

**MESSAGE FROM MAYOR LONG CONCERNING
TAX AND/OR REVENUE INCREASES . . .
WHY ARE THEY IMPORTANT?**

The City of Fountain Inn's last tax increase was in June 2000. From a citizen's perspective, the tax increase in and of itself was not the biggest frustration, rather it was the "size" of the tax increase. When we do not raise revenues and/or taxes on a periodic basis to keep up with inflation and growth, it is inevitable that large increases will occur. In other words, modest tax and/or fee increases, on a regular periodic basis, would likely not be as painful as large tax and/or revenue increases.

Furthermore, it has been said that "not raising taxes for legitimate needs is neglect", and "delaying the inevitable should not be confused with good tax policy." These are very true statements, and without question "good stewardship of tax dollars also means that elected officials must sometimes make the tough decision to raise taxes."

I recall in June 2000, Councilman Louie Chambers said, "If they (the City) needed a smaller increase every two or three years, I would have gone along with that." Throughout the country I see a similar complaint among taxpayers -- increase it a little at a time, instead of large tax and/or fee hikes on a very infrequent basis.

These very statements reflect the premise on which we established the Sewer Maintenance Fee. Regular, periodic increases are allowing the City to effectively deal with the City's aging sewer infrastructure, while not putting unnecessary financial burden on its citizens in any one year.

The City's General Fund is no different. I can assure you that no elected official *wants* to implement tax and/or fee increases; however, such increases are inevitable and required to continue services at a level that citizens are accustomed to. The cost to operate and maintain City government and provide for the health and welfare of our citizens increases every year, even with the most conservative financial management. This does not mean that there is mismanagement, rather that the cost of services and goods rise each year -- inflation is a part of life. Since the last tax increase in 2000, the cost of goods has increased by 27%. The City has tried to provide the same level of service without sufficient additional revenues. This is no longer possible, and renovations to existing infrastructure and capital replacement needs have fallen behind.

When we look to balance the budget and meet our operational and capital needs, we cannot simply look to the “expenditure” side for the answers. There must be a balance between “revenue” management and “expenditure” management. I do not believe that any citizen believes that their family could live on the same salary, year after year, without an increase. Without additional revenues, it would be impossible to deal with the rising costs associated with your household ... consider the rising price of fuel alone during the past two years. A responsible government cannot run any differently; periodic tax and/or fee increases are required in order to maintain and/or improve the level of services to its citizens, as well as to keep up with ongoing capital expenditures. While we may balance the budget on a short-term basis by delaying capital expenditures, the need for the capital is not eliminated; rather it is simply delayed until a future date and most likely at a higher cost.

I believe that you elected this Council and me to act with courage to provide the leadership that will provide you, our citizens, with confidence.

Since becoming Mayor, I have seen a significant financial improvement in the City. Previously we were faced with annual deficits, and we borrowed money just to cover operational costs from year to year. Since then, we have worked very hard to eliminate unnecessary expenses, and the department heads have been directed to exercise tight control against unnecessary expenditures. We implemented the Sewer Maintenance Fee and created the Sewer Special Revenue Fund, which is creating a sound future for the City’s infrastructure. We also implemented the Hospitality Tax, which is creating opportunities, such as the Farmers Market, to promote tourism and growth in Fountain Inn. While we have been able to achieve these positive changes, we can no longer deal with the financial issues we are facing by simply cutting expenditures without negatively impacting the services that the City provides.

In order to provide financial security for the future generations of Fountain Inn, I do not believe that it is possible to effectively manage the City’s financial needs without periodic tax and/or fee increases. As inflation is a part of life for each of us, we rely upon annual increases in our own revenues in order to “run” our homes. The City must also “periodically” increase taxes and/or revenues in order to create a financially sound environment for our citizens. You must have confidence that whether you flush the toilet or face a life-threatening situation in which you dial 9-1-1, that the City will respond with the highest level of service. As elected officials, we have been charged with the responsibility of operating the City in a fashion that allows you to maintain this confidence. I hope that you will carefully consider this situation and support our efforts to provide the highest level of services not only for you, but also for the future generations of Fountain Inn.

MILLAGE RATE COMPARISON WITH OTHER CITIES

2008 MILLAGE RATES	
SIMPSONVILLE	48.60
MAULDIN	51.70
FOUNTAIN INN	52.90
TRAVELERS REST	86.90
GREENVILLE	89.90
GREER	93.10
CLINTON	98.50
WOODRUFF	116.00
LAURENS	124.20

FOUNTAIN INN MILLAGE RATE HISTORY	GC	LC	
2008			LC REASSESSMENT
2007	52.9	58.4	GC REASSESSMENT
2000-2006	58.4		MILLAGE INCREASE 10 MILS IN 2000
1990-1999	49.2		
1983-1989	53.5		
1978-1982	80		
1954-1977	NO RECORD OF MILLAGE IN AUDIT		
1953	50		

BASIC COST OF STREET LIGHTS AND SANITATION PER RESIDENTIAL HOUSEHOLD IN FOUNTAIN INN. THIS DOES NOT INCLUDE PUBLIC SAFETY, RECREATION, STREETS OR ADMINISTRATION COSTS.

DESCRIPTION	MONTHLY FEE	YEARLY FEE
STREET LIGHT	\$ 5.00	\$ 60.00
WASTE MGT	\$ 7.06	\$ 84.72
LANDFILL	\$ 5.00	\$ 60.00
TOTAL	\$ 17.06	\$ 204.72

City of Fountain Inn

Millage Rate Calculation FY 2008

Greenville County Assessed Value	15,541,995.00	
Laurens County Assessed Value	5,230,517.00	
Total Assessed Value	\$ 20,772,512.00	
General Fund Revenue Needed:	1,106,000.00	
Millage Needed to fund General Revenue:		53.2

Current Value of a mill:	\$ 20,772.51
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Bond Payment for Capital Improvement Plan	\$ 198,490.50	
Millage Needed to fund CIP Bond Payment		9.6

Total Millage for FY 2008: 62.8

*FY 2009 Millage Rate Cap 6.2% 3.3 = 66.1

	53.2	9.6	3.3	Total 66.1
Tax on \$100,000 home:	\$ 212.80	\$38.40	\$13.20	\$264.40

Increase in tax on \$100,000 home (includes CIP Bond Payment & Millage Rate Cap):	\$ 51.60
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