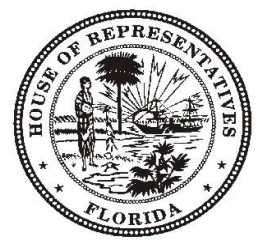


Ken Pruitt
President



Marco Rubio
Speaker



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March 26, 2008

Honorable Peter Nehr
State Representative District 48
Florida House of Representative
Suite 1003, The Capitol
Tallahassee, FL 32399-1300

Representative Nehr:

Following our March 26, 2008 meeting regarding the Legislative Committee on Intergovernmental Relations (LCIR) staff review of the Palm Harbor feasibility study and proposed charter, you requested a brief summary of the major concerns contained in the review. They are as follows.

- Estimated 2008-09 expenditures projected for Palm Harbor (\$40,005,199) is less than 20 percent of the "average" 2004-05 reported expenditures (\$215,181,089) for 10 comparison municipalities of similar size to Palm Harbor.
- Palm Harbor can support costs associated with a municipality having a population of 96,314 by greater utilization of its authorized revenue sources (e.g., ad valorem, franchise fees, assessments...etc.) than proposed in the feasibility study.
- Palm Harbor proposes to contract for law enforcement services with the Pinellas County Sheriff and other services with Pinellas County government without assurances that such services will be provided at the level and for the amount specified in the budget.
- The Department of Revenue's Office of Tax Research estimates that Pinellas County government and the eligible municipalities within the county would receive approximately \$9,000,000 less in 2007-08 distributions of the discretionary infrastructure surtax, "Penny for Pinellas" and \$8,000,000 less in distributions of other state shared revenue programs if Palm Harbor had incorporated in 2007.

Honorable Peter Nehr
March 26, 2008
Page Two

- While the Palm Harbor proposed charter entitles Palm Harbor to participate in these revenue programs, such a reduction in anticipated revenues may create irreparable budget shortfalls for the county and existing municipal governments
- Over the course of the next several years, Pinellas County government, as with all county and municipal governments, will be reassessing budget priorities, revenue options, and alternative service deliver arrangements in response to changes in property tax laws. This process may further impact the viability of the creation of a new municipality at this time.

If you have any questions regarding this summary or the LCIR staff review of the Palm Harbor feasibility study and proposed charter, please do not hesitate to contact me.

Respectfully,

Chuck Hungerford
Senior Legislative Analyst
Florida Legislative Committee on Intergovernmental Relations
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