


# Memorandum

**To:** City Council  
**From:** John Holic   
**Date:** August 4, 2014  
**Re:** Budget Analysis

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I am asking Council to consider a more fair way of allocating some of our expenses versus revenue in the future and I think as we go through the budget it will become more apparent for select expenditures. This is not a suggestion for budget modifications for this year but rather for modifications in years to come.

Earlier in this meeting I suggested that we sponsor the Chalk Festival at some level deemed appropriate by Council. I suggested that this money for support did not actually come from ad valorem taxes, but rather from sales taxes. Page 15 of the proposed budget, Pdf page 35, has the following entry: SALES AND USE TAXES 450,000. Some or all of this entry is a rebate of sales tax due to economic activity in Venice and could be used to continue to promote and grow further sales tax revenue.

The current budget calls for a certain amount of money to be appropriated to City Council so that we can use those dollars to rebate various organizations that provide not only significant aid to some of our very worthwhile charitable organizations in town, but provide the City with collateral tax revenue through sales tax and lodging revenue.

Mr. Daniels, Ms. Gates and others are already working with various County and private agencies to assure we are or will get our share of taxes from such things as the bed tax, sport tax and other sources. These are examples of tax revenue that does not go into the city or county general fund but rather into a separate tax fund to be used as grants for very specific projects or functions.

I think we need to acknowledge that all or a portion of sales tax revenue does not belong in the general fund revenue and should be used to promote sales tax revenue growth. In that light, I think charging rebates for city services provided for special events to City Council as an expense is not appropriate and rather should be reviewed as something like *Economic Growth* (Economic Advisory Board) or *Tax Oversight* (Citizens Tax Oversight Committee). Currently, for example, the Oversight Committee has no power to recommend and merely listens to a presentation by the Finance Director on where he has determined the one cent sales tax should be used; instead they could review grant applications from special event holders and determine how much of the sales tax revenue should be used for that event. Once reviewed by that Board, the recommendation would come to Council for final approval. Any unspent money at the end of the year would revert to the General Fund.

The EAB or the Oversight Committee could listen to the request of the various groups and make a recommendation to Council for approval. The budget amount could be a percent of the sales tax collected (using figures in arrears) and would relieve Council of the annual presentations and requests. The various organizations would be able to present to a dedicated Board and Council would approve, disapprove and/or listen to appeals. This would place the application and recommendation process in the appropriate place, an advisory board, rather than with Council.

I think there are other opportunities to consider as we review the budget and I hope other Council Members offer suggestions.