

Union County Proposed Fire-Rescue Sales Tax Frequently Asked Questions

What will be taxed?

The simplest answer is that items currently subject to sales tax will be subject to a rate change, items currently tax-exempt will remain so. Florida Statute 212.054 provides guidance for the sales surtax, and exemptions can be found in Section 212.08.

In accordance with F.S. 212.054(2)(a), items subject to the 6% state sales tax are also subject to a surcharge imposed. However, the surcharge is only charged on the first \$5,000 of any purchase.

Most people are not aware that commercial rentals are subject to sales tax, and this rate will change, which will be a major portion of the revenue.

Will this raise taxes on fuel and utilities?

Fuel and utilities are taxed in different ways, so there are two different answers.

Fuel: No. Fuel is taxed under a separate taxing structure, and the tax revenues generated are restricted to transportation.

Utilities: Sales of electricity or gas to residential households or residential models are exempt when service is provided pursuant to a residential tariff (or rate) and the utilities are used exclusively for residential purposes. *§ 212.08(7)(j), Fla. Stat. (2015); Fla. Admin. Code r. 12A-1.053 (2016)*. Utilities for non-residential services are already subject to state sales tax, and would therefore be subject to the 1% rate increase. More information regarding taxes applicable to electric utilities can be found here:

[https://assets.noviams.com/novi-file-uploads/fmea/pdfs-and-documents/FMEA-FMPA Tax Guide for Municipal Uilities 2016.pdf](https://assets.noviams.com/novi-file-uploads/fmea/pdfs-and-documents/FMEA-FMPA_Tax_Guide_for_Municipal_Uilities_2016.pdf)

How will this bring revenue into Union County?

Currently, the entire burden of funding the EMS and Fire Departments is born by the citizens of Union County. If the sales tax passes, folks passing through the county (who use the services in the event of a traffic accident or other emergency) would contribute, therefore increasing revenues that benefit the citizens of Union County, but not entirely at their expense.

Why is the current Special Assessment of \$50 not adequate?

The assessment has not been changed since implemented in 1987, 33 years ago. Inflation has increased by 130%, meaning that \$50 in 1987 is worth \$115 in 2020. In 1987, County leaders decided to not place a special assessment on commercial businesses, so homeowners bear the entire burden. Additionally,

those that live in government housing (both federally subsidized and state-owned DOC housing) do not contribute.

Will the Special Assessment go away?

Yes. Florida Statute requires that the current funding source be eliminated with the implementation of the new sales tax. If passed, the sales tax will be effective on January 1, 2021. The special assessments that will be due beginning in December are for calendar year 2020. The special assessment for 2021 (which would be due December 2021) will not be billed.

Why can't reserves be used to fund the operations of a Fire-Rescue Department?

Union County currently has approximately \$5 million in reserves. Of that, only \$1 million is in the General Fund and available to use at the Board's discretion. The full detail of the fund balances (reserves) and their restrictions for the last ten years can be found in the county's Comprehensive Annual Financial Report, on Page 77. <https://unionclerk.com/wp-content/uploads/2019-CAFR-with-COs.pdf>

If the County were to use these reserves to fund services, they would be completely exhausted in one year. Reserves should be used for one-time projects, or set aside as a rainy-day fund, and cannot be used to fund continuing operations.

The County has less than two months of operating expenses based on the current budget of the General Fund. Professional governmental finance organizations recommend a minimum of three months in reserves for several reasons:

- Tax revenue does not come in until two months into the year, thus reserves for cashflow to pay bills and payroll for the first two months of every year.
- Economic recessions are uncontrollable and if adequate reserves are not built during good economic years, the County will have to either reduce services or take on debt to survive a recession.
- Unexpected expenses such as hurricanes, pandemics and law suits arise without notice and having reserves on hand allows the County to be able to continue operations and services. In recent years, the County has spent over \$100,000 to replace equipment in the courthouse, incurred more than \$300,000 in legal fees, and is currently facing a several cut in revenue and increase in expenditures from the Coronavirus. Without having built the reserves, the County would not have been able to stay financially stable.

Who would control the funds, and ensure that it is spent for what it is supposed to be spent for?

Like all other County funds, the budget for these funds would be set by the Board of County Commissioners. The Clerk & Comptroller collects the funds, and maintains custody until it is paid out in accordance with the budget set by the Board. The Board then reviews and approves all expenditures before released by the Clerk.

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An additional safeguard to the public is that all county funds are examined by external auditors to ensure that spending is in accordance with the law and applicable regulations.

What service is Union County gaining?

Union County will be able to employ paid fire fighters. Currently, we rely on volunteers which do much more than fight a fire when one breaks out. Volunteer fire fighters maintain equipment, undergo continuous training and much more.

Having a Fire-Rescue Department will make the County eligible for many more, and larger, grant opportunities. Long-term, with manageable growth, the County will eventually be able to add more Fire-Rescue stations throughout the County.

Will a Fire Station in Providence be added?

Grants are available for Fire-Rescue for construction of a new station, but the County has to have paid fire fighters to be eligible. The Board has expressed that it will not exhaust resources and reserves to build a new station, but with grant opportunities, a Fire Station in the Providence area is possible, and when possible a priority for the Board.

Once new fire stations are built, will the sales tax go away?

No. The County plans to apply for grants to build new buildings. The sales tax will be used to pay salaries and continuing operations of the Fire-Rescue Department.

Will this drive business out of the County? (When the shoppers go outside the county to buy food, medicine, gas, household supplies, etc. how will this not hurt local family-owned businesses that have been around for generations?)

Large purchases are only taxable on the first \$5,000, which will be \$50. Some residents may choose to shop out of town. However, two facts should also be considered: many locally owned businesses sell non-taxable items (groceries, medication, fuel and agriculture products); also the savings that will be seen by buying from out-of-town will be minimal, and the fuel cost to travel out of town would exceed the savings in most cases.

What salaries that are currently paid through grant money will this go towards once the grant money runs out?

None. Grants in the EMS & Volunteer Fire Departments are used for large projects or equipment purchases.

How does this tax not place more of a burden on the lower-income families who don't regularly shop outside of the county?

Lower income families tend to make a higher portion of their spending on non-taxable items, such as food, medications, fuel and utility services. Only a small portion of low-income spending will be impacted. In many cases, this will actually benefit low-income families, because they pay the special assessment through either rent or their home ownership, and will lower the burden on those families.

What tax do you know of that is used exclusively for what it was proposed to be for?

Union County has several taxes, service charges, and other revenues that are restricted for certain purposes.

All gas taxes are required by Florida Statute to be used for transportation expenditures, and Union County uses those funds to maintain our road infrastructure.

The \$50 Fire-Rescue Special Assessment is used entirely in the EMS Department. The operating budget for the EMS Department is \$1.5 million, only 14% of which is funded by the special assessment. More details about the EMS budget can be found in a separate question regarding the budget of the department.

The \$70 Solid Waste Special Assessment is used to fund the operations of the Solid Waste Department.

Communications Tax, which are charged on both your landline and cell phone bills, are restricted by Florida Statutes to be used for 911 Operations.

Union County has an ad-valorem tax which is voted on every two years to fund the library. These funds are restricted for use by the Public Library, and can be found on Page 18 of the 2020-2021 Budget. More information about this tax can be found on Page 9 of *The State of Our Union*, a report produced by the Union County Clerk & Comptroller. Both documents are available at www.unionclerk.com.

Portions of traffic tickets and court costs, and seizures of property as a result of criminal activity are restricted to fund law enforcement activities.

Grants are restricted for the purpose that they are written for. The grants that Union County receives on an ongoing basis include Emergency Management, Library operations, Solid Waste operations, and Mosquito Control.

The Special Assessment is supposed to be going to the fire department, but it's not. Why will this be different?

The current special assessment generated \$226,088 in Fiscal Year 2020, which is expected to be similar for 2021, and is allowed to be used for Fire or EMS. The operating budget for the EMS Department is \$1.5 million, and the Volunteer Fire Department operating budget is \$110,000 for 2021. The EMS budget shortfall after charges for services and special assessments was \$800,000, and was covered by the general fund. The Fire Department was funded partially by an interlocal agreement with the City of Lake Butler, and the remaining was paid by the general fund (\$30,000) and unspent funds from previous

years. If the Special Assessment was to be put on the Fire Department, it would simply shift the burden on the General Fund from one department to another. Ultimately, it makes no difference in the whole picture of Union County's finances.

When I use the ambulance, I get a bill. Why should I have to pay taxes for it, too?

When a call is made, costs such as fuel and medical supplies are used. The bill that you pay covers these additional costs of the ambulance running. The taxes that you pay are used to make the facilities, equipment, personnel and medical supplies available in case you need it. It is similar to paying for car insurance on your vehicle (just in case you need it), and then paying a deductible when you have an accident.

Is this tax to be used for Fire-Rescue only?

Yes. If passed, Florida Statutes restrict the use of these funds for Fire & EMS Rescue Services. Similar to other restricted revenues, they cannot be used for any other purpose.

What are the current budgets for the EMS Department & Fire Department?

The current operating expenses budgeted for Fiscal Year 20-21 for the EMS Department is \$1,552,797. This includes salaries and other personnel expenses of \$1,196,397 and operating expenses of \$356,400.

The current operating expenses budgeted for Fiscal Year 20-21 for the Volunteer Fire Department is \$110,300. This includes salaries and other personnel expenses of \$2,153 and operating expenses of \$108,147. It should be noted that the Emergency Management Director is currently acting as the Fire Chief, and has declined to accept the stipend budgeted. This savings will be rolled into next year to fund operations.

The full budgets can be found on Pages 15-17 of the county budget, available at www.unionclerk.com.

How much money is generated from the Special Assessment, and how much will be generated by the proposed sales tax? How does the County know these numbers?

The Special Assessment generated \$226,088 in Fiscal Year 2020. This is an accurate number to predict going forward, although only \$199,000 was budgeted in an abundance of caution.

The Sales Tax is estimated to generate \$800,000, which has been generated by the Florida Revenue Estimating Conference, a state panel made up of economists and analysts, and found on Office of Economic & Demographic Research. The exact number estimated for Fiscal Year 2021 is \$752,575, and was \$843,499 for Fiscal Year 2020. This number is the countywide total, and assumes that all three municipalities will enter into an agreement with the county to defer their portion of the revenue in exchange for the county providing the services.

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Union County administration has historically found that these revenue estimates are accurate based on previous years' estimates compared with actual revenues for the 1-cent local option already in place. Additionally, when the \$800,000 was estimated, it was before the 2021 estimates were produced, and we believe the decrease from 2020 to 2021 is due to the ongoing Coronavirus pandemic and will recover in the near future, and the \$800,000 estimate is cautious but still realistic.

The document from which we have derived these numbers can be found at <http://edr.state.fl.us/content/local-government/data/county-municipal/LDSS20-21R1.pdf>.

Isn't Rescue service already in place?

Currently, Union County has an Emergency Medical Service, which is comprised of ambulance services only. The Fire Department is comprised entirely of volunteers. If passed, the sales tax will allow a paid fire-fighter to be on staff 24/7. This firefighter would be able to get equipment to a fire in the event of an emergency, giving volunteers that are able a faster response time. Faster response time means a better chance of saving lives and homes.

How much will the salaries be for each position?

The County will implement new Firefighter positions at wages that are consistent with surrounding counties, and will increase the wages as necessary to retain employees. Lowering employee turnover saves the county money by not having to train new staff, and also ensures more experienced personnel, which means a better quality of service for citizens.

How many personnel will be added?

If passed, initially, three full-time employees will be added, which is required to staff one 24/7 position. If revenues are generated as expected, more staff will be added. For every 24/7 position, three jobs will be created.

Other than paid firefighters, what will the funds be used for?

The additional revenue generated will be used to maintain Union County Fire rescue which will consist of fire fighters, paramedics and EMT's.

Why does Union County need experienced personnel? Can't we just pay them less to save money?

One disadvantage of our rural community is the distance to a full-functioning hospital. In the event of a major emergency, such as trauma, stroke or heart attack, it could be 30-45 minutes to get to the hospital. Having more experienced Paramedics and EMT's means better care for you or your loved one

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on the way to the hospital, which increases the ability to save the patient's life. Having an ambulance available isn't enough; quality personnel is essential to the safety and welfare of our citizens.

How many fires have we had?

The chart below shows all calls that the Volunteer Fire Department has responded to since the beginning of 2017, detail by type of call and year.

Type of Call	2020 (through 10/15/20)	2019	2018	2017
Structure Fire	15	16	14	9
Mobile Property Fire	8	12	9	11
Outdoor Fire	43	29	31	46
Total Fires	66	57	54	66
Medical Assistance	39	75	103	85
Motor Vehicles Accidents	97	116	117	91
Other Calls	109	87	85	99
Total Calls	311	335	359	341

How many EMS calls have we had?

	2020 (through 10/20/20)	2019	2018	2017
EMS Calls	1,553	1,867	2,001	2,830

What is the current 7% sales tax used for?

The current sales tax is split: 6% goes directly to the State of Florida (a portion of which comes back through State Revenue Sharing); 1% is a local option and is split with the municipalities. The county's portion goes into the general fund, and its use is unrestricted.

Who paid for the signs promoting voters to pass the sales tax?

Local businesses and other donors worked together and contributed a total of \$2,250 dollars.

Who put the signs out?

Commissioners and volunteers have worked to place signs throughout the County.

Has there been an uptick in the amount of fires within the county in the last 99 years?

Yes. As demonstrated in the answer to the question regarding the number of fires in the county, the number of fires through October 15, 2020 has already exceeded that of the full twelve months of the previous three years.

What is the average number of fires per year?

If the current trend holds for 2020, the County has had an average of 65 fires per year over four years. Using the same analysis, the volunteer fire department has responded to an average of 357 total calls per year.