14 BUDGET CONTROL IS LARGELY AT STATE LEVEL -- NOT
15 100 PERCENT, BUT LARGELY AT THE STATE LEVEL.

16 YOU DON'T HAVE A WHOLE LOT OF THE SOCIAL
17 CONTROL BECAUSE THE SCHOOLS ARE SO BIG. YOU
18 DON'T HAVE A LOT OF POLITICAL CONTROL BECAUSE
19 THE SCHOOL DISTRICTS ARE SO BIG THAT NO
20 INDIVIDUAL PARENT REALLY FEELS LIKE HE OR SHE
21 IS GOING TO HAVE MUCH OF AN INPUT. AND SO
22 YOU'VE GOT ALL THOSE ISSUES TO DEAL WITH.

23 YOU'VE GOT THE PROBLEMS WITH SALARIES. I

24 WILL ASK A STUDENT -- I'LL HAVE 200 STUDENTS IN
25 A CLASSROOM AT THE UNIVERSITY OF FLORIDA, I'LL

1 ASK, HOW MANY OF YOU ARE GOING TO BE TEACHERS?
2 AND I WILL GET MAYBE TWO HANDS RAISED OUT OF
3 200, AND THOSE TWO ARE GOING TO WORK FOR TEACH
4 FOR AMERICA. THAT'S WHAT THEY MEAN BY THEY'RE
5 GOING TO BE TEACHERS. THEY'RE NOT GOING TO GO
6 INTO TEACHING AS AN OCCUPATION. WHY NOT?

7 WELL, FIRST OF ALL, THE PAY THERE AVERAGES
8 ABOUT 40,000. THEY'RE GOING TO GO OUT AND
9 START OFF AT ABOUT 60,000, AND BY THE TIME
10 THEY'RE 30, 35 THEY'LL BE WORKED UP TO 80 OR
11 100,000. AND SO THAT'S THE FIRST THING.

12 THE OTHER THING IS THERE'S VERY LIMITED
13 MERIT PAY, SO THE AGGRESSIVE BRIGHT YOUNG
14 STUDENTS ARE NOT GOING TO BE HEAVILY ATTRACTED
15 TO AN AREA WHERE THERE ISN'T MUCH MERIT PAY.
16 AND SO IT'S JUST THAT WHOLE HOST OF ISSUES.

17 BUT I THINK THAT THAT'S -- I DON'T KNOW
18 WHAT YOUR COMMISSION CAN DO. I DON'T KNOW HOW
19 ALL-ENCOMPASSING ITS CHARGE IS. BUT THAT'S THE
20 TOUGHEST NUT I THINK THAT WE'VE GOT TO CRACK,
21 THAT YOU'VE GOT TO WORK ON -- BOTH ON THE
22 FUNDING SIDE WHERE GEORGIA AND OTHER
23 SOUTHEASTERN STATES ARE -- GEORGIA HAS PULLED

24 AHEAD OF US, THE OTHER SOUTHEASTERN STATES A
25 BIT. BUT WE'VE ALSO GOT TO WORK AT IT AT THE

1 SAME TIME ON THE GOVERNMENT SIDE IN TERMS OF
2 MAKING THIS SYSTEM MORE EFFECTIVE.

3 CHAIRMAN BENSE: FOLLOW-UP?

4 MS. RILEY: THAT'S IF WE BASE THE INFORMATION
5 ON THAT, WE'RE GOING TO KEEP EVERYTHING THE WAY WE
6 HAVE IT NOW. I MEAN, YOUR ANSWER IS SAYING
7 NOTHING IS CHANGING, AND SO THOSE ARE THE PROBLEMS
8 THAT WE'RE GOING TO HAVE. AND MY QUESTION TO YOU,
9 WITH THE SORTING HAPPENING, ARE WE GOING TO HAVE
10 FIND ANOTHER WAY TO FUND THE SCHOOLS; AND ARE WE
11 GOING TO HAVE TO BE LOOKING AT A DIFFERENT WAY OF
12 EDUCATING OUR STUDENTS, LOOKING AT TECHNOLOGY,
13 LOOKING INTO THE FUTURE, LOOKING TO BE ABLE TO --
14 AS YOU SAY -- PAY THE BEST TEACHERS TO BE ABLE TO
15 TEACH OUR STUDENTS. AND THAT MAY NOT BE IN AN
16 INDIVIDUAL CLASSROOM WITH ONLY A FEW STUDENTS
17 SITTING THERE.

18 MY QUESTION IS: DO YOU -- NOT LOOKING AT
19 THE WAY THE SCHOOL SITUATION IS SET UP
20 CURRENTLY, WHAT SHOULD WE BE LOOKING AT AS FAR
21 AS FUNDING, AND WHAT DO YOU THINK IS THE NEW
22 WAY OF TEACHING?

23 MR. DENSLOW: WELL, OKAY. SO LOOKING AT

24 FINANCING FIRST, I THINK THE AFFLUENT RETIREES ARE
25 GOING TO DO THE SAME, PRESENT US WITH A GREAT

1 OPPORTUNITY. SO WE'RE GOING TO HAVE THAT
2 OPPORTUNITY. THE FUNDING POTENTIAL IS THERE IF
3 SOMEHOW WE CAN TAP IT. THERE'S GOING TO BE THE
4 ISSUE OF WHETHER THEY'RE GOING TO LET US TAP IT AS
5 THEY COME IN.

6 AND THEN THERE'S THE OTHER ISSUE THAT
7 COMMISSIONER JOHNSON RAISED, THAT THE
8 COMPOSITION, THE DEMOGRAPHY OF OUR SCHOOL AGE
9 POPULATION IS CHANGING AND THE -- SO YOU GET AN
10 ISSUE OF HOW MUCH AFFINITY WILL THESE RETIREES
11 COMING INTO THE STATE FEEL FOR THE WORKFORCE
12 THAT'S HERE, FOR THE SCHOOL AGE POPULATION
13 THAT'S HERE. HOW MUCH WILL THEY LINK
14 EMOTIONALLY AND POLITICALLY TO THE STATE OF
15 FLORIDA OR TO THEIR LOCAL AREAS?

16 NOW, WHAT I WOULD LIKE TO SEE WOULD BE --
17 I THINK THERE WERE GOOD REASONS FOR THE FLORIDA
18 EDUCATION FINANCE PROGRAM BACK IN THE EARLY
19 '70S WHEN IT WAS PUT IN PLACE, BUT THAT'S WHAT
20 THEY HAD TO DO. IT WAS A GOOD THING TO DO.

21 I THINK IT'S NOW UNFORTUNATE THAT YOU HAVE
22 SO MUCH OF A CONTROL AT THE STATE LEVEL IN
23 THESE LARGE DISTRICTS, BUT HOW YOU GET OUT OF

24 THAT I DON'T KNOW. EVERY TIME YOU RAISE
25 POSSIBILITIES, I MEAN, VARIOUS LEGISLATORS HAVE

1 PROPOSED SPLITTING UP SCHOOL DISTRICTS, AND
2 THEN OF COURSE, YOU KNOW, THE COMPLICATIONS YOU
3 RUN INTO. HOW ARE YOU GOING TO SPLIT UP THEIR
4 DEBT, HOW ARE YOU GOING TO DECIDE WHO GETS THE
5 FEFP MONEY AND WHAT PROPORTIONS? HOW -- I
6 MEAN, THE COMPLICATIONS ARE ENORMOUS.

7 NOW, ONE THING YOU COULD SAY IS MAYBE THIS
8 COMMISSION, IF IT'S WILLING TO KEEP ON MEETING
9 FOR ANOTHER TEN YEARS, COULD COME UP WITH
10 SOLUTIONS TO THESE THAT THE -- THE LEGISLATURE
11 WHEN IT GETS INTO THESE THINGS, OF COURSE, GETS
12 HUGELY INVOLVED IN THE EQUITY OF THE
13 DISTRIBUTION ACROSS DISTRICTS. AND MAYBE THE
14 COMMISSION WOULD HAVE THE CHANCE TO CREATE
15 SOMETHING THAT IS NOT SO ENTANGLED IN THAT
16 EQUITY ACROSS DISTRICTS ISSUE, I DON'T KNOW,
17 AND FIND WAYS TO PROPOSE SOLUTIONS TO PUT ON
18 THE BALLOT.

19 BUT I DON'T KNOW WHAT YOU'RE AUTHORIZED TO
20 PROPOSE WITH RESPECT TO K12 EDUCATION AND THE
21 GOVERNMENT.

22 CHAIRMAN BENSE: ANOTHER ISSUE. COMMISSIONER
23 LACASA, FOR ONE MORE QUESTION.

24

MR. LACASA: ON THE SUBJECT OF FINANCING

25

EDUCATION IN FLORIDA, AND GIVEN THE DEMOGRAPHIC

1 TRENDS THAT YOU'RE PROJECTING, SHOULD WE RELY MORE
2 HEAVILY ON CONSUMPTION TAXES, OR SHOULD WE
3 CONTINUE TO RELY ON PROPERTY TAXES? WHAT IS A
4 MORE STABLE, MORE RELIABLE FORM OF REVENUE
5 GENERATION FOR SCHOOLS GIVEN THESE DEMOGRAPHIC
6 TRENDS?

7 MR. DENSLOW: WELL, EVEN WITH THE GREATER
8 VOLATILITY, PROPERTY TAXES ARE BECOMING -- SINCE
9 THE LAND IS THE LARGER SHARE OF IT, THE PROPERTY
10 TAX REVENUE WILL BE MORE STABLE THAN THE SALES TAX
11 REVENUE. SALES TAX, AS YOU KNOW, OF COURSE, HAS
12 THE -- ALSO THE ISSUE OF THE INTERNET SALES AND
13 ARE WE GOING TO GO WITH THE UNIFORM SYSTEM FOR
14 BEING ABLE TO TAP THOSE.

15 AND THEN ANOTHER THING, THOUGH, WITH THE
16 PROPERTY TAX, THE PART THAT APPLIES TO LAND IS
17 REALLY A PRETTY EFFICIENT TAX, EXCUSE ME,
18 BECAUSE IT DOESN'T CHANGE HOW MUCH LAND IS OUT
19 THERE, SO THAT'S FAIRLY AN EFFICIENT TAX. THE
20 PART THAT IS ON STRUCTURES COULD AFFECT HOW
21 MUCH STRUCTURE IS BUILT, SO THE HIGHER THE TAX
22 ON THE STRUCTURE, THE LESS STRUCTURE YOU GET
23 BUILT.

24

FROM A NATIONAL PERSPECTIVE, HOWEVER,

25

THAT'S EFFICIENT. AND WHY? BECAUSE ONE OF THE

1 BIGGEST THINGS THE FEDERAL GOVERNMENT
2 SUBSIDIZES IS, OF COURSE, RESIDENTIAL
3 CONSTRUCTION, AND IT DOES IT THROUGH THE
4 MORTGAGE INTEREST DEDUCTION. AND IT ALSO DOES
5 IT THROUGH THE FACT THAT THE IMPLICIT VALUE OF
6 THE OWNER-OCCUPIED DWELLING IS NOT TAXED AS
7 INCOME.

8 SO THE FEDERAL GOVERNMENT REALLY
9 SUBSIDIZES PEOPLE TO BUILD BIGGER HOUSES,
10 FANCIER HOUSES, NEW HOUSES, AND TO THE EXTENT
11 THAT THE LOCAL GOVERNMENTS ARE OFFSETTING THAT
12 WITH PROPERTY TAX, THEY'RE DOING SOMETHING
13 THAT'S EFFICIENT, NOT INEFFICIENT. SO FOR THAT
14 REASON, I THINK THE PROPERTY TAX IS A GOOD
15 THING TO STAY WITH.

16 NOW, THE PROPERTY TAX IS ALSO GOING TO BE
17 A NICE SOURCE OF REVENUE IN THE SENSE THAT IF
18 YOU BELIEVE OUR PROJECTIONS, IF YOU BELIEVE
19 THAT THE PAST DOES CREATE THE FUTURE AND PEOPLE
20 ARE GOING TO CONTINUE TO INVEST A LITTLE BIT
21 MORE AND MORE IN HOUSES AND WE'RE GOING TO HAVE
22 THESE AFFLUENT RETIREES COMING IN, THE RATIO OF
23 PROPERTY WEALTH OF JUST VALUE TO INCOME IS

24 GOING TO RISE GRADUALLY AFTER WHATEVER HAPPENS
25 WITH THESE CHANGES THAT OCCUR.

1 BUT EVEN WITH AFFORDABILITY, EVEN WITH
2 THAT DOUGHNUT EXEMPTION, THE ASSESSED VALUE IS
3 GOING TO KEEP GOING UP AND THE TAXABLE VALUE
4 WILL KEEP GOING UP RELATIVE TO INCOME. IF YOU
5 LOOK AT DEMAND FOR PUBLIC SPENDING, IT PRETTY
6 MUCH STAYS CONSTANT AS A SHARE OF INCOME. THAT
7 IS, WHATEVER THE SHARE OF INCOME PEOPLE ARE NOW
8 DEVOTING TO STATE AND LOCAL GOVERNMENT IS
9 PROBABLY THE SHARE THEY'RE GOING TO WANT TO
10 DEVOTE LATER.

11 AS YOU KNOW, THAT'S WHY OUR 1994 SPENDING
12 LIMIT DOESN'T REALLY CAUSE A WHOLE LOT --
13 DOESN'T REALLY BUY TOO MUCH, BECAUSE IT ALLOWS
14 FOR THAT, WHEREAS YOU WENT LIKE TO COLORADO
15 WHERE YOU HAD POPULATION GROWTH PLUS INFLATION,
16 YOU GET INTO CONSTRAINTS.

17 SO I THINK THE SHORT ANSWER TO YOUR
18 QUESTION WOULD BE THAT I REALLY FAVOR CONTINUED
19 RELIANCE ON PROPERTY TAX.

20 CHAIRMAN BENSE: OKAY. DR. DENSLOW, YOU CAN
21 TALK QUICKLY, IN CASE YOU DIDN'T KNOW. OUR COURT
22 REPORTER, HER EYES JUST GOT CROSSED A MINUTE AGO.
23 SHE'S TRYING TO TAKE DOWN EVERYTHING -- I'M

24 KIDDING YOU.

25 THANK YOU VERY MUCH FOR YOUR INSIGHTFUL

1 POINTS.

2 NEXT WE HAVE CAROL WEISSERT, A PROFESSOR
3 AT FLORIDA STATE UNIVERSITY. WELCOME,
4 MS. WEISSERT.

5 MS. WEISSERT: DAVID DENSLOW IS A HECK OF AN
6 ACT TO FOLLOW, AND SO I DO IT A LOT, AND I REGRET
7 IT EVERY TIME. AND ONE OF THESE TIMES I'M JUST
8 GOING TO GO FIRST.

9 BUT WHAT I WANT TO DO IS TELL YOU A LITTLE
10 BIT ABOUT THE OTHER SIDE OF OUR STUDY. WE'VE
11 GOTTEN INTO IT A LITTLE BIT HERE, AND I'M GOING
12 TO BE BRIEF. AS MY AEROBICS INSTRUCTOR SAYS,
13 WE'RE ALMOST THERE.

14 BUT I'M GOING TO TALK A LITTLE BIT ABOUT
15 THE SPENDING SIDE. WHEN DAVID AND I FIRST
16 STARTED THIS STUDY ABOUT FOUR YEARS AGO, WE
17 STARTED OUT AT THE TAX LEVEL, AND WE REALIZED
18 YOU COULDN'T JUST LOOK AT THE TAXES. YOU HAVE
19 TO LOOK AT THE SPENDING SIDE, BECAUSE THEY
20 REALLY ACT IN CONCERT.

21 SO, WHILE DAVID IS THE EXPERT ON TAXES AND
22 MANY OTHER THINGS, WE ALSO SPENT A GREAT PART
23 OF OUR REPORT TALKING ABOUT THE SPENDING AND

24 SPENDING TRENDS. WE TALK A LITTLE BIT ABOUT K
25 THROUGH 12 SCHOOLS, AND I'M GOING TO TALK A

1 LITTLE BIT ABOUT HIGHER EDUCATION AND HEALTH
2 AND JUST GIVE YOU A SENSE OF THE TRENDS THERE.

3 ONE OTHER THING THAT WON A LITTLE BIT OF
4 IRONY I THINK AS I WAS SITTING LISTENING TO
5 DAVID IS THAT DAVID STARTED OUT AS BEING THE
6 OPTIMIST. I DON'T KNOW ABOUT YOU GUYS BUT, YOU
7 KNOW, ECONOMICS IS THE DISMAL SCIENCE, SO I
8 ALWAYS THINK THAT THEY'RE THE NAY SAYERS AND
9 IT'S THE POLITICAL SCIENTISTS WHO ARE UPBEAT
10 HERE. BUT DAVID IS NOW THE OPTIMIST, AND I AM
11 THE NAY SAYER IN SOME SENSE.

12 ONE OF THE AREAS IN AN OVERVIEW, AGAIN, IS
13 THE ONE YOU'VE BEEN TALKING ABOUT, AND THERE
14 HAS ACTUALLY BEEN A FAIR AMOUNT OF POLITICAL
15 SCIENCE RESEARCH DOCUMENTING THIS NOTION OF
16 ELDERLY, PARTICULARLY THE MOBILE ELDERLY, THE
17 ELDERLY WHO LIVED IN THEIR COMMUNITY FOR A LONG
18 PERIOD OF TIME, TEND TO SUPPORT THE LOCAL
19 SERVICES, TEND TO SUPPORT EDUCATION IN
20 PARTICULAR, BUT MOBILE ELDERLY DO NOT, SO I
21 THINK POLITICALLY THAT'S THE ISSUE THAT YOU
22 TOUCHED ON. AND THERE'S A LOT OF EVIDENCE TO
23 WORRY ABOUT THAT ISSUE.

24

THE SECOND THING I WANT TO POINT OUT

25

BEFORE I BEGIN THE SLIDES IS THAT WHAT I'M

1 GOING TO SHOW YOU, WHAT WE HAVE IN THE BOOK IS
2 THE TRENDS OVER TIME IN TERMS OF SPENDING IN
3 RELATIONSHIP OF FLORIDA TO OTHER SOUTHERN
4 STATES AND TO THE NATION AS A WHOLE. AND THE
5 BOTTOM LINE IS WE'RE SLIPPING IN A LOT OF THESE
6 AREAS. EDUCATION, HIGHER EDUCATION, ET CETERA.

7 AND I JUST WANT TO KEEP IN MIND THAT WE
8 SLIPPED AT A TIME WHEN WE HAD THESE
9 BILLION-DOLLAR INCREASES THAT WERE UNEXPECTED
10 GOING ALONG AND NOW WE DON'T. SO I THINK ONE
11 OF THE PROBLEMS THAT I SEE IS THAT WE'RE REALLY
12 BEHIND IN A LOT OF SERVICE AREAS RELATIVE TO
13 OTHER STATES, AND IT'S AT A TIME WHEN WE NO
14 LONGER HAVE THE SURPLUS MONEY KIND OF COMING IN
15 EVERY YEAR. SO THAT'S THE KIND OF PROBLEM WE
16 HAVE.

17 CAN YOU GO TO -- I WANT TO START WITH
18 HIGHER EDUCATION. THE FIRST SLIDE I'M GOING TO
19 SHOW YOU WHEN WE GET THERE IS EDUCATION IN
20 GENERAL FUNDS, WHICH IS THE MONEY THAT THE
21 LEGISLATURE PROVIDES TO HIGHER EDUCATION IN
22 FLORIDA. BASICALLY WHEN IT COMES UP YOU'LL SEE
23 THAT IT'S BEEN PRETTY FLAT, THE AMOUNT OF MONEY

24 THAT THE LEGISLATURE HAS BEEN ABLE TO GIVE TO
25 HIGHER EDUCATION HAS FALLEN SINCE 2005, BUT

1 THAT WAS LARGELY BECAUSE OF AN ACCOUNTING
2 CHANGE.

3 AS A WAY OF UNDERSTANDING HOW WE, RELATIVE
4 TERMS IN FISCAL YEAR '05, THE MONEY THAT THE
5 MONEY THAT THE LEGISLATURE APPROPRIATED FOR
6 HIGHER EDUCATION WAS 7.9 PERCENT OF STATE
7 SPENDING, ALMOST 8 PERCENT. IN 2003 IT WAS
8 9.6 PERCENT OF STATE SPENDING. IT WAS ALMOST
9 10 PERCENT. SO WE'D ACTUALLY IN A VERY SHORT
10 PERIOD OF TIME -- TWO YEARS OF TIME -- THE
11 PERCENTAGE OF THE STATE BUDGET, HIGHER
12 EDUCATION SPENDING IN FLORIDA HAS ACTUALLY
13 FALLEN.

14 AND PERHAPS MORE TROUBLESOME IS THE
15 NATIONAL AVERAGE IS 10.6 PERCENT, ALMOST
16 11 PERCENT. SO WE'RE ROUGHLY THREE PERCENTAGE
17 POINTS LOWER THAN THE NATIONAL AVERAGE IN TERMS
18 OF OUR LEGISLATIVE SUPPORT FOR HIGHER
19 EDUCATION.

20 STATE AND LOCAL GOVERNMENTAL SUPPORT, IF
21 YOU LOOK AT PER CAPITA, IT WAS 293 PER PERSON
22 IN 2006. THAT'S WELL BELOW THE NATIONAL
23 AVERAGE OF 260 PER CAPITA. SO THE SPENDING

24 SIDE, AGAIN, IF YOU LOOK ACROSS THE STATES AND
25 COMPARE FLORIDA, FLORIDA FALLS SHORT.

1 THE NEXT SLIDE SHOWS THIS OCCURS AT A TIME
2 IN WHICH OUR ENROLLMENTS ARE GOING UP, AND WE
3 HAVE IN FLORIDA NEARLY 300,000 STUDENTS IN
4 HIGHER EDUCATION. THIS DOES NOT INCLUDE
5 COMMUNITY COLLEGE. THIS IS OUR 11 PUBLIC
6 UNIVERSITIES. WE HAVE 300,000 STUDENTS. AND
7 YOU'LL SEE THAT THOSE NUMBERS ARE GOING UP. SO
8 IF YOU SAW THE OTHER ONES, THEY'RE SORT OF FLAT
9 AND THESE NUMBERS ARE GOING UP.

10 THE ENROLLMENT BETWEEN 2001, 2006 IN
11 FLORIDA INCREASED BY 25 PERCENT IN THE
12 UNIVERSITIES COMPARED TO 14 PERCENT IN OTHER
13 SOUTHERN STATES. SO YOU'RE SEEING A HUGE
14 GROWTH IN ENROLLMENT; YOU'RE SEEING REALLY NOT
15 VERY MUCH GROWTH IN SPENDING.

16 THE GROWTH IN FUNDING PER STUDENT GREW BY
17 8 PERCENT OVER THE 2001, 2006 PERIOD, COMPARED
18 TO 18 PERCENT IN OTHER SOUTHERN STATES. SO --
19 AND YOU CAN GO -- IT CAN GO ON AND ON.

20 THE OTHER THING TOO IN TERMS OF
21 PREDICTIONS, YOU'VE HEARD A LOT OF PREDICTIONS
22 ABOUT K THROUGH 12. WE'RE STILL PREDICTING
23 HUGE INCREASES IN THE UNDERGRADUATE POPULATION,

24 EXPECTED TO GROW 16 PERCENT BETWEEN '03 AND
25 '06, THIRD HIGHEST GROWTH RATE IN THE COUNTRY.

1 SO YOU'RE SEEING GROWTH IN ENROLLMENT. YOU'RE
2 SEEING NOT A GROWTH IN SPENDING, AND YOU'RE
3 SEEING REALLY A FALLING BACK IN FLORIDA
4 COMPARED TO SOUTHERN STATES AND COMPARED TO
5 OTHER STATES.

6 THIS IS THE TRIED-AND-TRUE ISSUE OF
7 TUITION. YOU'LL SEE THAT FLORIDA IS VERY LOW,
8 AGAIN, COMPARED TO OTHER SOUTHERN STATES AND
9 COMPARED TO THE UNITED STATES. WE'RE ACTUALLY
10 THE SECOND LOWEST IN THE COUNTRY. ONLY NEVADA,
11 ONE OF THE GREAT HIGHER EDUCATIONAL
12 INSTITUTIONAL STATES, IS LOWER THAN WE ARE IN
13 TERMS OF TUITION.

14 AGAIN, IF YOU LOOK AT GROWTH BETWEEN 2003
15 AND 2006, TUITION FEES IN PUBLIC FOUR-YEAR
16 UNIVERSITIES GREW BY 24 PERCENT ACROSS THE
17 COUNTRY, 21 PERCENT IN THE SOUTH, AND 2 PERCENT
18 IN FLORIDA. SO IT'S QUITE A GAP, AND IT'S
19 GETTING BIGGER. THIS IS THE TUITION IN
20 CONSTANT DOLLARS SO IT ADJUSTS FOR INFLATION,
21 AND AGAIN, YOU'LL SEE THAT GAP THERE IS
22 SUBSTANTIAL AND DEFINITELY NOT GOING AWAY.

23 AND THEN THE NEXT SLIDE IS ONE THAT MY

24 COLLEAGUE DAVID DENSLOW DID, AND THE REASON YOU
25 CAN TELL IS BECAUSE IT SHOWS THE UNIVERSITY OF

1 FLORIDA AND NOT FLORIDA STATE, BUT, DAVID, I
2 DID USE IT. BUT THIS IS ILLUSTRATIVE AGAIN OF
3 TUITION. AGAIN, THIS IS CONSTANT DOLLARS SO
4 THIS IS CONTROLLED FOR INFLATION. AND YOU WILL
5 SEE THAT FLORIDA IS AGAIN HUGGING THE BOTTOM OF
6 ALL THE LINES IN SCHOOLS THAT WE SHOULD BE --
7 WE SHOULD BE COMPETITIVE IN. WE SHOULD BE ON
8 THE ORDER OF THE SAME AREA.

9 OKAY. SO HIGHER EDUCATION WE SAY THE
10 FUNDING REMAINS BELOW AVERAGE, BELOW AVERAGE IN
11 SOUTHERN STATES, NOT JUST BELOW IN THE COUNTRY.
12 TUITION REMAINS EXTREMELY LOW, AND I KNOW
13 YOU'VE TALKED TO IN YOUR EDUCATION COMMITTEE
14 SESSIONS ABOUT BRIGHT FUTURES IN FLORIDA
15 THROUGH PREPAID, AND WE DO MAKE A
16 RECOMMENDATION RELATED TO BRIGHT FUTURES WE CAN
17 TALK ABOUT.

18 ABSENCE OF POLITICAL WILL FOR EXCELLENCE.
19 THIS IS ANOTHER AREA THAT WE TALKED ABOUT. YOU
20 PROBABLY HEARD THIS LOTS OF TIMES, BUT TO BE
21 COMPETITIVE, UNIVERSITIES REALLY NEED TO HAVE
22 MORE FUNDING COMING IN. WE LOSE FACULTY ALL
23 THE TIME. AND UNIVERSITIES REALLY -- OUR

24 WELL-BEING RESTS ON THE QUALITY OF OUR FACULTY,
25 AND SEPARATING BRIGHT FUTURES FROM TUITION.

1 THE NEXT AREA IS ONE THAT MR. LEVINE IS
2 QUITE EXPERT IN, MEDICAID GROWTH. AND I'M JUST
3 GOING TO SHOW YOU A COUPLE OF SLIDES HERE.

4 THIS IS THE MEDICAID GROWTH OVER -- THIS
5 IS IN FLORIDA -- OVER THE PERIOD OF TIME FROM
6 '85 TO 2011. AND I THINK WHAT'S INTERESTING
7 HERE IS YOU'LL SEE, AS YOU PROBABLY HEARD,
8 THERE'S BEEN A LITTLE BIT OF AN EVENING OUT IN
9 THE LAST FEW YEARS, BUT OVERALL, OBVIOUSLY, THE
10 TRENDS ARE INCREASING. WE'RE GOING TO HAVE
11 MORE AND MORE MEDICAID ENROLLMENT. AND YOU DO
12 SEE SOME LITTLE DIPS IN THERE AND THEN YOU TEND
13 TO GO ON. THIS IS REALLY CONSTANT WITH THE
14 REST OF THE COUNTRY.

15 ALSO THIS IS EXPENDITURES. HAS VERY
16 SIMILAR KINDS OF PATTERNS. YOU PROBABLY ARE
17 AWARE THAT IN 2006 THERE WAS ACTUALLY A DROP IN
18 THE GROWTH RATE BUT WAS PICKED UP IN 2007 AND
19 2008. WE'RE BACK INTO DOUBLE DIGITS. THE
20 REASON MEDICAID IS SO IMPORTANT, OBVIOUSLY, IS
21 OVER \$16 BILLION MAKES UP WELL OVER 20 PERCENT
22 OF OUR BUDGET.

23 SO AGAIN, RECENT DROPS IN MEDICAID

24 SPENDING ARE TEMPORARY, AND INDEED IF WE DO GO
25 INTO SLOWING ECONOMY TIMES THAT INCREASES THE

1 DEMANDS ON THE PROGRAM.

2 THE NEXT ONE BRIEFLY, KIDCARE. THIS IS
3 AGAIN PROBABLY SOMETHING YOU'VE FOLLOWED PRETTY
4 CLOSELY. ONE OF THE ELEMENTS OF KIDCARE IN
5 FLORIDA HAS BEEN THE CHANGES IN THE PROGRAM.
6 WE'VE MADE A LOT OF CHANGES OVER TIME.

7 SEEMS LIKE EVERY YEAR WE CHANGE THEM TO DO
8 WITH THE ENROLLMENT. AND THERE HAS BEEN
9 RESEARCH THAT SHOWS EVERY TIME YOU DO THESE
10 CHANGES, YOU LOSE PEOPLE AND YOU LOSE
11 ENROLLMENT BECAUSE THE PEOPLE WHO ARE PUTTING
12 THEIR KIDS IN THIS PROGRAM AREN'T READING THE
13 WEB PAGE EVERY WEEK. THEY'RE NOT READING THE
14 NEWSPAPER. THEY DON'T KNOW THESE CHANGES HAVE
15 OCCURRED, SO WE LOSE A LOT OF ENROLLMENT.

16 THERE HAS BEEN AN EFFORT IN RECENT --
17 RECENT MONTHS TO TRY TO GET THAT ENROLLMENT
18 BACK UP. BUT AGAIN, WHEN WE HAVE THESE CHANGES
19 THAT FLUCTUATE SO MUCH IT REALLY CAUSES
20 PROBLEMS. AND THE IDEA HERE AGAIN IS THAT
21 THESE ARE THE -- THIS IS THE FUTURE OF THE
22 STATE, AND ARE WE REALLY MEETING OUR
23 OBLIGATIONS TO THEM.

24 OKAY. WE CAN GO AHEAD. WE ALSO LOSE

25 STATE AND FEDERAL DOLLARS.

1 THE BOTTOM LINE THEN, IN TWO YEARS WE DID
2 THE STUDY. WE RELEASED THE REPORT IN OCTOBER
3 2005. WHAT WE'VE DONE IS UPDATE SOME OF THE
4 WORK. AND THERE REALLY IS LITTLE CHANGE IN OUR
5 OVERALL DIAGNOSIS. WE'RE VERY WORRIED ABOUT
6 THE LONG-TERM TRENDS. WE'RE VERY WORRIED ABOUT
7 THE FACT THAT FLORIDA HAS VERY LOW SERVICE
8 LEVELS. I'VE JUST BRIEFLY TOUCHED THE SURFACE
9 OF THIS.

10 BUT IF YOU LOOK ON ALMOST ANY AREA, WE'RE
11 VERY LOW LEVEL PROVIDERS, BUT YET THE DEMANDS
12 ARE GETTING BIGGER AND BIGGER AS WE'VE BEEN
13 DISCUSSING THIS MORNING. WE HAVE A NARROW AND
14 INEQUITABLE TAX BASE, SO IT REALLY CAUSES HUGE
15 PROBLEMS.

16 DEMOGRAPHIC TRENDS WE'VE ALREADY TALKED
17 ABOUT. K THROUGH 16 EDUCATION IS PROBABLY THE
18 ONE MOST IN DANGER, AND WE'RE PROBABLY MOST
19 CONCERNED ABOUT THAT.

20 AND THE LAST POINT THAT YOU'RE WELL AWARE
21 OF, BUT THE FUTURE IS KIND OF IN YOUR HANDS I
22 THINK BECAUSE LONG-TERM THINKING IS REALLY KEY
23 HERE. THE LEGISLATORS, AS CHAIRMAN BENSE AND

24 THE OTHERS KNOW, TEND TO THINK ABOUT THE SHORT
25 TERM, ESPECIALLY WITH TERM LIMITS. BUT IT'S

1 THE LONG-TERM KIND OF THINKING THAT'S REALLY
2 KEY HERE. AND THAT'S REALLY THE THING THAT WE
3 TRY TO DO, AND WE CERTAINLY COMMEND YOUR
4 EFFORTS IN THIS AREA AS WELL.

5 CHAIRMAN BENSE: ARE THERE QUESTIONS? ONE
6 QUESTION I HAVE, MS. WEISSERT. YOU TALK IN TERMS
7 OF SOME OF THE PROBLEMS AND CHALLENGES THAT WE
8 HAVE. YOU CITE THE INEQUITABLE TAX BASE. SO I'M
9 GOING TO PUT THE QUESTION TO YOU THE WAY
10 COMMISSIONER LACASA PUT IT ON DR. DENSLOW. HOW
11 WOULD YOU MAKE IT MORE EQUITABLE?

12 MS. WEISSERT: WELL, I THINK I WOULD BROADEN
13 THE TAX BASE, BROADEN THE SALES TAX. I KNOW THIS
14 IS A VERY SENSITIVE ISSUE HERE, BUT THAT'S
15 CERTAINLY ONE WAY.

16 CHAIRMAN BENSE: WE'RE HERE TO LISTEN.

17 MS. WEISSERT: ONE WAY YOU CAN DO THAT,
18 BECAUSE I THINK THE PROBLEM WITH EQUITY IS THAT
19 YOU REALLY HAVE TO HAVE IT GO ACROSS ALL THE
20 AREAS, SO I THINK THAT'S ONE WAY TO LOOK AT THE
21 SALES TAX TO MAKE SURE IT IS EQUITABLE.

22 WE'VE ALSO DEALT WITH SOME SMALLER KINDS
23 OF ISSUES RELATED TO EQUITY IN TERMS OF NEW

24 HOME BUYERS. IF YOU HAPPEN TO BUY A HOME EARLY
25 IN THE YEAR, IN JANUARY, YOU DON'T HAVE TO PAY

1 PROPERTY TAXES ON THAT YEAR UNTIL THE NEXT
2 YEAR. THAT SOUNDS PRETTY INEQUITABLE TO ME.

3 SO I THINK SMALL ISSUES RELATED TO SORT OF
4 MAKING SURE THE PROPERTY TAX WORKS, LARGER
5 ISSUES RELATED TO THE SALES TAX I THINK ARE KEY
6 AREAS IN THE -- CERTAINLY THE TAXATION OF
7 INTERNET SALES IS AN IMPORTANT EQUITY ISSUE
8 BECAUSE YOU'RE TREATING YOUR LOCAL MERCHANTS
9 DIFFERENT FROM OTHER MERCHANTS.

10 SO I THINK EQUITY SORT OF APPEARS IN A
11 VARIETY OF DIFFERENT WAYS AND CAN BE -- CAN BE
12 FERRETED OUT THAT WAY.

13 CHAIRMAN BENSE: OKAY. MORE QUESTIONS? ANY
14 MORE QUESTIONS?

15 COMMISSIONER BARNETT, YOU'RE RECOGNIZED.

16 MR. BARNETT: ON THE INEQUITY OF THAT
17 PROPERTY TAX, THAT PERSON WHO'S GETTING A HALF A
18 YEAR FREE, HOW ABOUT THE FACT THAT THAT PERSON IS
19 PROBABLY GOING TO PAY THREE OR FOUR TIMES WHAT THE
20 PERSON NEXT DOOR TO THEM IS PAYING FOR A SIMILAR
21 HOUSE? AND ALSO WHO DEFINES LOW SERVICE LEVELS?
22 HOW DO WE DEFINE THAT RELATIVELY UNDEFINED TERM?

23 MS. WEISSERT: YEAH, THAT TERM IS BASICALLY

24 REFERRING TO THE GRAPH TO COMPARE FLORIDA TO A
25 VARIETY OF OTHER SOUTHERN STATES AND NATIONAL

1 STATES, IN TERM OF -- AND IT'S A VARIETY, AND I
2 SHOWED YOU SOME OF THE AREAS. A LOT OF TIMES IT'S
3 SPENDING. A LOT OF TIMES IT'S SALARIES OF
4 TEACHERS, BUT IT WOULD BE A COMPARISON TO OTHER --
5 I THINK THE BEST COMPARISON ACTUALLY IS THE ONE WE
6 USE THROUGHOUT THE BOOK MORE WAS TO THE LARGER
7 SOUTHERN STATES. SO WE COMPARED OURSELVES TO
8 TEXAS AND NORTH CAROLINA AND GEORGIA, AND --
9 BECAUSE I THINK TO COMPARE OURSELVES TO THE
10 SMALLER SOUTHERN STATES IS NOT, BUT THAT'S WHERE
11 THAT COMES FROM.

12 CHAIRMAN BENSE: FURTHER QUESTIONS?

13 MS. JOHNSON: I GUESS ONE QUESTION. WE'RE
14 JUST NOT GOING TO LET YOU GO.

15 MS. WEISSERT: I WAS HAPPY TO DO IT. I WAS
16 KIND OF THINKING YOU GUYS WERE GETTING TIRED.

17 MS. JOHNSON: OH, NO.

18 (LAUGHTER.)

19 SO I'M LOOKING AT YOUR THIRD CHART, AND
20 I'M SOMEWHAT OF A BROKEN RECORD. DEMOGRAPHIC
21 TRENDS SHOW RICHER, OLDER STATE. THE QUESTION
22 THAT I ASKED DR. DENSLOW, ARE YOU SAYING
23 COLLECTIVELY THE DEMOGRAPHICS SHOW THAT, IS IT

24 JUST THE GOOD NEWS STORY PIECE OF IT, OR HOW

25 ARE YOU CALCULATING IN -- CALCULATING OR

1 FACTORING IN THE CHANGING DEMOGRAPHICS, AS
2 COMMISSIONER LEVINE STATED?

3 MS. WEISSERT: YEAH. I THOUGHT YOUR EARLIER
4 QUESTION WAS GOOD. I THINK THIS QUESTION IS
5 RELATED AS GOOD AS WELL. THIS REALLY RELATED TO
6 THE MATERIAL THAT DR. DENSLOW WAS PREPARING, AND
7 THE FACT THAT, AGAIN, OVERALL THIS DOES NOT
8 REALLY -- DOES NOT REALLY BREAK IT DOWN. AND AS I
9 SAID, I THINK POLITICALLY THERE'S SOME TERRIFIC
10 PROBLEMS IN THIS KIND OF -- IN WHAT WE'RE SAYING,
11 JUST BECAUSE OF THE POLITICS OF THE ELDERLY,
12 BECAUSE OF THE NEEDS OF OTHER KINDS OF PEOPLE.

13 BUT THAT'S, YOU KNOW, THIS IS THE WORK
14 THAT WE DID TOGETHER, SO IT'S --

15 MS. JOHNSON: IT STRIKES ME, AND IT'S NOT
16 JUST -- I'M NOT JUST -- I'M NOT JUST PICKING AT
17 YOU GUYS, BUT IT STRIKES ME THAT NO ONE HAS KIND
18 OF DEALT WITH THAT ISSUE IN A VERY COMPREHENSIVE
19 WAY. AND WHAT COMMISSIONER LEVINE HAS STATED IS
20 REAL. AND IT MAY BE STARTING IN THE SOUTH PART OF
21 THE STATE, BUT IT'S MOVING THROUGHOUT THE STATE,
22 AND THE DEMOGRAPHIC TRENDS ARE CHANGING
23 DRASTICALLY. AND I THINK IT COULD BE AN

24 OPPORTUNITY IF WE PUT IN PLACE THE RIGHT POLICIES,
25 BUT WE'VE NOT BEEN EVEN ADDRESSED WITH ALL THE

1 FACTS IN ORDER TO MAKE THOSE RATIONAL DECISIONS.

2 MS. WEISSERT: RIGHT. I AGREE WITH YOU. I
3 THINK THERE NEEDS TO BE MORE WORK DONE ON THIS,
4 AND I THINK TO SOME EXTENT DR. DENSLOW HAS RAISED
5 THIS ISSUE, AND AGAIN, MAYBE YOU'VE HEARD IT A LOT
6 TOO, BUT, I MEAN, THIS WHOLE OLDER, RICHER KIND OF
7 NOTION.

8 BUT I THINK THAT THE QUESTION YOU RAISED
9 IS REALLY, REALLY KEY, AND I DON'T THINK WE
10 KNOW THE ANSWERS TO THAT YET. WE NEED TO KNOW.

11 MS. JOHNSON: THANK YOU.

12 CHAIRMAN BENSE: SOME OF YOU FOLKS THAT ARE
13 ON THE TELEPHONE, CONFERENCE CALL, ANY QUESTIONS
14 FROM YOU FOLKS?

15 MS. MATHIS: THIS IS COMMISSIONER MATHIS. I
16 HAVE A COUPLE QUESTIONS. ONE IS, I KNOW THAT
17 THERE ARE MACROTRENDS THAT YOU-ALL HAVE FOCUSED
18 ON, THOSE MACROTRENDS OF THE ELDERLY COMING TO
19 FLORIDA. MARK PENN IN HIS BOOK MICROTRENDS IS
20 LOOKING AT MAYBE SMALLER TRENDS THAT WILL IMPACT
21 OUR FUTURE, AND I WAS WONDERING IF YOU HAD SPENT
22 TIME ON LOOKING AT THOSE SMALLER MICROTRENDS.

23 ONE IN PARTICULAR THAT I FIND INTERESTING

24 IS HIS PHENOMENA OF WORKING RETIREES AND HOW
25 YOU THINK -- IF YOU THINK THAT THAT WILL HAVE

1 ANY IMPACT ON OUR STATE.

2 THE OTHER QUESTION I HAD, AND THEN I'LL GO
3 BACK ON MUTE, IS DOES DR. WEISSERT OR
4 DR. DENSLOW HAVE ANY PARTICULAR POSITIONS ON
5 FLORIDA'S PREPAID COLLEGE TUITION PROGRAM.

6 CHAIRMAN BENSE: DR. WEISSERT, GO AHEAD.
7 YOU'RE RECOGNIZED.

8 MS. WEISSERT: YEAH, I'LL DO THE SECOND AND
9 I'LL GIVE DAVID THE FIRST. YES, THE TUITION WE
10 DID ADDRESS IN THE REPORT, AND THAT REALLY HAS
11 CAUSED SOME PROBLEMS, I THINK, IN TERMS OF THE --
12 THE WAYS THAT THOSE NUMBERS ARE ESTIMATED. AND WE
13 THINK THAT THEY -- THAT REALLY HAS HELD DOWN SOME
14 OF THE TUITION. AND SO, YES, I THINK THAT'S
15 SOMETHING THAT DEFINITELY NEEDS TO BE LOOKED AT.
16 BUT WE DID DEAL WITH IT IN THE REPORT.

17 CHAIRMAN BENSE: OKAY. COMMISSIONER LEVINE
18 HAS A QUESTION AND THEN COMMISSIONER ROUSON.

19 MR. LEVINE: THIS IS AS MUCH A COMMENT AS IT
20 IS A QUESTION. I'M SORT OF RESPONDING TO THE
21 EARLIEST PART OF YOUR PRESENTATION WHEN YOU TALKED
22 ABOUT, YOU COMPARED EDUCATION SPENDING AS A
23 PERCENT OF THE BUDGET AND ITS DECLINE AS A PERCENT

24 OF BUDGET. AND I'M NOT GOING TO ARGUE THAT WE
25 SPEND THE RIGHT AMOUNT ON EDUCATION OR NOT. I'M

1 NOT AN EXPERT IN EDUCATION.

2 BUT THE THING THAT I'M CONCERNED ABOUT IS
3 OUR JOB IS TO LOOK AT THE BIGGER PICTURE. WHEN
4 YOU LOOK AT EDUCATION SPENDING AS A PERCENT OF
5 THE STATE BUDGET, THE STATE BUDGET HAS GROWN
6 ENORMOUSLY, SO IN REAL DOLLARS EDUCATION
7 SPENDING HAS GROWN.

8 AND I ALSO, WHEN YOU COMPARE US TO OTHER
9 STATES USING EDUCATION SPENDING AS A PERCENT OF
10 THE TOTAL BUDGET, CONSIDER THAT CERTAINLY BACK
11 WHEN TWO YEARS AGO, WE WERE PROJECTING THAT IF
12 NOTHING WAS DONE ABOUT MEDICAID, MEDICAID WOULD
13 BE 50 TO 60 PERCENT OF OUR STATE BUDGET IN THE
14 NEXT 25 YEARS.

15 AND NURSING HOMES, WE'RE LOOKING AT A 2
16 BILLION -- \$2.5 BILLION IN EXPENDITURES FOR
17 NURSING HOMES TODAY. IN TEN YEARS WE'RE
18 LOOKING AT SIX TO 7 BILLION. SO YOU HAVE --
19 OTHER STATES DO NOT HAVE, I MEAN, WE HAVE THE
20 SECOND HIGHEST PER CAPITA POPULATION OF PEOPLE
21 WITH HIV/AIDS, CHRONIC DISEASE, THE GROWING
22 DEMOGRAPHIC CHANGES IN OUR STATE WITH REGARD TO
23 THE POPULATION.

24

THE DISPARITIES THAT EXIST ARE TWO TO

25

THREE TIMES MORE LIKELY TO HAVE AIDS, ASTHMA,

1 HEART DISEASE, DIABETES. THESE ARE ALL THINGS
2 THAT THE STATE LEGISLATURE HAS TO BALANCE. SO
3 I DON'T THINK IT'S FUNDAMENTALLY FAIR TO
4 COMPARE OUR SPENDING AS A PERCENT OF THE STATE
5 BUDGET IN TERMS OF JUST ONE SILO, LIKE
6 EDUCATION, WHEN OTHER STATES DO NOT HAVE --
7 MOST OTHER STATES DON'T HAVE THOSE CHALLENGES
8 THAT WE HAVE.

9 AND THEN WE HAVE TO FIGURE OUT HOW WE'RE
10 GOING TO DEAL WITH THOSE. I JUST -- I WANTED
11 TO MAKE THAT REMARK, BECAUSE I DON'T -- I'M NOT
12 SAYING WE'RE SPENDING THE RIGHT AMOUNT OF MONEY
13 IN EDUCATION. WHAT I'M SAYING IS I DON'T THINK
14 THAT COMPARISON IS NECESSARILY A FAIR
15 COMPARISON.

16 CHAIRMAN BENSE: DR. WEISSERT FOR RESPONSE.

17 MS. WEISSERT: I AGREE WITH THAT. I MEAN, I
18 THINK THAT IT'S ONE COMPARISON, AND THAT'S WHY WE
19 DO A WHOLE VARIETY OF COMPARISONS. I THINK THE
20 REASON TO DO THAT IS IT DOES GIVE YOU SOME SENSE
21 ABOUT PRIORITIES, BOTH IN TERMS OF, YOU KNOW,
22 COMPARING THE SPENDING IN FLORIDA OVER TIME AND
23 COMPARING IT TO OTHER STATES. I'M NOT GOING TO

24 SAY IT'S THE ONLY ONE; I THINK IT'S ONE AMONG
25 MANY.

1 AND I THINK IT IS IMPORTANT WITH
2 PRIORITIES BECAUSE, YOU KNOW, THE HIGHER
3 EDUCATION IS TIED ON DEVELOPMENT AND THE WHOLE
4 VARIETY OF OTHER KINDS OF THINGS. AND SO I
5 AGREE. TO TAKE ONE POINT IN TIME, I COULDN'T
6 AGREE WITH YOU MORE. BUT I DO THINK OVER TIME,
7 COMPARED WITH OTHER STATISTICS, IT GIVES YOU
8 SOME SENSE.

9 CHAIRMAN BENSE: AND MR. LEVINE, TO ADD,
10 WE'RE DOING OUR BEST TO HAVE BALANCED PRESENTERS,
11 THOSE THAT MAY NOT AGREE WITH YOU AND I AND THOSE
12 THAT MIGHT AGREE WITH OTHERS. AND WE WILL
13 CONTINUE TO DO THAT AT THIS COMMISSION BECAUSE WE
14 NEED TO HEAR FROM ALL SIDES, SO WHEN WE DO MAKE
15 OUR DECISIONS THEY'RE GOING TO BE WELL THOUGHT
16 OUT.

17 AND IF ANY OF YOU MEMBERS THINK WE'RE DONE
18 HEARING FROM FOLKS THAT YOU -- IF WE'RE TILTED
19 ONE WAY, PLEASE LET ME KNOW, MEMBERS.

20 AND COMMISSIONER ROUSON, YOU HAD A
21 QUESTION.

22 MR. ROUSON: YES. THANK YOU. MY QUESTION IS
23 NOT SO MUCH FOR THE PRESENTERS BUT IT KIND OF

24 FOLLOWS WHAT COMMISSIONER JOHNSON WAS INQUIRING
25 ABOUT, AND IT SEEMED THAT BOTH OF THEM AGREED THAT

1 THERE WAS AN ISSUE THERE AND THAT IT IS OF SOME
2 IMPORTANCE AND IMPACT.

3 MY QUESTION TO YOU, MR. CHAIR, IS THIS AN
4 AREA THAT WE NEED A CONSULTANT TO LOOK MORE
5 CLOSELY AT AND GIVE US SOME IDEA ABOUT?

6 MR. SCOTT: MR. CHAIRMAN, WE'RE HAVING
7 TROUBLE HEARING HIM ON THE PHONE.

8 MR. ROUSON: I'M SORRY.

9 CHAIRMAN BENSE: HE'S AS CLOSE TO THE
10 MICROPHONE AS HE CAN GET, I CAN TELL YOU.

11 WHY DON'T YOU REPEAT YOUR QUESTION,
12 COMMISSIONER ROUSON?

13 MR. ROUSON: THE QUESTION IS WHETHER OR NOT,
14 MR. CHAIR, WE SHOULD RETAIN A CONSULTANT
15 SPECIFICALLY ON THAT MATTER THAT MIGHT ADVISE US A
16 LITTLE MORE APPROPRIATELY IN RESPONSE TO THE
17 ANSWERS THAT THESE PRESENTERS INDICATED TO US.

18 CHAIRMAN BENSE: HOW ABOUT IF WE DO THIS,
19 COMMISSIONER. LET'S SEE IF THERE'S STAFF
20 AVAILABLE IN THE HOUSE OR SENATE THAT HAS THE
21 EXPERTISE TO PERHAPS GIVE US MORE FEEDBACK ON
22 THAT. HOW ABOUT IF YOU AND I CONSULT WITH
23 MS. SKELTON HERE AFTER THE MEETING AND WE CAN

24 FIGURE OUT IF WE HAVE THE RESOURCES ALREADY AT OUR
25 DISPOSAL IN THE HOUSE AND SENATE. IF NOT, THEN

1 WE'LL PURSUE YOUR SUGGESTION.

2 MR. ROUSON: THANK YOU.

3 MS. JOHNSON: MR. CHAIRMAN, CAN I ...

4 CHAIRMAN BENSE: MS. JOHNSON, YOU'RE
5 RECOGNIZED.

6 MS. JOHNSON: TO THAT QUESTION, OF COURSE,
7 THE COMMISSIONERS CAN'T SPEAK WITH EACH OTHER, BUT
8 I'VE BEEN WORKING WITH STAFF QUITE A BIT TO JUST
9 THAT POINT. WE'VE NOT -- EITHER THE EXPERTISE AND
10 THE ANALYSIS DOESN'T EXIST OR THE PEOPLE HAVE
11 NOT -- BECAUSE OF ALL OF THESE OTHER ISSUES
12 THEY'VE BEEN DEALING WITH -- HAD THE TIME TO
13 ADDRESS IT, BUT IT IS GETTING TO A CRITICAL POINT.
14 AND OFTENTIMES WE'VE HAD THE ECONOMISTS AND
15 DEMOGRAPHERS WHO'VE NOT IN A HOLISTIC WAY LOOKED
16 AT THAT ISSUE, SO I SHARE, COMMISSIONER, SOMEWHAT
17 YOUR CONCERN, AND I WAS ABOUT TO PRESS THE PANIC
18 BUTTON.

19 AND WHEN YOU SAW ON THE LAST SERIES OF
20 MEETINGS THAT WE HAD, THEY HAD THE PRESENTER ON
21 THIS ISSUE TO BE ME, YOU KNOW WE'RE IN TROUBLE.
22 SO WE'RE LOOKING FOR HELP AND SUSAN AND ANN
23 HAVE BEEN GRACIOUS IN TRYING TO FIND US THAT

24 SUPPORT.

25 CHAIRMAN BENSE: WE'LL GET TO WORK ON THAT.

1 AND WHY DON'T YOU JOIN COMMISSIONER ROUSON AND I
2 AS WELL AFTER THE MEETING, COMMISSIONER JOHNSON.

3 OKAY. SENATOR KISER, CONTINUE. WRAP IT
4 UP.

5 SENATOR KISER: THANK YOU, MR. CHAIRMAN. I
6 WANTED TO MAKE A COUPLE STATEMENTS THAT -- TO KIND
7 OF UNDERSTAND A LITTLE BIT ABOUT PARTICULARLY MY
8 BIAS AND SOME OF THE DIRECTION THAT WE HAD IN
9 LOOKING AT THIS INFORMATION AND OBVIOUSLY AT ISSUE
10 IN THAT REPORT.

11 A TAX SHOULD BE AS EQUITABLE AND AS
12 EFFICIENT AS POSSIBLE. AN EQUITABLE TAX TREATS
13 IN SIMILAR WAYS SIMILARLY SITUATED THINGS AND
14 PEOPLE. AN EFFICIENT TAX MINIMIZES ITS TOTAL
15 COST TO TAXPAYERS. IT ALSO DOES NOT CAUSE THEM
16 TO BEHAVE DIFFERENTLY THAN THEY WOULD IN ITS
17 ABSENCE. IT DOES NOT DISTORT BEHAVIOR. THAT'S
18 KIND OF A GUIDING PRINCIPLE I'VE ALWAYS HAD.

19 AND PROBABLY THE BEST GUIDING PRINCIPLE
20 THAT I HAD DURING THE 20 YEARS THAT I SERVED,
21 AND MOST EVERY YEAR I SERVED ON THE FINANCE AND
22 TAX COMMITTEE, IS THE BEST TAX POLICY IS THE
23 LOWEST TAX RATE ON THE LARGEST TAX BASE

24 POSSIBLE. AND I'VE JUST ALWAYS HAD THAT -- THE
25 LARGER THE BASE IS, THE LOWER YOU KEEP THE --

1 THE LARGER THE BASE, THE LOWER YOU KEEP THE
2 RATE.

3 AND LIKEWISE THE INVERSE IS BAD. THE
4 NARROWER THE BASE AND THE HIGHER THE RATE IS,
5 THE WORST SITUATION YOU CAN GET INTO. AND
6 UNFORTUNATELY, IT SEEMS LIKE IN RECENT TIMES
7 THAT'S THE DIRECTION WE'VE BEEN GOING. WE KEEP
8 NARROWING THE BASE OR WE FAIL TO EXPAND THE
9 BASE.

10 ONE OF THE RECURRING QUESTIONS I ALWAYS
11 HAD WHEN I WAS ON THE FINANCE AND TAX
12 COMMITTEE, BECAUSE I WAS THERE WHEN WE HAD TO
13 RAISE THE SALES TAX ON SEVERAL OCCASIONS. AND
14 PEOPLE TALK ABOUT HOW WONDERFUL THE SALES TAX
15 IS AND, YOU KNOW, A LOT OF PEOPLE PERSUADED
16 THAT THEY SHOULD BE SHIFTING OFF THE PROPERTY
17 TAX OVER TO THE SALES TAX.

18 KEEP IN MIND THAT ONE OF THE REASONS SALES
19 TAX HAS CONTINUED TO GENERATE A LOT OF REVENUE
20 FOR THE STATE IS BECAUSE WE'VE BEEN INCREASING
21 IT. WE'VE JUST, IN THE LENGTH OF MY SERVICE,
22 IT WENT FROM 4 PERCENT UP TO FIVE AND THEN
23 LATER TO SIX. THAT'S A 50 PERCENT INCREASE.

24 SO ONE OF THE REASONS IT'S BEEN PRODUCING THAT
25 MONEY IS BECAUSE WE'VE BEEN INCREASING IT.

1 HADN'T BEEN GROWING ON ITS OWN.

2 WELL, MY OBSERVATION OF THAT, I ASKED THE
3 QUESTION FREQUENTLY TO A NUMBER OF PEOPLE THAT
4 APPEARED BEFORE THE VARIOUS LEGISLATIVE
5 COMMITTEES OVER TIME. MY QUESTION WAS: WHY
6 WAS SUCH A GROWING, DYNAMIC STATE LIKE FLORIDA
7 WITH TOURISM BEING UP AND GROWTH AND THINGS
8 THAT WERE TAKING PLACE IN FLORIDA, WHY DOESN'T
9 OUR TAX BASE KEEP PACE WITH OUR REVENUE NEEDS?
10 WHY DO WE KEEP HAVING TO TINKER WITH CHANGING
11 THIS AND RAISING THAT?

12 AND THE BEST ANSWER I GOT TO THAT WAS,
13 WELL, BACK WHEN THE SALES TAX WAS PASSED IN
14 1947, AT THAT POINT IT WAS 2 PERCENT. THAT'S
15 WHAT THE FIRST SALES TAX WAS, 2 PERCENT. THAT
16 SALES TAX COVERED IN EXCESS OF 75 PERCENT OF
17 THE ACTIVITY THAT TOOK PLACE IN OUR
18 MARKETPLACE, IN OUR FLORIDA ECONOMY.

19 TODAY IT PROBABLY TAXES MAYBE AT MOST
20 50 PERCENT. IT'S DROPPED SIGNIFICANTLY
21 ABOUT -- IT DOESN'T COVER THE ECONOMIC ACTIVITY
22 THAT TAKES PLACE. OBVIOUSLY, THE BIG FACTOR
23 THERE IS SERVICES. AND ALONG WITH SOME OF YOU,

24 RANDY BEING ONE OF THEM, I WAS ON THAT SINKING

25 SHIP --

1 MR. SCOTT: MR. CHAIRMAN, COULD YOU ASK HIM
2 TO SPEAK INTO THE MICROPHONE?

3 CHAIRMAN BENSE: YES, SIR. SPEAK IN THE
4 MICROPHONE.

5 SENATOR KISER: THE SERVICE ASPECT OF FLORIDA
6 HAS BEEN ONE OF THE MORE ACTIVE AND AGGRESSIVE
7 PARTS OF OUR ECONOMY THAT'S BEEN GROWING. AND TO
8 A LARGE EXTENT, WE DON'T TAX THAT.

9 AND GOING BACK TO THE OTHER DEFINITIONS I
10 GAVE YOU OF A GOOD TAX, JUST THE WAY WE EXECUTE
11 THE CURRENT SALES TAX, IT'S DIFFICULT TO
12 EXPLAIN TO MOST PEOPLE WHY SOME OF THE
13 EXEMPTIONS ARE THERE AND JUSTIFY WHY THEY GET
14 EXEMPTIONS AND SOMEBODY ELSE DOESN'T.

15 NOW, WHEN WE WERE DOING THIS REPORT, ONE
16 THE FIRST THINGS WE KIND OF ALL AGREED ON, OUR
17 GROUP, WE HAD A VERY DIVERSE BIPARTISAN GROUP,
18 BECAUSE WE DIDN'T WANT TO GO BACK AND
19 IMMEDIATELY EMBRACE THE SERVICES TAX BECAUSE WE
20 KNEW THAT REPORT WOULD BE DEAD ON ARRIVAL.

21 SO YOU WILL SEE IN OUR REPORT SEVERAL
22 TIMES WHERE WE SAY, WE'RE NOT SAYING GO BACK
23 AND ADOPT THE SERVICES TAX. BUT I DO THINK YOU

24 NEED TO LOOK AT THE ASPECTS OF IT. YOU NEED TO
25 LOOK AT WHAT IS IN THE FLORIDA ECONOMY AND MAKE

1 SURE THAT OUR SALES TAX IS COVERING THE
2 ECONOMIC ISSUES THAT NEED TO BE COVERED, AND
3 YOU NEED TO BE THINKING ABOUT SOME OF THE
4 DEFINITIONS I GAVE YOU OF A TAX -- OF A FAIR
5 AND EQUITABLE TAX.

6 ONE OF THE THINGS THAT I'VE ALWAYS NOTICED
7 ABOUT THE LEGISLATURE, WHENEVER WE GOT IN THOSE
8 REVENUE YEARS WHERE WE HAD TO HAVE MORE -- AND
9 I SAW THROUGH SEVERAL OF THOSE, I'VE
10 EXPERIENCED THOSE -- WE NEVER TALKED ABOUT AT
11 THE BEGINNING OF THE TAX COMMITTEE ABOUT, WELL,
12 WHAT'S THE FAIREST TAX TO GO OUT AND ADJUST TO
13 GET MORE REVENUE. THAT WAS NEVER IN THE
14 CONVERSATION.

15 WHAT WAS IN THE CONVERSATION WAS, HOW MUCH
16 REVENUE DO WE NEED. WELL, WE NEED \$50 MILLION.
17 FINE. WHAT TAX RAISES 50 MILLION? THAT MIGHT
18 BE THE WORST ONE TO INCREASE OR IT MIGHT BE A
19 COMBINATION OF TWO OR THREE THAT GET US TO 50,
20 BUT ALMOST INVARIABLY THE DEBATE INVOLVED
21 AROUND WHAT WAS THE AMOUNT WE NEEDED, AND THEN
22 LET'S GO COBBLE TOGETHER A COUPLE OF LITTLE TAX
23 INCREASES THAT GET US TO THAT AMOUNT.

24

I REMEMBER JUST, YOU KNOW, ALMOST LIKE IT

25

WAS YESTERDAY. IT WAS A NIGHTMARE WHEN WE WERE

1 IN ONE OF THOSE TAX YEARS AND WE DID THAT TAX
2 BY THE DRINK. AND I CAN'T TELL YOU HOW CRAZY
3 THAT WAS. LITERALLY WE'RE SITTING THERE IN A
4 CONFERENCE COMMITTEE TRYING TO DECIDE WHAT
5 TAXES TO PUT IN THIS PACKAGE TO RAISE THE
6 REQUIRED AMOUNT OF REVENUE WE WANTED AND THE
7 SENATOR SITTING NEXT TO ME, AND I'M NOT GOING
8 TO NAME HIM; HE'S WELL KNOWN -- HE SAID, WELL,
9 I THINK WE OUGHT TO BE PUT 10 CENTS ON EVERY
10 DRINK. AND HE SAYS, GIVE ME THAT AMENDMENT
11 PAD. AND I --

12 CHAIRMAN BENSE: SENATOR KISER, IF WE
13 COULD -- WE HAVE TO ADJOURN IN FIVE MINUTES.

14 SENATOR KISER: ANYWAY, HE -- ON THE SPUR OF
15 THE MOMENT HE PUTS THAT OUT THERE. NO THOUGHT, NO
16 BACKUP WORK ON IT, AND WHAT DID WE DO? WE ADOPTED
17 IT, AND IT TOOK US YEARS TO FINALLY GET RID OF
18 THAT THING BECAUSE IT WAS ONE OF THE WORST
19 COLLECTED TAXES WE COULD EVER HAVE.

20 AND I FEEL LIKE THAT DR. DENSLOW SAID,
21 THAT IN THE -- IN INVESTMENT ADVICE THEY ALWAYS
22 TELL YOU TO KEEP YOUR PORTFOLIO DIVERSE. WELL,
23 SAME THING WHEN IT COMES TO YOUR REVENUE TOOLS.

24 IT NEEDS TO BE DIVERSE AND PROPERTY TAX HAS A
25 DEFINITE ROLE TO PLAY, AND WE WOULDN'T WANT TO

1 SEE FLORIDA MOVE SUBSTANTIALLY AWAY FROM IT.

2 REFORM IT, YES, BUT NOT CHANGE IT.

3 BUT GETTING TO THE SPECIFIC
4 RECOMMENDATIONS, AND MANY OF THESE WERE IN OUR
5 EARLIER REPORT, AND WE'VE INCLUDED THEM IN OUR
6 UPDATE TODAY. IT WAS TOUCHED ON BRIEFLY BY
7 CAROL.

8 REASSESS THE LIKELY MEDICAID GROWTH FOR
9 PLANNING AND FUTURE BUDGET LIABILITIES. I
10 THINK SHE TALKED ON THAT.

11 WE'VE RECOMMENDED BEFORE MODIFYING THE
12 CLASS SIZE AMENDMENT. WE REALLY FELT THAT IT'S
13 A GOOD THING TO HAVE FOR YOUR K THROUGH FOUR,
14 BUT ONCE YOU GET MUCH PAST THE MIDDLE SCHOOL
15 AREA IT'S NOT -- IT'S NOT AS GOOD A TOOL, MAKES
16 IT MORE DIFFICULT, AND WE SUPPORTED GOVERNOR
17 BUSH AT THAT TIME ON HIS IDEA OF TRYING TO GO
18 BACK IN AND MODIFY PART OF IT, AND WE STILL
19 FEEL LIKE THAT THAT'S A LAUDABLE GOAL TO TRY TO
20 GO AFTER.

21 REDRESS THE UNDERFUNDING OF HIGHER
22 EDUCATION. WE ARE ALARMED AT HOW MUCH WE HAVE
23 FALLEN BEHIND THE OTHER PEOPLE AROUND US, THE

24 ONES WE HAVE TO COMPETE WITH. AND THE GROWTH
25 HAS NOT BEEN THERE. IT'S ALL OBVIOUSLY TIED UP

1 IN THAT WHOLE TUITION ISSUE, THE BRIGHT
2 FUTURES, ALL OF THOSE THINGS ARE ISSUES THAT WE
3 FEEL LIKE WE HAD -- WE SPONSORED SEVERAL MONTHS
4 AGO FORMER CHANCELLOR CHARLIE REED IN TO GIVE
5 US A LUNCH.

6 AND HE HAMMERED AWAY AT THIS, THAT IT'S,
7 YOU KNOW, IN HIS OPINION, ONE OF THE DUMBEST
8 THINGS WE EVER DID WAS TO STRUCTURE BRIGHT
9 FUTURES THE WAY WE DID, AND WE REALLY FEEL LIKE
10 THAT THAT NEEDED -- CRIES OUT FOR MAJOR REFORM.

11 WE FEEL LIKE THAT THE WHOLE ISSUE OF
12 OUT-OF-STATE SALES -- I STRUGGLED WITH THIS
13 WHEN I WAS IN THE SENATE. THE ISSUE CAME UP AT
14 THAT TIME; IT WAS MOSTLY ON CATALOG SALES. AND
15 WE FEEL IT'S INHERENTLY UNEQUAL AND UNFAIR TO
16 FLORIDA BUSINESSES WHO HIRE PEOPLE, PAY THEIR
17 RENTS, PAY THEIR MORTGAGES, PAY THOSE UTILITY
18 BILLS, AND THEN HAVE TO COMPETE WITH
19 OUT-OF-STATE SALES THROUGH THE INTERNET OR
20 CATALOGS AND DON'T HAVE -- OR AREN'T SENDING
21 THE SALES TAX MONEY IN.

22 I WOULD URGE YOU TO CONSIDER THIS. IT'S
23 NOT A NEW TAX. IT'S AN EXISTING TAX OBLIGATION

24 THAT YOU'RE SIMPLY MAKING IT EASIER AND
25 POSSIBLE TO COLLECT IT. AND IF THERE'S

1 SOMETHING YOU CAN PUT IN THE CONSTITUTION ABOUT
2 A REQUIREMENT THAT FLORIDA COLLECT ALL ITS
3 TAXES THAT ARE DUE, THAT MIGHT BE ENOUGH TO
4 PUSH THE LEGISLATURE OVER THE EDGE TO FINALLY
5 TAKE SOME STEPS TO GET AFTER THAT TAX
6 COLLECTION ISSUE.

7 THE ISSUE OF THE NEW CONSTRUCTION, AND
8 MR. BARNETT OVER THERE I THINK RAISED THAT
9 ISSUE, I'VE LONG FELT THAT WHEN YOU BUILD A NEW
10 HOUSE YOU SHOULD GO ON THE TAX ROLL AT THE VERY
11 NEXT MONTH AFTER YOUR -- YOUR CO HAS BEEN
12 ISSUED. IT'S NOT FAIR FOR THAT PERSON TO MOVE
13 INTO THE HOUSE, GET ALL THE BASIC GOVERNMENT
14 SERVICES, POLICE, FIRE, 911, EMERGENCY SERVICES
15 DRAINAGE, ALL OF THAT YOU'RE GETTING THE DAY
16 YOU MOVE INTO YOUR HOUSE. BUT YET YOU GO CLEAR
17 TO THE END OF THE YEAR ON A FREE RIDE PRETTY
18 MUCH BECAUSE YOU'RE ONLY PAYING THE TAX BASED
19 ON A VACANT LOT.

20 AND, YEAH, WHEN YOU GO BUY YOUR DRIVER'S
21 TAG, THEY PRORATE IT. IF IT'S NOT YOUR
22 BIRTHDAY AND IT'S THE MIDDLE OF THE YEAR, THEY
23 PRORATE WHAT YOU HAVE TO PAY. I THINK THAT

24 POLICY SHOULD APPLY AS WELL.

25 AND I THINK IN TERMS OF THE PRESSURE TO

1 GET THE LOCAL GOVERNMENTS TO DRIVE DOWN THESE
2 PROPERTY TAXES AND THE MILLAGE ROLLBACK, THIS
3 WOULD BE ONE THING YOU CAN GIVE BACK TO THEM
4 AND SAY, OKAY, WE'RE GOING TO REQUIRE THESE
5 TYPE OF CAPS AND ROLLBACKS, BUT ON THE OTHER
6 HAND WE'RE GOING TO LET YOU PUT NEW
7 CONSTRUCTION BACK ON YOUR ROLL AS SOON AS IT
8 BECOMES LIVEABLE.

9 CHAIRMAN BENSE: SENATOR, YOU GOT ONE MINUTE.

10 SENATOR KISER: OKAY. WE WOULD JUST -- WE
11 HANDED THEM OUT. I'M NOT GOING TO TRY TO GO OVER
12 THEM. I'LL MAKE MYSELF AVAILABLE FOR QUESTIONS,
13 BUT THOSE ARE THE RECOMMENDATIONS THAT WE MADE.
14 AND WE STILL DON'T FEEL LIKE, FOR EXAMPLE, THAT
15 GROWTH PAYS ITS WAY. WE THINK PEOPLE WHO LIVE IN
16 THE COMMUNITY ARE STILL PAYING FOR GROWTH, AND THE
17 MORE YOU CAN DO THROUGH FEES TO MAKE GROWTH PAY
18 FOR ITSELF, WE THINK THE TAXPAYER IN FLORIDA WILL
19 BE BETTER OFF.

20 THANK YOU, MR. CHAIRMAN.

21 CHAIRMAN BENSE: SENATOR, THANK YOU SO MUCH
22 FOR YOUR PRESENTATION, AND DR. DENSLOW AND
23 MS. WEISSERT, YOU DID A WONDERFUL JOB. WE REALLY

24 APPRECIATE IT. I THINK WE HAD SOME GOOD DIALOGUE
25 AMONGST MEMBERS. AND I'M SORRY WE'RE RUNNING OUT

1 OF TIME. WE DO HAVE A FEW ISSUES I WANT TO TAKE
2 UP, AND IF -- DO WE HAVE A MOTION TO EXTEND IT
3 UNTIL 1:15?

4 MR. LACASA: SO MOVED.

5 MS. BARNETT: SECOND.

6 CHAIRMAN BENSE: COMMISSIONER LACASA MOVES
7 AND COMMISSIONER MARTHA BARNETT SECONDS THE MOTION
8 TO EXTENT UNTIL 1:15. ALL IN FAVOR SAY AYE.

9 (AYES UNANIMOUS.)

10 MOTION CARRIES. FOR THOSE OF YOU THAT ARE
11 ON TELEPHONES, ANY COMMENTS ON THE
12 PRESENTATION?

13 MR. SCOTT: MR. CHAIRMAN, I THOUGHT THE
14 PRESENTATION WAS GOOD, BUT I WOULD JUST SAY,
15 SILENCE ON SOME OF THE THINGS, PARTICULARLY IN THE
16 FUNDING OF EDUCATION STUFF, DOESN'T NECESSARILY
17 MEAN AGREEMENT.

18 CHAIRMAN BENSE: I UNDERSTAND. I GOT A LOT
19 OF FROWNS THERE, BUT I GOT SOME HEAD NODS TOO, SO
20 THAT'S, AGAIN, WE'RE GOING TO HEAR FROM EVERYBODY.

21 MR. SCOTT: RIGHT.

22 CHAIRMAN BENSE: OKAY. LET'S MOVE ON A
23 LITTLE BIT INTO TODAY'S DISCUSSION. THANK YOU SO

24 MUCH AGAIN, FOLKS. YOU-ALL DID A GREAT JOB.

25 NEXT I WANT TO TALK A LITTLE BIT ABOUT

1 YOUR COMMENTS AND YOUR THOUGHTS ON THE PUBLIC
2 HEARINGS WE HAD, WHAT ISSUES STUCK WITH YOU. I
3 REALLY WOULD LIKE TO HEAR SOME FEEDBACK,
4 BECAUSE OBVIOUSLY WE CAN'T TALK TO EACH OTHER
5 AND I'M CURIOUS WHAT YOUR THOUGHTS WERE. WHO
6 WANTS TO START OFF? WHO HAS OPINIONS ON THAT?

7 MR. SCOTT: MR. CHAIR, I'LL START IF I MIGHT.

8 CHAIRMAN BENSE: GO AHEAD, COMMISSIONER
9 SCOTT, YOU'RE RECOGNIZED.

10 MR. SCOTT: RIGHT. WELL, DOWN IN SOUTH
11 FLORIDA, I'LL JUST SPEAK TO THAT BECAUSE I KNOW
12 THAT SEVERAL WERE DOWN HERE AND HEARD IT, BUT
13 THERE'S NO QUESTION THAT THERE'S JUST A TREMENDOUS
14 CRISIS IN PROPERTY DOWN HERE, PARTICULARLY WHERE
15 WE HAD 20 DIFFERENT SMALL BUSINESSES AND MOM AND
16 POP, 15-UNIT BED AND BREAKFASTS AND EVERYTHING
17 ABOUT THE PROPERTY TAX ISSUE. THERE'S NO QUESTION
18 THAT THIS IS A MAJOR, MAJOR ISSUE, PRINCIPALLY FOR
19 NON-HOMESTEAD PEOPLE, OTHER THAN WE HAD A LOT OF
20 COMMENTS ON THE PORTABILITY ISSUE.

21 AND FROM HOMEOWNERS THAT ARE UPSIZED,
22 DOWNSIZED, AND I KNOW WE'VE HEARD ALL OF THAT,
23 BUT I DO WANT TO JUST KEEP ON THE FOREFRONT THE

24 TREMENDOUS CRISIS IN FORT LAUDERDALE.

25 MR. CHAIRMAN, YOU ASKED ME TO CHAIR THE

1 MEETING. I MEAN, THERE WAS LIKE 88 SPEAKERS,
2 AND IT WAS JUST HEART-WRENCHING, THOSE OF YOU
3 THAT WERE THERE, THE COMMISSIONERS KNOW OF
4 WHAT'S HAPPENING.

5 AND SO I JUST WANT TO KEEP THAT ON THE
6 FOREFRONT FROM ALL THE PUBLIC HEARINGS. THIS
7 WAS THAT THEME THAT I WENT TO, WHICH IS MOST OF
8 THEM. BUT I THINK THAT THAT'S TREMENDOUSLY
9 IMPORTANT, AND I THINK THAT SHOULD BE NEAR THE
10 TOP OF THE LIST OF WHAT WE TRY TO DEAL WITH.

11 CHAIRMAN BENSE: COMMISSIONER SCOTT, I DIDN'T
12 ATTEND THAT MEETING. IT'S THE ONLY ONE THAT I
13 MISSED, BUT THE OTHER MEETINGS I WENT TO, THERE
14 WERE PRIMARILY NON-HOMESTEADERS ATTENDING THESE
15 MEETINGS. WHAT WAS THE TURNOUT? SAME SORT OF
16 RATIO AT THE FORT LAUDERDALE EVENT?

17 MR. SCOTT: YES, IT WAS MOSTLY BUSINESS,
18 SMALL BUSINESS OWNERS, HOTELS, PEOPLE THAT CAN'T
19 LIVE IN THEIR -- IN THEIR HOMES THAT DIDN'T HAVE
20 HOMESTEAD, AND IT WAS MORE THAT THAN THE ACTUAL,
21 YOU KNOW, HOMESTEADERS, ALTHOUGH THERE WERE A
22 NUMBER OF THOSE AND REALTORS AND OTHERS ABOUT
23 PORTABILITY IN FORT LAUDERDALE ON THAT HEARING.

24

YEAH, I KNOW YOU HAD A VERY -- SEVERAL

25

DAYS THAT WEEK AND WE WERE -- I WAS HAPPY TO

1 FILL IN. BUT I REALLY JUST -- I KNOW SEVERAL
2 OF THE MEMBERS WERE THERE. AND BY THE WAY, I
3 THOUGHT ATTENDANCE OF THE MEMBERSHIP WAS
4 EXCELLENT AT THESE PUBLIC HEARINGS. IT WAS
5 VERY, YOU KNOW, TIME-CONSUMING AND THE PEOPLE
6 CAME FROM ALL OVER TO THE DIFFERENT ONES. BUT
7 I THINK THAT WAS THE MAIN THRUST.

8 CHAIRMAN BENSE: COMMISSIONER BARNETT, YOU'VE
9 GOT SOME COMMENTS.

10 MR. BARNETT: YES. THANK YOU, VICE CHAIRMAN
11 SCOTT, FOR RUNNING A GREAT MEETING DOWN THERE IN
12 SOUTH FLORIDA AND KEEPING US WAY TOO LATE. BUT IT
13 WAS REALLY A WONDERFUL MEETING. AND THE MOST
14 EMOTIONAL TESTIMONY WE HAD DOWN THERE, I BELIEVE,
15 WAS FROM A LADY WHO WAS A RECENT HOMEOWNER WHO
16 JUST BROKE DOWN IN TEARS BECAUSE OF THE ESCALATED
17 COST OF THE ASSESSMENTS DOWN THERE COUPLED WITH
18 THE TAX RATE THAT SHE WAS GOING TO HAVE TO PAY.
19 SO SHE WAS THE MOST EMOTIONAL HOMEOWNER I HEARD IN
20 ALL THE TESTIMONIES AND ALL THE AREAS WE WENT TO.

21 SO IT'S NOT JUST THE PEOPLE WITH
22 NON-HOMESTEADED PROPERTY. IT'S ALSO THOSE WITH
23 RECENTLY HOMESTEADED PROPERTY THAT ARE

24 SUFFERING THROUGH THIS PROPERTY TAX ISSUE. SO
25 I HEARD MORE OUT OF HER IN ONE TESTIMONY THAN I

1 HEARD FROM ALL THE OTHER PEOPLE ABOUT
2 PORTABILITY.

3 MR. LEVINE: AND BY THE WAY, SHE'S A REALTOR
4 TOO, BY PROFESSION, SO HER INCOME STREAM WAS --

5 CHAIRMAN BENSE: COMMISSIONER STORY, YOU'RE
6 RECOGNIZED.

7 MS. STORY: TO ADD TO WHAT COMMISSIONER SCOTT
8 AND COMMISSIONER BARNETT SAID, I THINK THAT WAS
9 THE MOST MOVING THING. AND WE TEND TO IN
10 DELIBERATION SEPARATE CITIZENS FROM BUSINESS AND
11 SMALL BUSINESS, AND THERE WAS ONE WOMAN WHO SAID
12 SHE BORROWED A \$100,000 LAST YEAR TO PAY HER
13 PROPERTY TAXES FOR HER SMALL HOTEL. SHE'S GOING
14 TO HAVE TO BORROW 60,000 THIS YEAR. SHE SAYS IT'S
15 NOT SMART TO DO IT, BUT I HAVE TEN PEOPLE WHO WORK
16 FOR ME. AND I DON'T WANT THEM OUT OF A JOB.

17 SO IN TERMS OF BRINGING THIS HOME TO WHAT
18 PEOPLE WHO DON'T MAKE A LOT OF MONEY IN THE
19 STATE, THESE ARE EMPLOYERS WHO ARE TRYING TO
20 STAY AFLOAT SO THAT PEOPLE WILL HAVE JOBS. AND
21 THAT WAS -- I AM WITH COMMISSIONER SCOTT. IT
22 WAS GUT-WRENCHING AT TIMES TO HEAR THE ACTUAL
23 STORIES.

24 CHAIRMAN BENSE: IN AN INTERESTING -- AND

25 WE'LL CONTINUE, BUT THE BUSINESS PEOPLE THAT

1 SHOWED UP WERE NOT BIG BUSINESS. I DON'T THINK WE
2 HAD ONE BIG BUSINESS SHOW UP. AND MY THOUGHTS
3 ARE, IT'S BECAUSE PROPERTY TAXES ARE PROBABLY A
4 SMALLER PERCENTAGE OF THEIR OVERALL COST OF DOING
5 BUSINESS, WHEREAS IF YOU HAVE TWO OR THREE
6 PROPERTIES, PROPERTY TAXES AND INSURANCE ARE A
7 SIGNIFICANT PART.

8 SO UNFORTUNATELY THESE SMALL BUSINESS
9 OWNERS ARE GOING TO GET LUMPED IN WITH THE, YOU
10 KNOW, RICH BIG BUSINESS GUYS AND GALS AND
11 THINGS LIKE THAT, SO I THOUGHT THAT WAS
12 INTERESTING.

13 MORE COMMENTS? COMMISSIONER BARNETT,
14 MARTHA BARNETT, YOU'RE RECOGNIZED.

15 MS. BARNETT: I THINK ONE OF -- JUST TO
16 FOLLOW UP ON YOUR POINT THERE AND THEN TO MAKE A
17 DIFFERENT COMMENT -- I THINK THAT THAT'S BEEN ONE
18 OF THE FRUSTRATION OF MANY OF THE PEOPLE I'VE
19 TALKED TO ABOUT THE CURRENT PROPOSAL IS THAT IT
20 REALLY DOESN'T DEAL WITH SOME OF THE SMALL
21 BUSINESS OWNERS.

22 WHEN YOU THINK -- A LOT OF PEOPLE THINK OF
23 BUSINESS AND COMMERCIAL AS BEING, YOU KNOW, THE

24 LARGE FORTUNE 100 OR, YOU KNOW, LARGE COMPANIES

25 IN THE STATE, BUT IN TRUTH, MOST OF FLORIDA'S

1 BUSINESS -- BUSINESSES ARE SMALL BUSINESS, AND
2 THAT'S THE LIFEBLOOD OF THE STATE.

3 AND I THINK THAT IS AN ISSUE THAT I HOPE
4 THERE'LL BE A CONTINUING EVALUATION OF THE
5 IMPACT AND WHETHER THERE'S A WAY TO STOP THE
6 SHIFT OF AN ADDITIONAL BURDEN TO THE SMALL
7 BUSINESS OWNERS IN THE STATE WHO ARE SO
8 IMPORTANT TO THE LONG-TERM FUTURE OF THE STATE.

9 AND I ATTENDED SOME OF THE PUBLIC
10 HEARINGS, AND CERTAINLY IT'S EXPECTED THAT THE
11 ISSUES THAT MOST PEOPLE WOULD -- WOULD BRING
12 MOST PEOPLE OUT ARE ONES THAT ARE IN THE PUBLIC
13 ARENA AT THE MOMENT, AND OBVIOUSLY THE PROPERTY
14 TAX ISSUE AND PORTABILITY AND ALL OF THAT HAS
15 BEEN IN THE PUBLIC ARENA FOR OVER A YEAR, AND
16 SO IT'S EXPECTED THAT WE GET A LOT OF
17 CITIZENS' -- CITIZEN INPUT ON THAT.

18 MY HOPE AS WE GO FORWARD, AND WE'LL HAVE
19 ANOTHER SERIES OF PUBLIC HEARINGS, OR AT LEAST
20 SELECTED PUBLIC HEARINGS, IS THAT, YOU KNOW,
21 CERTAINLY WE'LL BE AVAILABLE FOR THOSE
22 COMMENTS, BUT I WOULD HOPE THAT WE CAN BEGIN TO
23 GET CITIZENS WHO WANT TO WORK WITH US IN

24 LOOKING AT WHERE FLORIDA -- NOT WHERE WE ARE
25 TODAY, BUT WHERE WE ARE -- WHAT IS THEIR VISION

1 OF FLORIDA TOMORROW. BECAUSE THAT'S REALLY THE
2 CHARGE OF THIS COMMISSION.

3 IT'S ONE THING, AND I THINK IT'S
4 APPROPRIATE TO DEAL WITH TODAY'S ISSUES. BUT
5 THE THING WE CAN DO THAT NO ONE ELSE CAN DO, OR
6 AT LEAST NOT FOR ANOTHER TEN YEARS, WHEN THE
7 CONSTITUTION REVISION COMMISSION COMES AROUND,
8 IS THAT WE CAN -- IN FACT, WE'RE CHARGED WITH
9 RESPONSIBILITY OF SAYING, WHERE DO WE THINK
10 FLORIDA IS GOING AND DOES OUR CURRENT TAX
11 STRUCTURE THAT WE JUST HEARD IS INEQUITABLE AND
12 NARROW, YOU KNOW, DOES THAT TAX STRUCTURE
13 FIT TODAY AND WILL IT FIT TOMORROW. AND I KNOW
14 THAT PEOPLE ON THIS COMMISSION ARE THINKING
15 ABOUT THAT AND WORRYING ABOUT THAT.

16 BUT I WANT TO FIND A WAY TO GET THE PUBLIC
17 ENGAGED IN THAT DISCUSSION, AND SO THAT YOU
18 DON'T GET JUST, YOU KNOW, TAX EXPERTS OR PEOPLE
19 WHO HAPPEN TO HAVE BEEN APPOINTED TO A
20 COMMISSION GIVING THEIR IDEAS. I WOULD LIKE TO
21 HEAR -- I WOULD LIKE US TO TRY TO FIGURE OUT A
22 WAY IN OUR PUBLIC HEARINGS TO GET OUR CITIZENS
23 TO THINK ABOUT THE FUTURE AND COME UP WITH

24 PROPOSALS THAT WE CAN TALK ABOUT WITH THEM.

25 SO THAT WOULD BE MY SEPARATE COMMENT.

1 CHAIRMAN BENSE: OKAY. VERY GOOD.

2 COMMISSIONER ROUSON.

3 MR. ROUSON: YES, AND IT'S TOUGH TO FOLLOW
4 COMMISSIONER MARTHA BARNETT BECAUSE SHE SAID MUCH
5 OF WHAT I WANTED TO SAY. I HEARD SOME OF THE SAME
6 THINGS, EXCEPT THAT WHAT I DIDN'T HEAR WAS A LOT
7 OF SUGGESTIONS IN TERMS OF SOLUTIONS. AND SO WHAT
8 I THINK WE TOOK AWAY FROM THAT IS THERE ARE A LOT
9 OF PEOPLE EXPECTING A LOT FROM US TO BE
10 RESPONSIBLE AND DO SOMETHING.

11 BUT MOST OF ALL I ALSO HEARD THAT PEOPLE
12 QUESTION, WHY ONLY EVERY 20 YEARS. AND WE
13 SHOULD REALLY TAKE A LOOK AT WHETHER OR NOT,
14 YOU KNOW, TEN YEARS OR SOME OTHER PERIODIC
15 MEETING IS MORE APPROPRIATE THAN JUST A --
16 EVERY 20 YEARS.

17 AND IN ADDITION TO THE PROPERTY TAX
18 ISSUES, HOMESTEAD ISSUES, THOSE KINDS OF
19 THINGS, THE SMALL BUSINESS OWNERS ALSO
20 IMPRESSED ME VERY MUCH, THOSE WHO WERE
21 CONCERNED AND ALSO THE RESIDENTS WHO WERE
22 CONCERNED ABOUT CRIME AND ABOUT SAFETY. I WAS
23 TOUCHED BY THE JUDGE FROM MIAMI WHO TALKED

24 ABOUT THE INEQUITY OF HAVING A FELONY DRUG
25 COURT BUT NOT ABLE TO AFFECT THE BUDGET TO HAVE

1 A MISDEMEANOR DRUG COURT.

2 AND TO SOME EXTENT THERE WERE THEMES WHERE
3 PEOPLE ARE LOOKING TO US ALSO TO MAKE SERIOUS
4 BUDGET RECOMMENDATIONS, DECIDE HOW THESE
5 BUDGETS ARE MADE UP AND HOW WE'RE GOING TO TALK
6 TO LOCAL GOVERNMENTS AS WELL AS STATE
7 GOVERNMENT ON BUDGETARY MATTERS. SO PROPERTY
8 TAX WAS BIG, BUT EDUCATION FUNDING AND OTHER
9 BUDGETARY MATTERS WERE EQUALLY IMPORTANT.

10 BUT LIKE COMMISSIONER MARTHA BARNETT SAID,
11 I WOULD HAVE LIKED TO HAVE HEARD MORE FROM THE
12 PEOPLE IN TERMS OF SOLUTIONS AND SUGGESTIONS
13 THAT HELP US DO OUR JOBS, BUT CERTAINLY THEY
14 REMINDED US OF THE BURDEN THAT WE HAVE.

15 CHAIRMAN BENSE: COMMISSIONER LEVINE, YOU'RE
16 RECOGNIZED.

17 MR. LEVINE: REAL QUICK. I DID HEAR A LOT OF
18 RECOMMENDED SOLUTIONS -- VERY ORGANIZED
19 RECOMMENDATIONS QUITE FRANKLY, AND I HAVE STACKS
20 OF THEM. AND THEY ALL ADDRESS DIFFERENT PIECES OF
21 THIS PROBLEM. THE THING THAT I HEARD THE MOST OF,
22 THAT WEIGHED THE HEAVIEST ON ME, THE NUMBER OF
23 PEOPLE THAT STOOD UP AT THOSE MICROPHONES AND SAID

24 THAT WE'RE THEIR LAST HOPE.

25 AND, I MEAN, THAT TO ME -- NOTHING HAS

1 WEIGHED MORE HEAVILY ON ME THAN THAT, AND
2 WALKING AWAY -- IF I TAKE NOTHING ELSE AWAY
3 FROM THOSE PUBLIC HEARINGS, IT IS THAT THIS IS
4 VERY SERIOUS, AND I'M TAKING THIS VERY
5 SERIOUSLY, AND IN PARTICULAR BECAUSE SO MANY
6 PEOPLE HAVE SAID TO US, YOU KNOW, THEY'VE
7 WATCHED THE PROCESS. AND THEY'VE FUNDAMENTALLY
8 COME TO THE CONCLUSION FOR THEMSELVES THAT THE
9 WISDOM OF THIS COMMISSION AS IT WAS CREATED IN
10 THE CONSTITUTION IS REALLY FUNDAMENTALLY THEIR
11 LAST HOPE.

12 AND SO I -- THAT'S -- THAT WAS MY
13 TAKE-AWAY, AND IT WEIGHS VERY HEAVILY ON ME.

14 MR. RANDY MILLER: MR. CHAIRMAN?

15 CHAIRMAN BENSE: COMMISSIONER RANDY MILLER,
16 YOU'RE RECOGNIZED.

17 MR. RANDY MILLER: ONE OF THE THINGS THAT
18 STRUCK ME DURING THE HEARINGS, AND I ALWAYS ASK
19 THE QUESTION --

20 MR. SCOTT: MR. CHAIRMAN, COULD YOU ASK
21 EVERYBODY TO SPEAK INTO THE MIKE, PLEASE?

22 CHAIRMAN BENSE: ROGER THAT.

23 MR. RANDY MILLER: ONE OF THE THINGS THAT

24 STRUCK ME WAS THE INSENSITIVITY OF SOME OF THE
25 ELECTED OFFICIALS THAT CAME BEFORE US THAT

1 INDICATED THAT THEY KNEW BEST AND THAT THE PEOPLE
2 WHO ARE CLAMORING FOR TAX RELIEF SURELY ARE NOT
3 LOOKING AT THEM FOR DOING ANYTHING WRONG. IT'S
4 THE SYSTEM.

5 WELL, I HAD THE OPPORTUNITY AFTER THE
6 MIAMI MEETING TO VISIT WITH SOME FOLKS ON THE
7 WAY BACK FROM MY HOTEL, AND ONE WAS A PROPERTY
8 OWNER -- OWNED COMMERCIAL PROPERTY RIGHT IN
9 DOWNTOWN MIAMI, AND THE OTHER ONE WAS A
10 RESTAURANT OWNER IN THAT BUILDING. AND THEY
11 WERE COMPLAINING ABOUT THEIR COUNTY
12 COMMISSIONER BRINGING FORTH SPECIAL TAXING
13 ASSESSMENTS IN THEIR DISTRICT.

14 I SAID, WELL, YOU CAN GET RID OF HIM. OH,
15 NO, WE CAN'T. WE HAVE SINGLE MEMBER DISTRICTS
16 HERE. WE DON'T VOTE FOR THE OTHER 19 MEMBERS;
17 WE ONLY GET TO VOTE FOR ONE.

18 AND SO I THINK WE MIGHT HAVE A FUNDAMENTAL
19 PROBLEM ON TAXATION WITHOUT REPRESENTATION THAT
20 WE NEED TO LOOK AT. AND THIS WOULD BE WITH THE
21 MAKEUP OF WHO GETS TO VOTE FOR WHOM AND WHO
22 GETS TO TAX WHOM. AND IT OUGHT TO BE PEOPLE --
23 AS I'VE SAID BEFORE, YOU OUGHT TO BE ABLE TO

24 VOTE FOR PEOPLE THE WHO TAX YOU, OR NOT, SO I

25 THINK WE NEED TO TAKE A LOOK AT HOW THIS HAS

1 HAPPENED.

2 CHAIRMAN BENSE: VERY GOOD POINT. THAT'S A
3 VERY GOOD POINT. MEMBERS, JUST SO YOU KNOW, IN
4 TERMS OF TURNOUT, A WEEK BEFORE THE MEETINGS I
5 WOULD TRAVEL TO THE CITIES WHERE THE MEETING WAS
6 GOING TO BE AND MEET WITH THE EDITORIAL BOARDS TO
7 ENCOURAGE THEM TO DRUM UP SUPPORT.

8 BUT I THINK YOU'LL ALL HAVE TO AGREE THAT
9 ONE OF THE BIGGEST PROBLEMS THAT WE'VE HAD IS
10 THE FACT THAT THE AD VALOREM TAX ISSUE HAS
11 COMPLETELY DOMINATED ALL OF OUR HEARINGS, AND
12 ALL OF OUR MEETINGS. WE JUST END UP, AS MUCH
13 AS I TRY TO MOVE THIS INTO OTHER AREAS, IT IS
14 JUST THE HOT TOPIC.

15 AND TRUST ME, I DID MY BEST IN RADIO
16 INTERVIEWS OR EDITORIAL BOARD MEETINGS TO TELL
17 PEOPLE, NOT JUST AD VALOREM, WHAT ELSE IS OUT
18 THERE? WHAT OTHER PROBLEMS AND SUGGESTIONS DO
19 YOU HAVE? SO WE REALLY DID OUR BEST, BUT
20 PEOPLE ARE JUST SO FOCUSED ON THE AD VALOREM
21 TAX ISSUE, AND OBVIOUSLY REPORTS LIKE IS
22 FLORIDA GOING AWAY BY THE WALL STREET JOURNAL,
23 I BET I HAD 50 PEOPLE SEND ME A COPY. WHAT YOU

24 GOING TO DO ABOUT IT, BENSE? YOU KNOW, WHAT

25 YOU GOING TO DO ABOUT THAT?

1 AND, COMMISSIONER LEVINE, YOU ARE
2 ABSOLUTELY CORRECT. THERE ARE VERY HIGH
3 EXPECTATIONS OF THIS COMMISSION RIGHT NOW. WE
4 HAVE A VERY SHORT PERIOD OF TIME TO WORK IN.
5 WE MAY REVISIT THAT ISSUE AT THE NEXT MEETING.

6 BUT ANY MORE INPUT FROM THE MEMBERS?

7 MR. MCKAY: MR. CHAIRMAN?

8 CHAIRMAN BENSE: YES, SIR. COMMISSIONER
9 MCKAY, YOU'RE RECOGNIZED.

10 MR. MCKAY: I HAVE A QUESTION FOR YOU, AT ONE
11 OF OUR RECENT MEETINGS WE DISCUSSED THE
12 POSSIBILITY OF APPROACHING THE LEGISLATURE TO GET
13 THEM TO REMOVE THE 75-WORD CAP ON SUMMARY. HOW
14 DID THAT GO WHEN YOU SPOKE WITH THE HOUSE AND
15 SENATE?

16 CHAIRMAN BENSE: I DID NOT RECEIVE SUPPORT OF
17 THAT.

18 MR. MCKAY: FROM EITHER BODY?

19 CHAIRMAN BENSE: FROM ONE BUT NOT THE OTHER.

20 MR. MCKAY: OKAY. DO YOU THINK THERE'S A
21 POSSIBILITY -- I NOTICED THAT SPEAKER RUBIO THE
22 OTHER DAY SAID THAT WHAT THEY'VE PASSED PERHAPS
23 WAS THE BEST THEY COULD PASS GIVEN THE POLITICAL

24 CLIMATE, AND THAT FURTHER IMPROVEMENTS MIGHT BE --
25 HAVE TO COME FROM OUR COMMISSION.

1 SO DO YOU THINK THERE WILL BE A
2 POSSIBILITY OF REAPPROACHING THE LEGISLATURE TO
3 GET A BILL PASSED IN THE FIRST WEEK OR TWO OF
4 THE SESSION IN ORDER TO UNTIE OUR HANDS SO TO
5 SPEAK? IN FACT, SOMEONE TOLD ME THAT THE
6 SUMMARY ON THE CONSTITUTIONAL AMENDMENT, THE
7 JOINT RESOLUTION THAT WAS JUST PASSED, EXCEEDED
8 500 WORDS. IT SEEMS LIKE WE OUGHT TO BE ABLE
9 TO APPEAL TO SOMEONE'S GOOD SENSE.

10 CHAIRMAN BENSE: THAT'S A GOOD POINT. TREAT
11 US THE SAME, RIGHT? ANY COMMENTS BY COMMISSION
12 MEMBERS ON THAT?

13 MR. SCOTT: WELL, I THINK -- THIS IS JIM -- I
14 THINK IT'S A GOOD IDEA, AND I WOULD BE HAPPY TO
15 HELP WITH THAT, MR. CHAIR. HOWEVER, WITH EITHER
16 ONE OF THE BODIES, BECAUSE I THINK IT'S CLEAR FROM
17 NEWS ARTICLES, AND I HATE QUOTING NEWSPAPERS, BUT,
18 I MEAN, SOMEBODY SAID THAT THAT WAS IT, BUT THEN
19 IT'S NOT EVEN -- I THINK IT WAS SOMEBODY AT THE
20 SENATE SAID THEY'RE NOT GOING TO DO ANYTHING ELSE.

21 AND I JUST THINK THAT THE FOCUS THAT YOU
22 DESCRIBED THAT WE'VE HAD IS GOING TO GET EVEN
23 MORE SO NOW THAT THERE'S THE STATEMENT THAT

24 THIS IS WHAT'S GOING TO HAPPEN AND THAT'S IT,

25 SO TO SPEAK, OR THAT -- FROM -- ACTUALLY FROM

1 BOTH SIDES, RUBIO THINKS THEY CAN'T DO ANYTHING
2 ELSE. BUT I THINK IT'S IMPORTANT THAT WE TRY
3 BECAUSE IT COULD WELL BE MORE OF A LIMITATION
4 THAN I FIRST REALIZED TO HAVE THIS 75-WORD
5 LIMIT IF WE COME UP WITH SOMETHING THAT WE FEEL
6 AS A GROUP IS SOMETHING THAT'S APPROPRIATE TO
7 SUBMIT TO THE VOTERS.

8 CHAIRMAN BENSE: BEFORE WE MOVE ON, IS THERE
9 A MOTION TO EXTEND OUR TIME TO 1:30?

10 MR. HOGAN: I'LL MAKE THAT MOTION.

11 CHAIRMAN BENSE: COMMISSIONER HOGAN MOVES AND
12 COMMISSIONER LACASA SECONDS. ALL IN FAVOR SAY
13 AYE.

14 (AYES UNANIMOUS.)

15 THE MOTION CARRIES.

16 GO AHEAD, COMMISSIONER SCOTT, OR
17 COMMISSIONER MCKAY, WHICHEVER ONE --

18 MR. MCKAY: THIS IS JOHN MCKAY. WHAT DO YOU
19 THINK ABOUT -- NOT SURE YOU WANT IT IN THE FORM OF
20 A MOTION, BUT WHAT DO YOU THINK ABOUT A
21 SUBCOMMITTEE OR A SMALL COMMITTEE, COMPRISED
22 PROBABLY PRIMARILY OF FORMER MEMBERS OF THE
23 LEGISLATURE, ALTHOUGH THAT CERTAINLY OUGHT TO BE

24 LEFT TO YOUR DISCRETION, APPROACHING BOTH
25 PRESIDING OFFICERS AND THE GOVERNOR IN AN EFFORT

1 TO REMOVE -- GET LEGISLATION TO REMOVE THE 75-WORD
2 CAP IN THE VERY EARLY STAGES OF THE LEGISLATIVE
3 SESSION?

4 CHAIRMAN BENSE: ANY COMMENTS BY MEMBERS ON
5 THAT PROPOSAL?

6 MR. LEVINE: MR. CHAIR, I THINK YOU HAVE THE
7 AUTHORITY TO APPOINT ANY COMMITTEE YOU WANT, DON'T
8 YOU?

9 CHAIRMAN BENSE: WE DO. FRANKLY, I KIND OF
10 LIKE COMMISSIONER MCKAY'S IDEA OF APPOINTING
11 PREVIOUSLY ELECTED MEMBERS OF THE HOUSE AND
12 SENATE. IS THERE A MOTION?

13 MR. LES MILLER: SO MOVED.

14 CHAIRMAN BENSE: COMMISSIONER LES MILLER HAS
15 A MOTION THAT WE FORM A SUBCOMMITTEE CONSISTING OF
16 FORMER MEMBERS OF THE HOUSE AND SENATE TO PURSUE
17 WITH THE LEADERS OF THE HOUSE AND SENATE THE
18 EXPANSION OF THE 75-WORD LIMIT ON CONSTITUTIONAL
19 LIMITS. THERE'S A MOTION. IS THERE A SECOND?

20 MS. STORY: SECOND.

21 CHAIRMAN BENSE: COMMISSIONER STORY SECONDS
22 IT. IS THERE DEBATE? ARE THERE QUESTIONS?
23 COMMISSIONER LACASA, YOU'RE RECOGNIZED.

24

MR. LACASA: THE QUESTION OF THE SPONSOR.

25

THE ONLY CONCERN I HAVE IS I HAVE NO IDEA WHAT THE

1 IMPACT OF GOING BEYOND 75 WORDS WOULD BE.

2 MR. SCOTT: I CAN'T UNDERSTAND.

3 MR. LACASA: I FOR ONE HAVE NO IDEA WHAT THE
4 IMPACT -- THE MERIT OR LACK OF MERIT OF A 75-WORD
5 CAP IS. BEFORE I WOULD PARTICIPATE IN ANY KIND OF
6 ADVOCACY ON THAT ISSUE, I WOULD LIKE TO KNOW THE
7 PROS AND CONS OF HAVING A 75-WORD CAP.

8 CHAIRMAN BENSE: COMMISSIONER LEVESQUE,
9 YOU'RE RECOGNIZED. WE'RE IN DEBATE.

10 MS. LEVESQUE: THANK YOU, MR. CHAIRMAN. I
11 BROUGHT UP THIS ISSUE THE LAST TIME WE WERE AT A
12 COMMISSION MEETING TO MAKE THAT INITIAL REQUEST OF
13 THE LEGISLATURE. THE CONSTITUTIONAL REVISION
14 COMMISSION IS NOT BOUND BY A SINGLE SUBJECT. THEY
15 WERE NOT BOUND BY A 75-WORD LIMIT. WE ARE NOT
16 BOUND BY A SINGLE SUBJECT LIMIT. SO WE COULD DO
17 AN AMENDMENT THAT DEALS WITH STREAMLINE SALES TAX,
18 THAT DEALS WITH PROPERTY TAXES, THAT DEALS WITH
19 OTHER ISSUES, AND IF WE ARE LIMITED BY A 75-WORD
20 BALLOT --

21 MR. MCKAY: MR. CHAIRMAN?

22 CHAIRMAN BENSE: SHE'S SUPPORTING YOUR
23 AMENDMENT, OR YOUR BILL, MR. MCKAY.

24

MR. MCKAY: WELL, WE CAN'T HEAR HER.

25

CHAIRMAN BENSE: SHE'S SPEAKING AS WELL AS

1 SHE CAN, RIGHT AT THE MIKE.

2 MS. LEVESQUE: IF WE'RE BOUND BY THAT 75-WORD
3 LIMIT, WE MIGHT AS WELL BE BOUND BY SINGLE
4 SUBJECT, AND SO I FEEL VERY STRONGLY THAT WE
5 SHOULD GET THE HOUSE -- REQUEST THAT THE HOUSE AND
6 SENATE GIVE US THAT FLEXIBILITY.

7 AND WHAT I MENTIONED BEFORE IS, YOU KNOW,
8 TO GET ANY AMENDMENT PAST THIS PRESTIGIOUS BODY
9 TAKES A TWO-THIRDS VOTE. AND SO IF THERE IS
10 ANYTHING THAT WE COME UP WITH THAT DOES MUSTER
11 THE TWO-THIRDS VOTE, WE NEED TO HAVE THE
12 ABILITY TO EXPLAIN IT CLEARLY IN AS MANY WORDS
13 AS NECESSARY TO THE CITIZENS.

14 MR. MCKAY: WE CAN'T HEAR HER, MR. CHAIR, AT
15 ALL.

16 CHAIRMAN BENSE: OKAY. SHE SUPPORTED YOUR
17 MOTION WHOLEHEARTEDLY, COMMISSIONER MCKAY. THE
18 RECORDS WILL REFLECT IF YOU WANT MORE INFORMATION.
19 I WOULD LIKE, THOUGH, FOR THIS AD HOC COMMITTEE TO
20 MEET, EITHER BY PHONE OR WHATEVER, BEFORE WE
21 APPROACH ANY MORE, ANY PRESIDING OFFICERS.

22 SO WE HAVE A MOTION AND A SECOND. ANY
23 MORE DEBATE? ALL IN FAVOR OF THE MOTION SAY

24 AYE.

25 (AYES UNANIMOUS.)

1 OPPOSED, NAY. THE MOTION CARRIES.

2 OKAY. WE TALKED ABOUT PUBLIC HEARINGS AS
3 YOU -- I SENT A MEMO OUT TO MEMBERS. IT'S
4 PROPOSAL TIME. WE NEED PROPOSALS. WE'VE
5 LISTENED TO PEOPLE, YOU KNOW, TO RECAP. WE
6 TOOK A MONTH AND A HALF TO ORGANIZE AND FORM
7 COMMITTEES. WE SPENT THE NEXT TWO TO TWO AND A
8 HALF MONTHS GETTING FED FROM A FIRE HOSE ABOUT
9 THE DEMOGRAPHIC INFORMATION ON FLORIDA AND
10 GETTING US UP TO SPEED ON WHERE WE ARE AND
11 WHERE WE THINK WE'LL BE IN 20 YEARS. WE'VE HIT
12 THE ROAD TO HEAR FROM THE PEOPLE FOR A COUPLE
13 MONTHS.

14 AND WE'RE IN NOVEMBER NOW. AND OUR TRACK
15 SAYS IN NOVEMBER, DECEMBER WE WANT FOR THE
16 COMMITTEES TO HEAR PROPOSALS, I.E., BILLS.
17 ONLY ONE BILLS HAS BEEN FILED SO -- ONE
18 PROPOSAL HAS BEEN FILED SO FAR, AND WE
19 IMMEDIATELY SENT YOU A COPY OF IT. IT WAS BY
20 COMMISSIONER LES MILLER.

21 BUT, MEMBERS, I WANT YOU TO PUT FORTH YOUR
22 PROPOSALS. THAT'S ONE OF THE REASONS WE
23 BROUGHT MR. GOODLETTE ON BOARD IS HE CAN HELP

24 YOU CRAFT THAT PROPOSAL. WE HAVE THE BILL

25 DRAFTING STAFF OF THE HOUSE AND SENATE

1 AVAILABLE TO GIVE YOU A HAND. BUT THIS IS THE
2 TIME. THE NOVEMBER 30 DEADLINE IS ON A HARD
3 DEADLINE, BUT LET'S START MOVING FORWARD.

4 FROM A TIME PERSPECTIVE I WOULD ENVISION
5 THAT WE WILL NOT -- THE COMMITTEES WILL NOT BE
6 ABLE TO HEAR ALL PROPOSALS BY THE END OF
7 DECEMBER. I THINK WE MIGHT AS WELL FACE
8 REALITY AND REALIZE THESE COMMITTEES WILL GO
9 INTO JANUARY HEARING BILLS AND -- OR HEARING
10 PROPOSALS, UNLESS SOMEONE HAS A PROBLEM WITH
11 THAT. I DO WANT TO MAKE SURE WE GET THE PROPER
12 RESEARCH DONE ON THESE PROPOSALS AS THEY'RE PUT
13 FORWARD.

14 SO HAVING SAID THAT, THAT'S JUST A LITTLE
15 NUDGE FOR YOU FOLKS TO PUT FORTH YOUR PROPOSALS
16 NOW.

17 COMMISSIONER LES MILLER.

18 MR. LES MILLER: LET ME ASK A QUESTION, AND
19 ALREADY WE'RE -- OUR TIME FRAME SCHEDULE, WE'VE
20 HAD TO EXTEND MANY MEETINGS, COMMITTEE MEETINGS
21 AND THESE MEETINGS. AND AS WE START HEARING --

22 MR. SCOTT: FADING OUT AGAIN.

23 MR. LES MILLER: I SAID, WE HAVE BEEN

24 CRUNCHED FOR TIME IN OUR COMMITTEE MEETINGS AND
25 EVEN OUR FULL COMMISSION MEETINGS, AND AS WE START

1 HEARING PROPOSALS, OF COURSE, YOU'RE GOING TO
2 REALLY HAVE SOME LONG PERIODS OF TIME.

3 ARE YOU LOOKING AT SCHEDULING OUR
4 COMMITTEE MEETINGS AND THE FULL COMMISSION
5 MEETINGS, GIVING IT MORE TIME SO WE CAN HAVE
6 DEBATES ON PROPOSAL? I JUST SEE THAT TWO HOURS
7 OF MEETINGS IS JUST NOT GOING TO MAKE IT.

8 CHAIRMAN BENSE: YES. JUST TO UPDATE YOU,
9 COMMISSIONER MILLER, WE HAVE NOW MET 66 TIMES
10 SINCE MAY, EITHER IN COMMITTEES OR AS A FULL
11 COMMISSION. AND THE BIGGEST CHALLENGE WE HAVE,
12 COMMISSIONER, IS GETTING PEOPLE'S SCHEDULES TO
13 MATCH UP. BUT LOOK, I AM DEDICATED TO MAKING SURE
14 THAT ISSUES THAT THE PEOPLE NEED TO HAVE US LOOK
15 AT NEED TO HAVE THE TIME INTO IT, AND IF THE
16 MEMBERS ARE WILLING, AND NO ONE HAS OBJECTED TO
17 THE NUMBER OF MEETINGS WE'VE HAD BECAUSE I THINK
18 YOU-ALL REALIZE THE SENSE OF URGENCY THAT'S OUT
19 THERE, AND I AGREE WITH YOU COMMISSIONER MILLER,
20 AND WE'LL WORK EVEN HARDER.

21 COMMISSIONER HOGAN, YOU'RE RECOGNIZED.

22 MR. HOGAN: I'M GOING TO TRY TO SPEAK
23 DIRECTLY INTO THE MIKE SO THAT SENATOR SCOTT CAN

24 HEAR ME.

25 DOVETAILING ON BOTH SENATOR MILLER'S

1 COMMENTS AND COMMISSIONER LEVINE'S COMMENTS, WE
2 HAVE MET 66 TIMES, BUT WE SEEM TO ALWAYS BE IN
3 A RUSH, ALWAYS DRINKING OUT OF THE FIRE HOSE.
4 AND I WAS HOPING AT SOME POINT, ESPECIALLY
5 BECAUSE AS YOU READ THE CRITICISM OF WHAT THE
6 PUBLIC HAS SAID, AT LEAST WHAT THE NEWSPAPERS
7 HAVE SAID ABOUT THE LEGISLATURE IN THE
8 EDITORIALS, IS THAT THEY SEEM TO RUSH TO
9 JUDGMENT.

10 AND SINCE WE'RE -- SO MANY PEOPLE HAVE
11 SPOKEN THAT WE FEEL LIKE YOU ARE -- TALKING TO
12 THE COMMISSION -- A DELIBERATIVE BODY, NOT
13 TRULY IMPACTED OR INFECTED BY POLITICS, THEY'RE
14 LOOKING FOR A QUALITY DECISION FROM US. AND I
15 DON'T THINK WE CAN DO THAT IF WE'RE JUST HERE
16 FOR A DAY OR A COUPLE OF HOURS.

17 AND I REALIZE THERE'S 29 PEOPLE, AND IT'S
18 HARD TO GET ALL OUR SCHEDULES TO MATCH. BUT I
19 WOULD HOPE THAT WE HAVE AT LEAST A SESSION OF
20 MORE THAN A DAY WHERE WE CAN DELIBERATIVELY GO
21 THROUGH SOME OF THESE ISSUES.

22 CHAIRMAN BENSE: COMMISSIONER RILEY, YOU'RE
23 RECOGNIZED.

24 MS. RILEY: THANK YOU, CHAIRMAN. AND I THINK
25 IT'S IMPORTANT TOO THAT WE PRIORITIZE. I WAS

1 REALLY HOPING THAT WE WOULD NOT HAVE TO TAKE THE
2 BULL BY THE HORNS ON THIS PROPERTY TAX AND AD
3 VALOREM ISSUE. I WAS REALLY HOPING THAT SOMETHING
4 MAGNANIMOUS WOULD HAVE COME OUT OF THAT SPECIAL
5 SESSION. I THINK THAT WHAT CAME OUT WAS A VERY
6 GOOD START, BUT WE'VE HEARD -- THAT'S THE ONLY
7 THING WE'VE HEARD AT ALL OF PUBLIC HEARINGS.

8 AND I THINK WE NOW HAVE TO COME TOGETHER
9 AND SAY, THIS IS SOMETHING THAT WE ARE
10 DEFINITELY GOING TO ADDRESS, AND IT SHOULD BE
11 OUR NUMBER ONE PRIORITY TO COME TO AN AGREEMENT
12 ON SOMETHING ON THIS AD VALOREM TAX. I MEAN,
13 IT JUST SO HAPPENS THAT OUR TIMING -- THAT THE
14 ONCE IN EVERY 20 YEARS IS NOW, AND THIS MOST
15 IMPORTANT ISSUE, ONCE IN 20 YEARS, WON'T GO
16 AWAY AND PEOPLE ARE LOOKING AT US TO MAKE A
17 DIFFERENCE.

18 CHAIRMAN BENSE: AND REMEMBER, THE BEST WAY
19 TO GET THAT DEBATE STARTED IS TO FILE PROPOSALS.
20 AND AGAIN, REMEMBER, EVEN IF YOU KNOW YOUR
21 PROPOSAL IS NOT GOING TO GET THERE, THAT IT'S
22 GOING TO GET AMENDED, FILE SOMETHING. LET'S GET
23 STARTED SO THAT WE CAN AT LEAST BEGIN THE

24 AMENDATORY PROCESS AND MOVE FORWARD.

25 SO I'M GOING TO ANSWER YOU BY SAYING, FILE

1 PROPOSALS.

2 MS. RILEY: WHEN WILL WE START LOOKING AT
3 THESE PROPOSALS?

4 CHAIRMAN BENSE: AS SOON AS WE GET THEM.

5 MS. RILEY: WE HAVE ONE. ARE WE GOING TO BE
6 LOOKING AT THAT ONE?

7 CHAIRMAN BENSE: WE WILL. I MEAN, HOPEFULLY
8 I'VE MOTIVATED FOLKS TO MOVE QUICKER. IN
9 ADDITION, WE HAVE COMMITTEES THAT ARE REQUESTING
10 THEIR MEMBERS TO GIVE THEM PRIORITIES OF ISSUES.
11 AND I THINK THAT'S WHAT COMMISSIONER STORY MIGHT
12 HAVE HER HAND UP FOR.

13 YOU'RE RECOGNIZED, COMMISSIONER STORY.

14 MS. STORY: THAT WAS EXACTLY RIGHT. ALSO,
15 NOT JUST INDIVIDUAL MEMBERS, BUT THE FINANCE AND
16 TAX COMMITTEE WANT TO REMIND YOU WE HAVE A
17 CONFERENCE CALL MONDAY FROM FOUR TO FIVE, AND YOU
18 ARE -- YOU NEED TO TURN IN YOUR PRIORITIZED LIST
19 BECAUSE WE ARE GOING TO SAY WHICH ITEMS FROM OUR
20 PRIORITY LIST DO WE WANT TO HAVE A COMMITTEE
21 PROPOSAL ASSIGN A LEADER AND WHO WANTS TO WORK ON
22 THAT PROPOSAL TO GET STARTED ON THOSE. AND THOSE
23 WILL BE THE PROPOSALS FROM OUR ACTUAL FINANCE AND

24 TAX COMMITTEE. SO IF YOU HAVEN'T GOTTEN YOUR
25 PRIORITIES IN, PLEASE SEND THEM TO SUSAN BY

1 TOMORROW SO WE WILL HAVE THEM FOR MONDAY.

2 MR. SCOTT: MR. CHAIRMAN?

3 CHAIRMAN BENSE: COMMISSIONER SCOTT, YOU'RE
4 RECOGNIZED.

5 MR. SCOTT: RIGHT. JUST FOLLOWING THAT, ON
6 THIS -- ON THE PROPERTY TAX, I THINK IT'S
7 APPROPRIATE AND THAT'S THE WAY WE ALWAYS DID IN
8 THE LEGISLATURE. YOU KNOW, ON A MAJOR ISSUE THAT
9 IF NOTHING ELSE A COMMITTEE SHOULD INDICATE, LET'S
10 GET THIS ISSUE GOING HERE, BECAUSE IT'S CLEAR WE
11 CAN HAVE A LOT OF DIFFERENT NUANCES IN PROPOSALS,
12 BUT THAT ISSUE ON PROPERTY TAX.

13 AND IN THAT REGARD I JUST WANT TO MAKE ONE
14 COMMENT IF YOU GIVE ME THE LIBERTY. YOU KNOW,
15 A BIG PART OF THE PROPERTY TAX BILL IS
16 EDUCATION FUNDING, AND EDUCATION K THROUGH 12
17 IS A STATE RESPONSIBILITY IN OUR CONSTITUTION;
18 AND THEREFORE, THAT ISSUE TIES IN WITH THIS
19 WHOLE IDEA WITH THE PROPERTY TAX BECAUSE THIS
20 IS WHAT WE'RE SUPPOSED TO BE LOOKING AT, IS HOW
21 WE'RE GOING TO HOW -- WE'RE GOING TO FUND
22 EDUCATION, FOR EXAMPLE, ALONG WITH OTHER ISSUES
23 FOR THE NEXT 20 YEARS.

24 SO I JUST THINK THAT THIS IS A -- CLEARLY
25 AN ISSUE THAT WE'RE GOING TO HAVE TO DEAL WITH.

1 CHAIRMAN BENSE: WE HAVE A MINUTE TO GO,
2 MEMBERS. COMMISSIONER LACASA WANTED TO REPORT
3 THAT HIS COMMITTEE WILL BE MEETING AT 1:45 INSTEAD
4 OF 1:30. WE HAVE FOOD BACK THERE FOR THOSE OF YOU
5 THAT WANT TO TAKE A BREAK AND HAVE SOMETHING TO
6 EAT.

7 IS THERE ANYTHING ELSE, ANY OTHER IDEAS?

8 COMMISSIONER LACASA, DID I STEAL YOUR
9 THUNDER JUST NOW?

10 MR. LACASA: YOU DID, AND I JUST WANTED TO
11 SAY ONE MORE THING. FOR THOSE OF YOU WHO ARE NOT
12 ON THE PLANNING AND BUDGET COMMITTEE, I WILL BE
13 INVITING YOU TO ATTEND OUR COMMITTEE MEETING THIS
14 AFTERNOON WHERE WE'RE GOING TO GET A PRESENTATION
15 ON THE CHANGES TO THE BUDGET THAT RESULTED FROM
16 THE LAST SPECIAL SESSION OF THE LEGISLATURE.

17 AND THE SECOND ITEM WILL BE A VERY BRIEF,
18 Nontechnical DESCRIPTION OF WHAT THE
19 LEGISLATURE PASSED ON MONDAY WITH RESPECT TO
20 PROPERTY TAX REFORM.

21 AND THEN WE'RE GOING TO OPEN IT UP FOR
22 DISCUSSION AT A CONCEPTUAL LEVEL, NOT IN A
23 DETAILED LEVEL, BECAUSE WE DON'T HAVE THE

24 NUMBERS YET FROM THE LEGISLATURE ON THE IMPACT
25 OF THAT REFORM ON A CONCEPTUAL LEVEL ABOUT

1 PROPERTY TAX.

2 AND EVEN THOUGH PMB DOES NOT HAVE
3 JURISDICTION OVER THE ISSUE FOR PURPOSES OF A
4 VOTE, IT'S A GREAT OPPORTUNITY FOR THOSE OF YOU
5 WHO HAVE PROPOSALS TO START BUILDING CONSENSUS
6 WITH YOUR MEMBERS IN THE SUNSHINE ON THESE
7 ISSUES.

8 CHAIRMAN BENSE: FINALLY, OUR NEXT MEETING
9 WILL BE ON NOVEMBER 16TH, AND WE ALSO ARE GOING TO
10 MEET ON NOVEMBER 30TH. I THINK I SENT SOMETHING
11 OUT EARLIER. AGAIN, I THINK WE'RE TAKING
12 COMMISSIONER MILLER UP ON HIS SUGGESTION THAT WE
13 PUT MORE TIME IN.

14 ANY MORE ANNOUNCEMENTS? ANYONE ELSE?

15 COMMISSIONER LES MILLER, YOU'RE
16 RECOGNIZED.

17 MR. LES MILLER: COULD YOU HAVE STAFF --
18 SOMEONE EXPLAIN TO ALL OF US, SOME WAY -- I DON'T
19 KNOW IF IT'S BY E-MAIL OR WHATEVER, AS TO THE
20 LOGIC THAT A MEMBER WHO FILES A PIECE OF
21 LEGISLATION, IF YOU WANT TO CALL IT, ANOTHER
22 MEMBER CANNOT SIGN AS A CO-SPONSOR. I HEARD
23 SOMETHING TODAY THAT THEY COULD NOT SIGN AS A

24 CO-SPONSOR, HAD TO BE IN AN OPEN MEETING.

25 AND I KNOW WE CAN'T TALK TO EACH OTHER,

1 BUT IF MEMBER A HAS FILED SOMETHING AND MEMBER
2 B WANTS TO FILE AND CO-SPONSOR IT, IT WOULD
3 APPEAR TO ME THAT PERSON COULD CALL STAFF AND
4 SAY, I WANT TO DO IT, THAT IF MEMBER A SAYS
5 THAT'S OKAY THAT SHOULD HAPPEN. BUT I
6 HEARD TODAY THAT WE CAN'T DO THAT. I WOULD
7 LIKE TO HAVE AN ANSWER AS TO WHY. I THINK
8 THAT'S IMPORTANT.

9 CHAIRMAN BENSE: I TELL YOU WHAT, WE'LL TAKE
10 ABOUT TWO MINUTES OR THREE MINUTES TO EXPLAIN THAT
11 AND WE'LL WRAP UP.

12 COMMISSIONER STORY MOVES THAT WE EXTEND
13 FOR FIVE MORE MINUTES. IS THERE A SECOND?

14 MS. RILEY: SECOND.

15 CHAIRMAN BENSE: SECOND BY COMMISSIONER
16 RILEY. ALL IN FAVOR SAY AYE.

17 (AYES UNANIMOUS.)

18 COMMISSIONER GOODLETTE -- OR
19 MR. GOODLETTE, COULD YOU ANSWER THAT QUESTION?
20 I THINK YOU'VE DONE SOME RESEARCH ON IT.

21 OKAY. IT'S A RACE. WOULD YOU RATHER TOM
22 CIBULA DO IT, MR. GOODLETTE?

23 TOM, WHY DON'T YOU ANSWER THAT QUESTION

24 FOR US.

FOR US.

25 MR. CIBULA: I'LL DO THE BEST I CAN. THE

MR. CIBULA: I'LL DO THE BEST I CAN. THE

1 PROBLEM IS THAT PESKY GOVERNMENT IN THE SUNSHINE
2 LAW. AS YOU KNOW, UNDER THAT LAW ALL ASPECTS OF
3 THE DECISION-MAKING PROCESS MUST BE DONE PUBLICLY.
4 AND, YOU KNOW, ONE THING STAFF CAN'T DO IS BE AN
5 INTERMEDIARY FOR COMMUNICATIONS THAT ARE OTHERWISE
6 PROHIBITED BETWEEN MEMBERS. AND ANOTHER THING
7 THAT CAN'T BE DONE UNDER THE SUNSHINE LAW IS
8 POLLING TYPE OF ACTIVITIES, YOU KNOW, OUTSIDE OF A
9 PUBLIC MEETING.

10 AND ONE OF MY CONCERNS IS THAT -- THAT THE
11 CO-SPONSORSHIP PROCESS, IF IT'S NOT DONE DURING
12 A PUBLIC MEETING, COULD TURN INTO SOMETHING
13 AKIN TO PROHIBITED POLLING UNDER THE GOVERNMENT
14 IN THE SUNSHINE AMENDMENT. I'VE ALSO TALKED
15 ABOUT THIS ISSUE WITH PAT GLEASON, WHO'S THE
16 LONG-STANDING EXPERT IN THE AREA OF GOVERNMENT
17 IN THE SUNSHINE LAW.

18 AND SO I WOULD ADVISE THAT IF WE WANT TO
19 STAY ON THE RIGHT SIDE OF THE GOVERNMENT IN THE
20 SUNSHINE LAW, WE SHOULD PROBABLY RESERVE A
21 LITTLE BIT OF TIME AT END OF MEETINGS OR AT THE
22 BEGINNING OF MEETINGS TO DISCUSS THAT, AND IF
23 YOU MAKE A DECISION THEN LET STAFF KNOW. WE'LL

24 UPDATE THE RECORDS TO REFLECT CO-SPONSORSHIPS.

25 CHAIRMAN BENSE: COMMISSIONER MILLER?

1 MR. LES MILLER: I PRACTICE LAW WITHOUT A
2 LICENSE. HE HAS A LICENSE TO PRACTICE. I HAVE TO
3 GO BY WHAT HE SAYS.

4 (LAUGHTER.)

5 CHAIRMAN BENSE: ANY MORE DEBATE ON THAT?
6 ANY MORE DISCUSSION? THANK YOU, MR. CIBULA.

7 ANY MORE ANNOUNCEMENTS?

8 MR. SCOTT: ALLAN?

9 CHAIRMAN BENSE: YES, SIR, COMMISSIONER
10 SCOTT?

11 MR. SCOTT: YEAH. I JUST WANTED TO ADD MY
12 WELCOME TO OUR NEW STAFF MEMBERS, AND PARTICULARLY
13 AS YOU WELL KNOW I THINK DUDLEY GOODLETTE IS JUST
14 GOING TO BE INVALUABLE. AND WELCOME, DUDLEY, TO
15 HELPING US HERE, AND I'M GOING TO BE CALLING YOU
16 RIGHT AWAY.

17 CHAIRMAN BENSE: THANK YOU, COMMISSIONER.

18 THERE BEING NO FURTHER ANNOUNCEMENTS,
19 COMMISSIONER ROUSON MOVES WE RISE.

20 (THE PROCEEDINGS CONCLUDED AT 1:30 P.M.)

21

22

23

24

25

1

2

CERTIFICATE OF REPORTER

3

4

5

6 STATE OF FLORIDA)

7 COUNTY OF LEON)

8

9

I, LISA D. FREEZE, NOTARY PUBLIC, CERTIFY

10

THAT I WAS AUTHORIZED TO AND DID STENOGRAPHICALLY

11

REPORT THE PROCEEDINGS HEREIN, AND THAT THE TRANSCRIPT

12

IS A TRUE AND COMPLETE RECORD OF MY STENOGRAPHIC NOTES.

13

I FURTHER CERTIFY THAT I AM NOT A RELATIVE,

14

EMPLOYEE, ATTORNEY OR COUNSEL OF ANY OF THE PARTIES,

15

NOR AM I A RELATIVE OR EMPLOYEE OF ANY OF THE PARTIES'

16

ATTORNEY OR COUNSEL CONNECTED WITH THE ACTION, NOR AM I

17

FINANCIALLY INTERESTED IN THE ACTION.

18

WITNESS MY HAND AND OFFICIAL SEAL THIS 19TH

19

DAY OF NOVEMBER, 2007.

20

21

22

23

LISA D. FREEZE, RPR, NOTARY PUBLIC

24

2894 REMINGTON GREEN LANE
TALLAHASSEE, FL 32308
850-878-2221

25

