

viewpoint

Scheu urges a yes vote on pension tax

point of view
bill scheu

Pension reform at the Jacksonville Police and Fire Pension Fund has been a long process, but the end is in sight.

Three mayors (John Peyton, Alvin Brown and Lenny Curry) have each worked hard for reform and our community has almost achieved the goal.

Peyton initiated the first reforms, but they were set aside when Brown was elected. However, many of the Peyton reforms were incorporated into Brown's reform proposals.

Brown appointed a pension reform task force that took a magnifying glass to the problems at the underfunded Police and Fire Pension Fund. With the help of the Pew Charitable Trusts, the task force made recommendations in four areas: governance, investment authority, pension design and funding.

The reforms proposed in three of those four areas are now in place.

Governance reforms include:

- A financial and investment advisory committee.
- Ethics certifications and disclosure requirements.
- Qualifications for City Council-appointed trustees.
- Improved actuarial standards and disclosure requirements.
- New standards of education, experience and competence for a new fund administrator (which the new administrator, Tim Johnson, fully embodies).
- Revisions of the so-called "30-Year Agreement" that was negotiated in 2000 and imposed significant burdens on the city.

■ A return to collective bargaining for pension benefits and recognition that the Police and Fire Pension Fund must use the Office of General Counsel as its primary legal resource, just like other city boards and authorities.

The last of those reforms, legal representation, has been completed because of efforts of the Police and Fire Pension Fund and the Office of General Counsel.

Investment authority reforms have been adopted by the City Council and are in place. They give the pension fund additional authority in terms of investment vehicles but at the same time prohibit the use of "hedge funds" and similar investments.

Pensions for the dedicated public safety employees of the Jacksonville Sheriff's Office and the Jacksonville Fire and Rescue Department have been significantly revised. Both Sheriff John Rutherford and Fire Chief Martin Senterfitt recommended that the pension design not be changed either to a 401(k) type program or to the Florida Retirement System program because in their opinions increased mobility and loss of experienced employees would result.

The task force looked at the economics of the different designs and concluded that for police and fire employees, a defined benefit program was preferable.

While constitutional and statutory re-

strictions limited pension design reforms for existing employees, substantial changes were made for new employees: elimination of the overly generous "DROP" program and its guaranteed 8.4 percent interest rate, changes to the COLA and the vesting date and, significantly, full retirement benefits only after 30 years of service, not just 20. Modest reforms were also negotiated with existing employees.

Only one area of reform considered by the task force remains: finding a dedicated funding source. The task force reviewed the utility franchise tax, property taxes and the sales tax.

It determined that in order to speed reform, the city should be funding an additional \$40 million per year, which over 14 years, more or less, would bring the Police and Fire Pension Fund to an 80 percent funded ratio. After its review, the task force recommended a sales tax that was already permitted by statute but was somewhat cumbersome to implement. It was to begin immediately upon approval by the City Council and the voters, but it was not considered by the council and never presented to the voters.

Ironically, Curry and the City Council have also chosen a sales tax as the fairest and most dedicated of the various funding sources. While Curry's proposed sales tax is substantially different and even more cumbersome to implement than what was recommended by the task force, it is the best funding alternative we now have.

The main criticism of his proposed sales tax is that it "kicks the can down the road." The mayor and City Council should have considered more seriously the task force's recommendation, which would have brought immediate funding relief, but they did not.

Nevertheless, even though the mayor's sales tax proposal defers the additional pension funding and increases the cost of pensions over time, it still provides a dedicated funding source and sufficient funds, ultimately, to free up city dollars for libraries, infrastructure and public safety.

So here we are: Substantial reforms are in place, and a broad-based and fair funding proposal is on the table for voters to adopt.

While Curry's sales tax is not perfect, it is a good alternative and should be adopted by voters. The task force said on the very first page of its report: "As citizens, we must be able to assure a sound financial foundation for Jacksonville so that we may meet our basic needs and partake in the 'pursuit of happiness' that our country's constitutional documents enshrine."

Our leaders have placed a plan for a sound financial footing before the voters. It is time for citizens to make their contribution to pension reform by joining with their leaders to support Curry's sales tax.

I urge all citizens to join me in voting "Yes" when they vote on this important referendum.

William E. Scheu is an attorney and led the Jacksonville Retirement Reform Task Force.

What's wrong with the pension sales tax

point of view
andy johnson

Here is what's wrong with the pension tax.

1. The ballot language is unintelligible, making this unconstitutional under the terms of the Florida Constitution.

2. It's unfair to our black community. The last referendum here, the Better Jacksonville Plan, made some promises to our black community that were not honored. I agree with leaders of the black community that we should vote no unless we correct the way the black community was cheated in the last referendum.

4. It's unfair to teachers and to our students and to people who care about schools and progress and our future. Other communities have used this local option money for schools; we, too, should use this local option money for schools.

5. This tax is ridiculously regressive! (A) The sales tax is more regressive than the property tax generally in all states. (B) Florida's sales tax is unusually more regressive than property taxes because of the homestead tax exemption. (C) The pension tax is more regressive on steroids! You will pay the same sales tax on a \$10,000 used car as on a \$1 million car! This plan is so regressive as to be evil.

6. This tax sets a preposterous new precedent. Never in all of Florida or U.S. history, as far as I can find, has there been such a scheme where you vote now, you get the money now by floating bonds, yet the revenue to pay the bonds will not start for 15 or 20 years. If this is allowed to happen, then maybe somebody will sell us on a new tax that starts in 100 years to pay for bridges and roads and infrastructure.

7. Many elected officials have not endorsed this tax, they gave us a choice.

8. We ought to vote no when a referendum proposition is rushed in such an obvious and outrageous fashion. The mayor demanded the City Council vote on it as an emergency as a way to prevent people from having a chance to speak to the council about all the reasons the proposition is a bad proposition.

9. A tiny increase in property taxes for the next 10 or 20 or 30 or 40 or 50 years can do it. The only emergency is that each of our Republican mayors makes it seem like an emergency to change our tax structure into something more and

more regressive. Do you remember the flat-fee garbage tax, the flat-fee water tax, the flat-fee electric tax? The only thing driving these ideas is the continuing and customary and historic Republican tradition of making our local tax structure more regressive.

10. What happens if we vote no? Nothing at all. Maybe the mayor and council will decide to make a tiny millage increase. Maybe they will sit around and scratch their heads to come up with some other solution sometime in the next 10 years. No need to solve it this year.

11. But there is also a solution available immediately, which would take care of the pension funds, balance the budget, pay for some libraries to stay open to midnight as they should, pay for some new fire stations, hire some more police, buy body cams for all police and also provide an additional \$20 million to \$30 million each year for our schools. This plan is easy and obvious. This solution is fair and equitable. This solution is similar to what Jacksonville did back in 1960s. My solution is that we create all the necessary pressure, including a special City Council committee and also a special School Board committee, to demand local compliance with the Florida Constitution.

Here in Duval County people with homes up to \$400,000 in value are routinely normally assessed correctly at full value. But people with homes worth more than \$400,000 are routinely normally assessed at 30 percent or 40 percent less than full value. Our Constitution requires all homes to be assessed at 100 percent. If this were corrected, we would have all the money we needed with no tax increase.

Send this mayor and the City Council a message not to press any referendum questions ever in a rush, never call it an emergency, unless there is an emergency.

Note to readers: When Johnson made charges on this page regarding appraisals in 2014, then-Property Appraiser Jim Overton responded that the Florida Department of Revenue had approved Duval's tax rolls for accuracy, equity and fairness. The previous year Duval County received a 99.7 percent measurement on single family homes, mobile homes and condos; the county was capturing nearly all of its available value.

reason midweek

Predicting sales tax future a gamble



ron littlepage
times-union columnist

In less than a week, voters will have reached a decision on Mayor Lenny Curry's plan for a new tax.

Stop right there, Ron.

In his latest television ad, Curry says with conviction that

the half-cent sales tax he is proposing to help pay down the city's pension debt is not a new tax.

He says that right after he reminds us that a year ago, he promised to always tell voters the truth.

But no matter how many times Curry denies that it is a new tax, it is.

When voters approved a half-cent sales tax in 2000 to finance the Better Jacksonville Plan, they were promised by then Mayor John Delaney that the tax would end no later than 2030. That's what the law says.

After that tax is done and over with — kaput — Curry's sales tax would begin if voters approve. That's a new and different tax.

In the same television ad, Curry says his proposal is the only option. That, too, is incorrect.

An increase in the property tax rate would produce money to begin paying down the debt now instead of relying on a sales tax that won't even be collected until 2031.

Curry doesn't like that option, but that doesn't mean it's not an option.

And who can guess what sales tax collections will be in 2031 and stretching to 2060, the final end date when Curry's sales tax could be collected?

When BJP passed, Delaney not only promised the sales tax would end no later than 2030, the bold prediction was made that it would end much sooner.

Oops. Then came the Great Recession, and sales tax collections plummeted.

Once again, a part of the current sales pitch is that the city's pensions will be fully funded long before 2060 and that Curry's tax will end early.

Can another unforeseen circumstance happen much like it did with BJP sales tax collections?

It's a safe bet that something not

thought of will occur if not by the time the sales tax is scheduled to begin in 2031, then some time after that.

Maybe it won't be another recession, but consider this:

Retail sales are undergoing a revolution. Big box stores are closing as sales move to online. Smaller businesses are moving to strictly online sales.

Amazon and online sales could very well be the only ones left standing.

Sales tax collections on internet sales are a tricky business. Congress has a say, and where Congress will end up is anyone's guess.

Even if only small businesses with \$1 million in online sales are exempt from sales taxes, which is one possibility, that would cut into how much the city would receive.

But if Congress continues its distaste for any taxes, it could be much more.

What then? In a previous column, I listed reasons I'm voting no on Curry's sales tax.

You can add to those the fact that a sales tax is regressive and hurts low-income people.

And, yes, I know that medicine and food are exempt from sales taxes, but low-income people have other needs that are taxed.

Studies have shown that sales taxes take a bigger portion of the income of poor families than from the middle class and the rich.

I also don't like that Curry's plan will add \$1.5 billion more to what Jacksonville will be paying into the pensions.

Curry has been touting that he has bipartisan support for his plan. Interestingly, many of those who showed up at a news conference earlier this week won't be around to pay the new tax.

As Sunday's Times-Union reported, trends show that about half the people voting on the sales tax will either have died or moved elsewhere before 2031.

For the record, I am not an "elitist," a term Curry hurls at opponents when he's not in a bipartisan mood, nor do I have a political or personal agenda, a charge favored by JaxChamber.

I just think there is a better way to move Jacksonville forward.

ron.littlepage@jacksonville.com; (904) 359-4284

Kaine's rumored Islamist ties debunked

Claims that Democratic vice presidential candidate Tim Kaine has longstanding ties to radical Islam have been circulating the internet.

The facts: The rumors started with a report by Breitbart, a politically conservative American news and opinion website. Here are the three claims investigated by TruthOrFiction.com:

■ Did Tim Kaine appoint a Muslim Brotherhood terrorist suspect to the State Immigration Commission?

Tim Kaine appointed Esam Omeish to serve on the Virginia Commission on Immigration, and Omeish resigned after a video from a political rally in 2000 showed him calling for support of the "jihad way."

Claims that Omeish was suspected of terrorism stem from his involvement with the Muslim American Society. Omeish served as president of multiple regional chapters of MAS, and he also served

FACT CHECK



Want something checked out? If you see or hear about something that

needs a Fact Check, email carole.fader@jacksonville.com

on the national board of trustees, according to his website. But MAS denies any current ties to the Muslim Brotherhood.

■ Did Kaine speak at a dinner honoring a Muslim Brotherhood terror suspect?

Kaine spoke at an event honoring Jamal Barzingi, who reportedly worked to establish the Muslim Brotherhood's influence in the United States. The group he co-founded, the International Institute of Islamic Thought, reported in a 2011 news release that Kaine, who was running for his Virginia Senate seat at the time, was among the politicians making their pitch for

election or re-election to state offices" at an IIIT "Candidate Night" dinner.

At the same dinner, Barzingi, the former vice president of IIIT, was presented with a lifetime achievement award.

Still, the claim that Kaine appeared at the IIIT's "Candidate Night" dinner to honor Barzingi is misleading.

Kaine and almost 50 other politicians from both parties were there to gain support for their campaigns, not to honor Barzingi.

■ Did Kaine accept Islamist financial support?

Kaine did receive \$7,800 from American Islamic organizations from 2011-2012, according to the Islamist Money in Politics database (islamist-watch.org/money-politics/).

But candidates from both parties are listed as having received donations from Islamic groups, so it doesn't prove much, TruthOrFiction.com notes.

Dealing with guns at Eureka Garden

point of view
letters in brief

Now the beleaguered Eureka

Garden community must hire a security consultant to address the never-ending violence at the apartment complex.

People don't already know that they shouldn't be shooting each other?

Maybe they should make it a gated community with a guard who will not let anyone enter, including residents, until they turn in all weapons. "You'll get your guns back when you leave."

Dayle Vickery, Orange Park

MAN BITES DOG

A recent front-page, headline said: "Democrats rip pension tax."

I couldn't stop laughing. Has the modern Democratic Party ever opposed a tax increase or tax in general?

This is so politically motivated it is jaw dropping but very funny.

M. W. Appell, Neptune Beach

PENSION SALES TAX

The pension sales tax vote will probably be approved since it does not start until 2030.

It reminds me of a Currier & Ives Colonial print. "Don't tax me, don't tax thee ... tax that fellow under the tree."

Jack Knee, Nocatee

JAGS FACILITY'S DESIGN

Just saw pictures of the new Jaguars facility in the Times-Union.

Looks like a large barn looking for yard sales. It is very disappointing for a much anticipated addition to downtown.

Lou Urban, Southside

DANGEROUS BICYCLISTS

Thanks to the T-U for printing a letter about bicyclists' rights and

responsibilities.

It's about time we made folks who are riding bikes on the city streets follow the same rules as anyone driving on the city streets!

Tickets and license fee proceeds could go to the unfunded city pension fund!

C. Roberts, Jacksonville

THANKS FOR KEILLOR

The perfect tonic for everything that ails America ... the addition of Garrison Keillor's column to the Viewpoint page.

A well-needed dose of sanity and humor.

Thank you!
Carol Hoagland, Green Cove Springs

LOYAL READER

Without my T-U and coffee every morning, I would be a basket case.

If one had to go, I would miss my coffee.
Jim Harden, Jacksonville