

IN THE SUPREME COURT OF FLORIDA
CASE NO. SC06-1894

DR. GREGORY L. STRAND,

Appellant,

v.

L.T. Case No. 2006-CA-881

ESCAMBIA COUNTY, FLORIDA,
a political subdivision of the State of
Florida,

Appellee.

**APPENDIX TO MOTION FOR REHEARING AND CLARIFICATION OF
APPELLEE, ESCAMBIA COUNTY, FLORIDA**

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Supreme Court of Florida

No. SC06-1894

DR. GREGORY L. STRAND,
Appellant,

vs.

ESCAMBIA COUNTY, FLORIDA, etc., et al.,
Appellees.

[September 6, 2007]

BELL, J.

We have before us an appeal from a circuit court’s final judgment validating tax-increment-financed bonds proposed for issuance by Escambia County (“County”).¹ We reverse that judgment. Receding from prior decisions, we conclude that the County is without authority to issue these bonds without first obtaining approval by referendum as required by article VII, section 12 of the Florida Constitution.

I. THE CONTEXT

A. Factual and Procedural Background

1. We have jurisdiction. See art. V, § 3(b)(2), Fla. Const.

On May 4, 2006, the County adopted Ordinance 2006-38. This ordinance establishes the Southwest Escambia Improvement District in the southwest portion of Escambia County running to the peninsula known as Perdido Key. This ordinance also establishes the Southwest Escambia Improvement Trust Fund and authorizes the use of tax increment financing in order to fund the trust. In conjunction with the adoption of the ordinance, the County adopted Resolution R2006-96, authorizing the County to issue bonds not exceeding \$135,000,000 for the Southwest Escambia Improvement District. The stated purpose of these bonds is to finance a four-lane road-widening project in the Southwest Escambia Improvement District in order to improve economic development within that area and alleviate traffic congestion. The bonds reach maturity no later than the thirty-fifth year after revenues are first deposited into the trust fund.

This ordinance defines its tax increment financing scheme as follows:

“Tax Increment Funds” means the moneys on deposit in the Southwest Escambia Improvement Trust Fund created pursuant hereto.

“Tax Increment Revenues” means an amount equal to those certain incremental amounts of ad valorem property taxes of the County for the properties within the Southwest Escambia Improvement District so designated and described in, and deposited in the Southwest Escambia Improvement Trust Fund in accordance with, Section 4 hereof.

“Tax Increment” shall mean the amount equal to the lesser of (a) the amount by which (i) the tax revenues that would have been generated at the millage rate in effect for the current Fiscal Year at the current Assessed Valuation exceeds (ii) the tax revenues that would have been generated at the millage rate in effect for the current Fiscal

Year at the Base Assessed Valuation and (b) an amount equal to the sum of (i) 110% of the debt service of any outstanding indebtedness secured by the Tax Increment Revenues coming due in such Fiscal Year and (ii) an amount sufficient to restore any deficiencies in payment of debt service for such indebtedness for prior periods and to fund any planned expenditures described in Section 4(6) hereof.

Escambia County, Fla., Ordinance 2006-38 § 2 (May 4, 2006). The ordinance provides that “[t]he County shall, by February 1 of each year, appropriate to such fund . . . an amount equal to the Tax Increment . . . accruing to the County.” Ordinance 2006-38 § 4(2).

The ordinance and the resolution further provide that the funds derived from the “Tax Increment Revenues,” as defined above, will be the primary source of revenues pledged as debt service on the bonds. See Escambia County, Fla., Resolution R2006-96 art. III, § 302 (May 4, 2006); Ordinance 2006-38 § 3(1)(b). “Pledged Funds” are defined as follows:

“Pledged Funds” shall mean, collectively, (i) the Trust Fund Revenues; (ii) the Supplemental Revenues . . . in the Supplemental Revenue Account under the provisions of the this [sic] Resolution, and (iii) except for moneys, securities and instruments in the Rebate Account, all moneys, securities and instruments held in the Funds and Accounts established by this Resolution.

Resolution R2006-96 art. I, § 101. “Trust Fund Revenues” are “the moneys (other than Supplemental Revenues) on deposit in the Southwest Escambia Improvement Trust Fund pursuant to the provisions of the Ordinance.” Id. “Supplemental Revenues” are “the Non-Ad Valorem Revenues of the Issuer, to the extent

budgeted, appropriated and deposited in the Supplemental Revenue Account pursuant to the Covenant.” Id.

Section 304(m)(1) of the “Covenant” provides that the County will only budget and appropriate from legally available non-ad valorem sources if the “Trust Fund Revenues” are insufficient to service the bond debt in each fiscal year in which interest or principal is due and owing. Id. art. III, § 304(m)(1). Section 304(m)(1) further disclaims any covenant to maintain any programs or services which generate non-ad valorem taxes.

Additionally, section 301 of the resolution declares that the bonds are neither a debt nor a pledge of the full faith and credit of the issuer, that the bonds are payable solely from the pledged funds, and that no bondholder “shall ever have the right to compel the exercise of the ad valorem taxing power of the [i]ssuer.” See also Resolution R2006-96 art. I, § 103(i); Ordinance 2006-38, §§ 3(2), 4(4) & (5). Section 302 then explains that the lien created by the bonds shall not attach until the revenues are deposited in the Southwest Escambia County Trust Fund. See also Ordinance 2006-38 § 4(4). Furthermore, section 103(h) states that “[t]he estimated Pledged Funds will be sufficient to pay all principal of and interest on the [bonds].” However, section 305 of the resolution authorizes repayment from any other legal funds in addition to the “Pledged Funds,” “[s]ubject to the provisions of the State Constitution.”

On May 16, 2006, the County filed a “Complaint for Validation” in the First Judicial Circuit Court seeking validation of the bond issuance. The state attorney promptly filed his answer, and Dr. Gregory Strand intervened pursuant to section 75.07, Florida Statutes (2006).

On August 18, 2006, the circuit court entered the final judgment validating the bond issuance. The circuit court concluded that the County had the authority to issue the subject bonds without first obtaining the approval by referendum mandated by article VII, section 12. With regard to the tax increment financing scheme, the circuit court made the following finding:

The [County] is duly authorized by the Tax Increment Ordinance [2006-38] in accordance with the Constitution and laws of the State of Florida to make the required payments and deposits to the Trust Fund from all available revenues of the [County] including ad valorem property tax receipts, and to do and accomplish all actions authorized and contemplated by the Tax Increment Ordinance.

(Emphasis added.) The intervenor, Dr. Strand, appeals that final judgment.

B. The Constitution, Tax Increment Financing, and Our Standard of Review

Before addressing the substantive issues, it is helpful to set forth the text of the constitutional provision at issue, to provide a concise description of tax increment financing, and to state our standard of review. Article VII, section 12 of the Florida Constitution is the provision at issue. It dictates that:

Counties, school districts, municipalities, special districts and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness or any form of tax anticipation certificates, payable

from ad valorem taxation and maturing more than twelve months after issuance only:

(a) to finance or refinance capital projects authorized by law and only when approved by vote of the electors who are owners of freeholds therein not wholly exempt from taxation; or

(b) to refund outstanding bonds and interest and redemption premium thereon at a lower net average interest cost rate.

(Emphasis added.)

Tax increment financing is concisely described as follows:

[Tax increment financing] utilizes the incremental increase in ad valorem tax revenue within a designated geographic area to finance redevelopment projects within that area. As property values in an area rise above an established aggregate valuation (often described as the “frozen” tax base), tax increment is generated by applying the millage rate to that increase in value and depositing in a trust fund an amount equal to such increased tax revenue. This trust fund is the source for repayment of indebtedness. In some states the deposit is made by the tax collector directly to the trust fund. In Florida, however, ad valorem taxes are collected by the tax collector in each county, remitted to the local governments, and then appropriations of the tax increment are made by “taxing authorities.” Those appropriations may be made from any source available to the local government, but they must be in an amount equal to the ad valorem tax revenue increase in the redevelopment area.

David E. Cardwell & Harold R. Bucholtz, Tax-Exempt Redevelopment Financing in Florida, 20 Stetson L. Rev. 667, 668-69 (1991) (footnotes omitted).

As to our standard of review, we review the “trial court’s findings of fact for substantial competent evidence and its conclusions of law de novo.” City of Gainesville v. State, 863 So. 2d 138, 143 (Fla. 2003) (citing City of Boca Raton v.

State, 595 So. 2d 25, 31 (Fla. 1992); Panama City Beach Cmty. Redev. Agency v. State, 831 So. 2d 662, 665 (Fla. 2002)).

II. ANALYSIS

Dr. Strand argues that the County's tax increment financing scheme is an indirect pledge of ad valorem taxation without a referendum in violation of article VII, section 12 of the Florida Constitution.² In support, Dr. Strand relies upon this Court's decision in County of Volusia v. State, 417 So. 2d 968, 972 (Fla. 1982). The County counters that tax increment financing is a constitutional method of servicing debt on bonds without a referendum. In support, the County relies upon State v. Miami Beach Redevelopment Agency, 392 So. 2d 875 (Fla. 1980). See also Penn v. Fla. Def. Fin. & Accounting Serv. Ctr. Auth., 623 So. 2d 459 (Fla. 1993) (holding in part that a tax increment financing scheme was indistinguishable from the one in Miami Beach and that it did not run afoul of the referendum requirement). In Miami Beach, this Court held that tax-increment-financed bonds were not subject to the referendum requirement of article VII, section 12. The premise underlying Miami Beach, and as clarified in State v. School Board of Sarasota County, 561 So. 2d 549 (Fla. 1990), was that the "payable from ad

2. Dr. Strand raises two other issues in this appeal: (1) whether the trial court abused its discretion in denying his motion for continuance; and (2) whether the trial court's final judgment is supported by competent, substantial evidence. Because we hold that the County is without legal authority to issue the bonds without a referendum, we need not reach the merits of the other two issues.

valorem taxation” language in article VII, section 12 refers only to the pledge of ad valorem taxing power, not to the pledge of ad valorem tax revenues.

Upon considering the tax increment financing scheme in this case, we deem it necessary to reassess this premise underlying Miami Beach and School Board of Sarasota County. As explained below, our reassessment makes it necessary to recede from this premise. We now hold that the phrase “payable from ad valorem taxation” in article VII, section 12 refers not only to a pledge of the taxing power itself but also to a pledge of ad valorem tax revenues. And, because tax increment financing pledges funds obtained from ad valorem tax revenues, bonds that rely upon such financing schemes are bonds “payable from ad valorem taxation.” Consequently, approval of such bonds by referendum, as mandated by article VII, section 12, must be obtained.

We begin our explanation of this result by describing our decisions in Miami Beach and School Board of Sarasota County. We then state our concern regarding the premise underlying Miami Beach and School Board of Sarasota County. Having explained our concern, we detail our reassessment of the premise. We do so in three steps. First, to provide context, we explore the history of Florida’s constitutional restrictions on local borrowing. Second, we analyze the plain language of article VII, section 12 as well as two failed amendments to article VII. Third, having determined that the premise is invalid, we explain why receding

from Miami Beach and School Board of Sarasota County comports with this Court's jurisprudence that the doctrine of stare decisis bends "to correct legally erroneous decisions." Allstate Indemnity Co. v. Ruiz, 899 So. 2d 1121, 1131 (Fla. 2005).

A. Miami Beach and School Board of Sarasota County

In Miami Beach, we held that it was permissible for a local government, without approval by referendum, to pledge tax increment revenues as a source of debt service on bonds for capital projects if the taxing power was not pledged and the lien on the funds did not attach until they were deposited into a trust account. No explanation was given as to how this conclusion comported with the plain language of article VII, section 12. Moreover, no historical support was provided to show how the purpose of the referendum requirement was unaffected by such financing. Instead, this Court simply stated the following:

[T]here is nothing in the constitution to prevent a county or city from using ad valorem tax revenues where they are required to compute and set aside a prescribed amount, when available, for a discreet [sic] purpose. The purpose of the constitutional limitation is unaffected by the legal commitment; the taxing power of the governmental units is unimpaired. What is critical to the constitutionality of the bonds is that, after the sale of bonds, a bondholder would have no right, if the redevelopment trust fund were insufficient to meet the bond obligations and the available resources of the county or city were insufficient to allow for the promised contributions, to compel by judicial action the levy of ad valorem taxation. Under the statute authorizing this bond financing the governing bodies are not obliged nor can they be compelled to levy any ad valorem taxes in any year. The only obligation is to appropriate a sum equal to any tax increment

generated in a particular year from the ordinary, general levy of ad valorem taxes otherwise made in the city and county that year. Issuance of these bonds without approval of the voters of Dade County and the City of Miami Beach, consequently, does not transgress article VII, section 12.

392 So. 2d at 898-99.³

The holding in Miami Beach led to the holding in School Board of Sarasota County. In School Board of Sarasota County, we expressly held that the phrase “payable from ad valorem taxation” refers only to the pledge of taxing power, not to the pledge or use of ad valorem tax revenues. 561 So. 2d at 552. Thus, we held that the school board was authorized to pledge its ad valorem tax revenues as one of several sources of debt service. Id.

B. The Concern

Escambia County’s tax increment financing scheme is certainly consistent with the premise and ultimate holdings of Miami Beach and School Board of Sarasota County. However, a comparison of Escambia County’s scheme with the

3. In reaching this conclusion in Miami Beach, the only authority cited was this Court’s prior decision in Tucker v. Underdown, 356 So. 2d 251 (Fla. 1978). In Tucker, which was not a bond validation case, this Court found that an ad valorem tax levy for solid waste disposal purposes did not violate the covenants of an earlier bond issuance. Tucker, 356 So. 2d at 254. However, the challenge to the ad valorem tax levy, as well as this Court’s analysis, was based solely upon the language of the covenants of the bond issuance and the authorizing resolution, not article VII, section 12. Id. at 253-54. Furthermore, Tucker specifically noted that when the Brevard County bonds were originally validated in 1972, the trial court “determined that no referendum was required because the issue pledged no ad valorem tax revenues.” Id. at 253 n.9.

schemes involved in Miami Beach and School Board of Sarasota County raises serious concerns regarding the validity of the premise that the phrase “payable from ad valorem taxation” refers only to a pledge of taxing power, not to a pledge of ad valorem tax revenues.

Miami Beach involved the financing of a systematic plan for the redevelopment of a blighted area that was authorized by the relevant localities after public hearings as required by the Community Redevelopment Act. 392 So. 2d at 882. The localities in Miami Beach not only pledged tax increment revenues to service the bond debt but also pledged sales, lease, and use fee revenues from the newly redeveloped properties. 392 So. 2d at 898. Similarly, School Board of Sarasota County involved the creative leasing of new educational facilities, where the localities identified four revenue sources for lease payments, namely monies from an educational finance program, monies from an education capital outlay trust fund, monies from the local infrastructure sales tax, and revenues from ad valorem taxation. 561 So. 2d at 551 n.3.

In contrast, Escambia County plans to issue bonds to finance the widening of a road, a typical county capital project. And, unlike Miami Beach and School Board of Sarasota County, the only primary funding to service the bonds is ad

valorem tax revenues.⁴ The County would only appropriate revenues from secondary, non-ad valorem sources if the tax increment revenues are insufficient to service the bond debt. In effect, the County wants to pledge revenue from ad valorem taxation for thirty-five years as the primary source of funding a road improvement project without the consent of the electorate. We are concerned that allowing this would abrogate the referendum requirement of article VII, section 12 for long-term debt and render meaningless the phrase “payable from ad valorem taxation.” It also appears that such a result would violate the purpose of this constitutional restraint on the power of local governments to incur long-term debt.

Additionally, as Dr. Strand argues, the County’s financing scheme seems inconsistent with the fundamental principle enunciated in County of Volusia. In County of Volusia, we determined that Volusia County’s “pledge of all the legally available, unencumbered revenues of the county other than ad valorem taxation, along with a covenant to do all things necessary to continue receiving the revenues,

4. During the evidentiary hearing before the trial court, Escambia County’s witnesses acknowledged that the tax increment from the designated district would be the primary source of repayment. And one of Escambia County’s witnesses specifically described how ad valorem tax revenues would be employed as follows:

What happens is they take the value of all the properties within the district at any given point in time, and as the values increase over time, 95 percent of the value of the growth portion only of the countywide revenues base they use the countywide millage rate against the growth portion and those funds are set aside for the increment.

as security for the bonds, will have the effect of requiring increased ad valorem taxation so that a referendum is required.” 417 So. 2d at 969. We then held that such a pledge violated the principle that what a county cannot do directly, it cannot do indirectly. Specifically, we stated:

That which may not be done directly may not be done indirectly. See, e.g., State v. Halifax Hospital District, 159 So. 2d 231 (Fla. 1963). While the county has not directly pledged ad valorem taxes to the payment of the bonds, its pledge of all other available revenues, together with its promise to do all things necessary to continue to receive the various revenues, will inevitably lead to higher ad valorem taxes during the life of the bonds, which amounts to the same thing. We find in this case that the pledge of all available revenues, together with a promise to maintain the programs entitling the county to receive the various revenues, will have a substantial impact on the future exercise of ad valorem taxing power and brings this case within the rule of Halifax Hospital District. The taxpayers of Volusia County must have an opportunity to vote on the bond issue.

Id. at 972 (emphasis added).

Unlike Volusia County’s pledge of all of its non-ad valorem revenues, Escambia County is attempting to pledge the increase in ad valorem tax revenues generated from a designated area. However, Escambia County’s plan gives rise to the same concerns we had over budgetary flexibility in County of Volusia. Moreover, the tax increment financing plan in this case seems to violate the fundamental principle applied in County of Volusia. In other words, we are concerned that Escambia County is attempting to do indirectly “that which cannot be done directly.” Id. at 971. Without the consent of the electorate, the County is

attempting to indirectly pledge ad valorem taxation for the repayment of long-term bonds used to finance a capital project. It is doing so by taking advantage of the tax increment financing scheme we initially approved in Miami Beach, a financing scheme uniquely developed to assist the redevelopment of blighted urban areas.

In light of the above concerns, we find it necessary to reassess the premise in Miami Beach and School Board of Sarasota County that the “payable from ad valorem taxation” language in article VII, section 12 refers only to the pledge of ad valorem taxing power, not to the pledge of ad valorem tax revenues. The first step in this reassessment is to understand the history of Florida’s constitutional restrictions on local borrowing.

C. Reassessing the Pledging of Taxing Powers Only Premise

1. The History of Constitutional Restrictions on Local Borrowing

While the Florida Constitution of 1885 restricted the ability of the Legislature to authorize state bonds,⁵ prior to 1930 there was no express constitutional restriction on local borrowing. Rather, the power of a local government to borrow was restricted primarily by the rule that local bodies had no

5. Specifically, article IX, section 6 of the Florida Constitution of 1885 provided the following:

The legislature shall have power to provide for issuing State bonds only for the purpose of repelling invasion or suppressing insurrection, or for the purpose of redeeming or refunding bonds already issued, at a lower rate of interest.

power except those delegated to it by the Legislature. Amos v. Matthews, 126 So. 308, 320 (Fla. 1930) (“It is fundamentally true that all local powers must have their origin in a grant by the state which is the fountain and source of authority.”). Consequently, in early local borrowing cases, this Court was typically concerned with whether the Legislature had the power to authorize local governments to borrow. See Joseph W. Little, The Historical Development of Constitutional Restraints on the Power of Florida Governmental Bodies to Borrow Money, 20 Stetson L. Rev. 647, 661 (1991).

In 1930, the Florida Constitution was amended and the following provision expressly requiring a referendum for local bonds was added to article IX, section 6:

[T]he Counties, Districts or Municipalities of the State of Florida shall have power to issue bonds only after the same shall have been approved by a majority of the votes cast in an election in which a majority of the freeholders who are qualified electors residing in such Counties, Districts, or Municipalities shall participate

This Court explained the societal conditions that led to the adoption of this amendment as follows:

Many of us lived through the times immediately prior to the adoption of the amended Section 6 of Article IX of the State Constitution, and are thoroughly familiar with the conditions and the history of the times which resulted in a demand on the part of the people for this amendment.

Hundreds of millions of dollars in bonds had been issued by municipalities and counties throughout the state. These bonds were issued pursuant to hundreds of special acts of the Legislature. These acts were passed by the Legislature as local bills and without the approval of anyone except the delegation in the Legislature from the

county affected. Under these various acts, ad valorem taxes were levied and the future credit of the governmental unit pledged without the approving voice of the freeholders or the people who had to pay the taxes. Most of these bonds were issued during the period known as the “Boom Days.” The “Boom” burst—a depression was on and the people and the freeholders found themselves saddled with debts impossible for them to pay. Millions of these bonds sold for less than 20% of par and some of them for less than 10% of par. Defaults multiplied throughout the state. The effect was as could be expected. The people awakened to the fact not only that an intolerable burden had been placed upon them far beyond their ability to pay, but also that the very welfare of the State was threatened, because of the weakened credit structure. Indeed, such was the impact that even the Congress of the United States took cognizance of the financial condition of Florida municipalities and amended the Federal Bankruptcy Act, 11 U.S.C.A. § 1 et seq., so as to bring bankrupt municipalities within its terms. Many Florida cities and towns took advantage of this amended act.

It was during such times and under these conditions that the Legislature of 1929, in response to the demands of the people, adopted the proposal to amend Section 6 of Article IX of the Constitution. In the ensuing general election the proposed amendment was adopted.

State v. Fla. State Improvement Comm’n, 60 So. 2d 747, 751 (Fla. 1952).⁶ Thus, the purpose of the 1930 amendment was to impose a restriction on local borrowing

6. During the proceedings of the Florida Constitution Revision Commission in 1966, commission member and former Florida Supreme Court Justice Harold L. Sebring further explained the boom and bust difficulties that existed at the local level before the adoption of the 1930 referendum requirement:

[B]ecause of the fact that Section 6, Article IX, was not in the constitution at the time, the counties, the municipalities, the various tax districts of the state had been free to bond themselves, until at the time of the depression, overnight when this quote \$10,000 an acre land reverted back to \$5 an acre, the outstanding bond debt of this

and a restraint on “the spendthrift tendencies of political subdivisions to load the future with obligations to pay for things the present desires, but cannot justly pay for as they go.” Leon County v. State, 165 So. 666, 669 (Fla. 1936).

Despite this acknowledged purpose of the amendment, this Court held that the 1930 referendum requirement did not apply to certain forms of local obligations, which were not, in fact, bonds. Posey v. Wakulla County, 3 So. 2d 799 (Fla. 1941); State ex rel. Houston v. Hillsborough County, 183 So. 157 (Fla. 1938); Tapers v. Pichard, 169 So. 39 (Fla. 1936). This Court explained its distinction between bonds and other obligations as follows:

As a general rule, we have said that if proposed certificates are secured by a pledge of ad valorem taxes, they are “bonds” and must be approved by the freeholders as required by Section 6, Article IX of the Florida Constitution, but if they are secured by excise taxes, special assessments or charges against the facility constructed with the net proceeds thereof, they are certificates that do not have to be approved by the freeholders.

state was greater than the assessed valuation of the property of the state.

And then it was with all of these outstanding bonds, particularly those for road and bridge purposes, that bondholders began to ask for their payment in respect to past due obligations, and there was nothing with which to pay, because the only resource of a political subdivision, in the last analysis, is its taxing power, and the taxing power was not there to pay off bonds that had been issued under an assessed valuation that, by the crash, was demonstrated to be perhaps 1,000 per cent over and above its assessed valuation.

Convention of the Florida Constitution Revision Commission, Transcript of Proceedings 353 (Dec. 5, 1966).

Klein v. City of New Smyrna Beach, 152 So. 2d 466, 467 (Fla. 1963). Cf. Leon County, 165 So. at 667 (“Any contractual device for the present funding of tax revenues . . . to be raised or made available for reimbursement in future years, contrived to be issued as an enforceable legal security to the obligee . . . is . . . a ‘bond.’ . . .”). This distinction and the consequent limitation on the referendum mandate was addressed two decades later in the constitutional revision process.

When the Florida Constitution was revised substantially in 1968, the referendum requirement was modified to its current form in article VII, section 12. The 1968 revision added the terms “certificates of indebtedness,” “any form of tax anticipation certificates,” and “payable from ad valorem taxation” to the referendum requirement of 1930. The “certificates of indebtedness” and “any form of tax anticipation certificates” language was seen by some as a rejection of this Court’s previous distinctions between bonds and other local obligations. See Miami Beach, 392 So. 2d at 895-98; Richard A. Harrison, Comment, The Community Redevelopment Act: A Historical Perspective with Commentary on the 1984 Amendments, 14 Stetson L. Rev. 623, 639 (1985). However, this Court interpreted the new “payable from ad valorem taxation” language as “a ratification of prior judicial interpretation . . . that local revenue sources other than ad valorem taxation may be pledged without referendum.” Miami Beach, 392 So. 2d at 898.

Overall, the purpose of the 1968 provision was to provide local governments with the flexibility to meet their expanding capital needs, while at the same time placing a democratic restraint on this flexibility as it relates specifically to ad valorem taxation. Although “[l]ocal government indebtedness in Florida [had] increased sharply from \$539,000,000 in 1950 to . . . an estimated \$2,500,000,000 in 1968,” approximately a third of the outstanding indebtedness in 1968 was financed by sources other than ad valorem taxation. Manning J. Dauer, et al., Should Florida Adopt the Proposed 1968 Constitution? An Analysis 32 (Public Administration Clearing House, Univ. of Fla. (1968). And based upon the new “payable from ad valorem taxation” language, it appears that ad valorem taxation was the primary concern at the time.

With this historical context in mind, we address the second step in our reassessment of the premise in Miami Beach and School Board of Sarasota County by analyzing the language of article VII, section 12 and by reviewing two failed amendments that would have expressly authorized tax increment financing.

2. The Language of Article VII, Section 12 and the Failed Amendments

(a) Plain Meaning of Article VII, Section 12

The language of article VII, section 12 is plain and unambiguous. As stated previously, article VII, section 12 of the Florida Constitution provides as follows:

Counties, school districts, municipalities, special districts and local governmental bodies with taxing powers may issue bonds, certificates

of indebtedness or any form of tax anticipation certificates, payable from ad valorem taxation and maturing more than twelve months after issuance only:

(a) to finance or refinance capital projects authorized by law and only when approved by vote of the electors who are owners of freeholds therein not wholly exempt from taxation; or

(b) to refund outstanding bonds and interest and redemption premium thereon at a lower net average interest cost rate.

(Emphasis added.) Thus, article VII, section 12 plainly authorizes localities to issue long-term bonds “payable from ad valorem taxation” for the purpose of financing capital improvements only when “approved by vote of the electors.” In other words, a referendum is required whenever bonds financing capital improvements (1) are payable from ad valorem taxation; and (2) mature more than twelve months after issuance. Specific to the issue here, because the payment is from ad valorem taxation in either case, a referendum is required not only when localities pledge ad valorem taxing power, but also when localities pledge ad valorem tax revenues.

The plain meaning of the phrase “payable from ad valorem taxation” clearly encompasses more than a pledge of the ad valorem taxing power. Indeed, taxation is a general—not a technical—term. The term encompasses anything generally related to the collecting of tax revenues. According to Webster’s Dictionary, “taxation” refers to “the action of taxing” as well as “an amount assessed or obtained by taxation.” Webster’s Third New International Dictionary of the

English Language Unabridged 2345 (1966).⁷ Consequently, “ad valorem taxation” refers to both the action of imposing ad valorem taxes as well as the amount of ad valorem revenues obtained. Thus, under the plain meaning of article VII, section 12, a locality is required to obtain approval by referendum whenever ad valorem tax revenues or ad valorem taxing power are pledged as a payment source for the described indebtedness.

(b) The Failed Amendments

Interestingly, since 1968, the people of Florida have twice rejected amendments that would have constitutionally authorized the use of tax increment financing without a referendum, at least for the redevelopment of blighted areas. In 1976, the Legislature proposed an amendment adding a provision to article VII that would have permitted the issuance of “revenue bonds secured solely by a pledge of and payable from ad valorem tax revenues [from a designated district] . . . to finance and refinance community redevelopment projects” when provided by general law approved by two-thirds of each house of the Legislature. Fla. CS for HJR 3982 (1976) (proposed art. VII, § 16, Fla. Const.). On November 2, 1976, Floridians rejected the Legislature’s proposed amendment. See Official Certificate

7. As this Court recognized in Board of Public Instruction v. Union School Furnishing Co., 129 So. 824, 826 (Fla. 1930) (quoting In re Advisory Op. to Gov., 114 So. 850, 855 (Fla. 1927)), when considering the language of article IX, section 6 of the constitution of 1885, “[t]he spirit as well as the letter of this section should be preserved and given full force and effect. Its purpose should not be defeated or frittered away by any narrow or technical construction.”

of the State Elections Canvassing Commission (Nov. 10, 1976) (available at Fla. State Archives ser. 1258, vol. 121). Following the defeat of this proposal, the Legislature amended the Community Redevelopment Act of 1969 to authorize the use of tax increment financing without a referendum. § 163.387, Fla. Stat. (1977). However, because doubt remained regarding whether tax increment financing was constitutional without a referendum, another revision authorizing pledges of tax increments was placed on the ballot, this time by the Constitutional Revision Commission. Harrison, *supra*, at 630.⁸ And, in the general election of November

8. The Commission's proposal to amend article VII provided, in part, as follows:

Section 17. Redevelopment of Slum or Blighted Areas.

Redevelopment of slum or blighted areas is a public purpose.

Pursuant to general law passed by two-thirds vote of the membership of each house, a county, municipality, or authority created pursuant to general or special law may designate an area as a slum or blighted area and, with respect to such area, may: . . .

(d) Allocate tax increments to finance or refinance the redevelopment of such area and issue, without approval by vote of the electors, revenue bonds payable from the increment in taxes or revenues derived from redevelopment projects to finance or refinance such redevelopment. A tax increment shall consist of that portion of the ad valorem tax revenues, for any or all taxing authorities, collected each year from property located in a designated slum or blighted area, which exceeds the tax revenues that would have been collected at the current year's millage had such property been assessed at its value shown on the assessment roll in the year immediately prior to the year in which the area was designated as a slum or blighted area.

7, 1978, the people of Florida rejected the commission's proposal. See Official Certificate of the Elections Canvassing Commission (Nov. 14, 1978) (available at Fla. State Archives, ser. 1258, vol. 127).

If the people of Florida had wanted to constitutionally allow the pledging of tax increments without a referendum, they had two distinct opportunities to do so. Instead, Floridians rejected both proposals. Obviously, the history of these failed amendments supports the plain meaning of article VII, section 12.

Given the plain, unambiguous meaning of article VII, section 12, a meaning supported by its history and purpose, we find no support for the premise that the “payable from ad valorem taxation” language added in 1968 refers solely to the pledge of ad valorem taxing power. We now address the doctrine of stare decisis, the third and final step in our reassessment of the premise in Miami Beach and School Board of Sarasota County.

3. Stare Decisis

“This Court adheres to the doctrine of stare decisis,” State v. J.P., 907 So. 2d 1101, 1108 (Fla. 2005), as the doctrine is important in “provid[ing] stability to the law and to the society governed by that law.” State v. Gray, 654 So. 2d 552, 554 (Fla. 1995). However, “[s]tare decisis bends where . . . there has been an error in legal analysis.” State v. J.P., 907 So. 2d at 1109 (citing Gray, 654 So. 2d at 554).

Fla. Const. Rev. Comm’n, Revision No. 7 (1978) (proposed art. VII, § 17, Fla. Const.) (emphasis added).

“Perpetuating an error in legal thinking under the guise of stare decisis serves no one well and only undermines the integrity and credibility of the Court.” Smith v. Dep’t of Ins., 507 So. 2d 1080, 1096 (Fla. 1987) (Ehrlich, J., concurring in part, dissenting in part). Furthermore, the rationale for stare decisis may be “at its weakest when we interpret the Constitution because our interpretation can be altered only by constitutional amendment or by overruling our prior decisions.” Agostini v. Felton, 521 U.S. 203, 235 (1997). As we stated in Allstate Indemnity Company,

[t]his Court has departed from precedent to correct legally erroneous decisions, see Gray, 654 So. 2d at 554, when such departure is “necessary to vindicate other principles of law or to remedy continued injustice,” Haag, 591 So. 2d at 618, and when an established rule of law has proven unacceptable or unworkable in practice. See Brown v. State, 719 So. 2d 882, 890 (Fla. 1998) (Wells, J., dissenting).

899 So. 2d at 1131. We find ourselves addressing such a situation in this case.

As we have explained, Escambia County’s tax increment financing scheme caused us to reassess the premise in Miami Beach and School Board of Sarasota County that made a distinction between pledging ad valorem taxing power and pledging ad valorem tax revenues. This reassessment has established that this premise is without any support in the plain meaning and purpose of article VII, section 12. In fact, the premise vitiates the primary interest the provision was

meant to protect, the right of the taxpayers to approve long-term debt before it is incurred.

Moreover, the premise in Miami Beach and School Board of Sarasota violates the fundamental principle we enunciated in County of Volusia. As discussed earlier, in County of Volusia, this Court held “[t]hat which may not be done directly may not be done indirectly.” 417 So. 2d at 972. In effect, the premise in Miami Beach and School Board of Sarasota County has allowed localities to do indirectly what article VII, section 12 intends to prohibit. It has allowed localities to indirectly pledge ad valorem taxation for the repayment of long-term bonds without the consent of the electorate.

Given these facts, we can no longer support the legal fiction required to validate the County’s pledge of ad valorem revenues as the primary, and potentially only, source of debt service without a referendum as required by the plain language and purpose of article VII, section 12. For these reasons, we believe that receding from Miami Beach and School Board of Sarasota County comports with this Court’s jurisprudence regarding the doctrine of stare decisis.

III. CONCLUSION

As stated earlier, we now hold that the phrase “payable from ad valorem taxation,” as used in article VII, section 12, refers not only to the pledge of a local body’s taxing authority but also to the pledge of ad valorem tax revenues. And,

because tax increment financing pledges funds derived from ad valorem tax revenues, bonds that rely upon such financing are bonds “payable from ad valorem taxation.” Consequently, when ad valorem tax revenues are so pledged, “the Constitution requires that the people who are to pay the bill should be given an opportunity to approve the debt before it is incurred.” State v. Halifax Hospital Dist., 159 So. 2d 231, 235 (Fla. 1963) (considering the 1930 referendum requirement). Thus, in order to pledge tax increments for the repayment of such bonds, approval of the electorate by referendum must be obtained.

To be clear, we are not holding that tax increment financing is unconstitutional. Rather, we are holding that bonds payable through tax increment financing are subject to the referendum requirement of article VII, section 12. Also, our decision in this case does not affect bonds that were validated prior to this opinion becoming final. See Miami Beach, 392 So. 2d at 895; County Comm’rs v. King, 13 Fla. 451 (1869). As this Court has stated, “after validation, the courts will protect even the purchasers of unconstitutional bonds.” Miami Beach, 392 So. 2d at 895 (citing Giles J. Patterson, Legal Aspects of Florida Municipal Bond Financing, 6 U. Fla. L. Rev. 287, 289 (1953)).

Accordingly, we reverse the trial court’s final judgment in this case and hold that Escambia County does not have authority to issue the subject bonds without a

referendum. In so doing, we recede from Miami Beach and School Board of Sarasota County to the extent they are inconsistent with our decision in this case.

It is so ordered.

LEWIS, C.J., and WELLS, ANSTEAD, PARIENTE, QUINCE, and CANTERO, JJ., concur.

NOT FINAL UNTIL TIME EXPIRES TO FILE REHEARING MOTION, AND IF FILED, DETERMINED.

An Appeal from the Circuit Court in and for Escambia County - Bond Validations

Michael G. Allen - Judge - Case No. 2006-CA-881

David A. Theriaque, S. Brent Spain, and Timothy E. Dennis of Theriaque, Vorbeck and Spain, Tallahassee, Florida, and Kerry Ann Schultz of Bordelon and Schultz Law Firm, P.L., Gulf Breeze, Florida,

for Appellant

Richard Lott and Patricia Lott of Miller, Canfield, Paddock, and Stone, P.L.C., Pensacola, Florida,

for Appellees

David G. Tucker and Robert Nabors of Nabors, Giblin and Nickerson, P.A., Tallahassee, Florida, on behalf of Florida Association of Counties,

as Amicus Curiae

September 7, 2007

Summary:

**Miami Beach Redevelopment
Agency, Florida; Tax Increment**

Primary Credit Analyst:

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Table Of Contents

Rationale

Summary:

Miami Beach Redevelopment Agency, Florida; Tax Increment

Credit Profile

Fort Pierce Redev Agy Tax Increment (Community Redevelopment Center) (XL CAPITAL)

Unenhanced Rating

A-(SPUR)/Watch Neg

On CreditWatch Negative

Miami Beach Redev Agy tax incre (City Center/ Historic Convention Village) (MBIA)

Unenhanced Rating

A-(SPUR)/Watch Neg

On CreditWatch Negative

Miami Beach Redev Agy tax incre (City Center/ Historic Convention Village) (MBIA)

Unenhanced Rating

A-(SPUR)/Watch Neg

On CreditWatch Negative

Miami Beach Redev Agy tax incre (City Center/ Historic Convention Village) ser 93, 96 AB

Long Term Rating

A/Watch Neg

On CreditWatch Negative

Orlando tax incre rev rfdg & rev bnds (Downtown Dist Proj) ser 2002 dtd 02/01/2002 due 10/01/2002-2016

Unenhanced Rating

A-(SPUR)/Watch Neg

On CreditWatch Negative

Orlando Comnty Redev Agy tax incre (Downtown Dist) (AMBAC)

Unenhanced Rating

A-(SPUR)/Watch Neg

On CreditWatch Negative

West Palm Beach Comnty Redev Agy tax incre rev bnds (Northwood/pleasant City Comnty Redev Area) ser 2005A

Long Term Rating

A/Watch Neg

On CreditWatch Negative

West Palm Beach Comnty Redev Agy GO (City Ctr Comnty Redev Area) (FGIC)

Unenhanced Rating

A-(SPUR)/Watch Neg

On CreditWatch Negative

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services placed the ratings on all bonds in Florida secured by a pledge of tax increment revenues on CreditWatch with negative implications.

The Supreme Court ruled on Sept. 6, 2007, that bonds payable from a pledge of tax increment revenues are subject to the referendum requirement of the Florida constitution. The decision states that it does not affect bonds that were previously validated. Standard & Poor's will review all outstanding bond issues, including validation, to determine if there are any credit implications following the Supreme Court ruling.

The rating action affects roughly \$350 million in debt.

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September 11, 2007

Florida School Dist Certificates On Watch After Uncertainty Of FL Supreme Court Decision

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NEW YORK (Standard & Poor's) Sept. 11, 2007—Standard & Poor's Ratings Services placed all ratings on Florida school district certificates of participation (COPs) on CreditWatch with negative implications due to uncertainties raised in a Florida Supreme Court decision over the validity of the certificate issuances. The court decision focused on tax increment financings, but the decision has called into question the validity of issuance of COPs. Standard & Poor's will continue to monitor this situation closely to determine what, if any, actions are sought and taken to clarify the ruling with respect to school district COP financings and any impact on school districts' ability to repay obligations. The action affects more than \$12 billion of COPs.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.

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September 11, 2007

Summary:

Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

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Summary:

Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

Credit Profile

Broward Cnty Sch Brd certs of part ser 2001A (FSA)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Broward Cnty Sch Brd certs of part (FGIC)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Broward Cnty Sch Brd cert of part

Long Term Rating

A+/Watch Neg

On CreditWatch Negative

Standard & Poor's Ratings Services placed all ratings on Florida school district certificates of participation (COPs) on CreditWatch with negative implications due to uncertainties raised in a Florida Supreme Court decision over the validity of the certificate issuances. The court decision focused on tax increment financings, but the decision has called into question the validity of issuance of COPs. Standard & Poor's will continue to monitor this situation closely to determine what, if any, actions are sought and taken to clarify the ruling with respect to school district COP financings and any impact on school districts' ability to repay obligations. The action affects more than \$12 billion of COPs.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

Ratings Detail (As Of September 11, 2007)

Broward Cnty Sch Brd certs of part ser 2001B (FSA)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Broward Cnty Sch Brd certs of part ser 2003A (MBIA)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Broward Cnty Sch Brd certs of part ser 2003B (MBIA)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Broward Cnty Sch Brd certs of part ser 2004A (AMBAC)

Unenhanced Rating

A+(SPUR)/Watch Neg

Downgraded, On CreditWatch Negative

Broward Cnty Sch Brd certs of part ser 2004B (FSA)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Broward Cnty Sch Brd certs of part ser 2004C (FSA)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Broward Cnty Sch Brd certs of part ser 2004D (FSA)

Unenhanced Rating

A+(SPUR)/Watch Neg

On CreditWatch Negative

Summary: Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

Ratings Detail (As Of September 11, 2007) (cont.)		
Broward Cnty Sch Brd certs of part ser 2005A (FSA)		
<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
Broward Cnty Sch Brd certs of part ser 2006A (FSA)		
<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
Broward Cnty Sch Brd certs of part ser 2006B (FSA)		
<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
Broward Cnty Sch Brd certs of part VRDB ser 2005B (FSA)		
<i>Long Term Rating</i>	AAA/A-1+/Stable	Affirmed
<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
Collier Cnty Sch Brd certs of part (Sch Brd of Collier Cnty, Florida Master Lse Prog) ser 2007 (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Collier Cnty Sch Brd certs of part (Sch Brd Of Collier Cnty, Florida Master Lse Prog) ser 2006 (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Flagler Cnty Sch Brd certs of part ser 2005 A&B (FSA)		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
Hernando Cnty Sch Brd certs of part ser 2003 A&B dtd 12/09/2003 due 07/01/2005-2023		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
Hernando Cnty Sch Brd ser 2005 (MBIA)		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Brd certs of part (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Dist certs of part ser 2006 B (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Dist certs of part brds ser 2003B (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Dist certs of part (Florida Master Lse Prog) ser 2004B (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Dist certs of part (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Dist certs of part (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Dist rfdg certs of part (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Hillsborough Cnty Sch Dist ser 2001B (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Indian River Cnty Sch Dist (Indian River Cnty Sch Brd Master Lse Prog) cert of part ser 2007 (FGIC)		
<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
Indian River Cnty Sch Dist (Master Lse Prog) ser 2005 (MBIA)		
<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative

Summary: Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

Ratings Detail (As Of September 11, 2007) (cont.)

Lake Cnty Sch Brd certs of part ser 2002B dtd 01/15/2003 due 07/01/2027

<i>Long Term Rating</i>	A/Watch Neg	On CreditWatch Negative
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Lake Cnty Sch Brd certs of part ser 2005A (AMBAC)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Lake Cnty Sch Brd certs of part ser 2005B (AMBAC)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Lake Cnty Sch Brd certs of part ser 2005C (AMBAC)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Lake Cnty Sch Brd certs of part ser 2006A (AMBAC)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Lake Cnty Sch Brd certs of part ser 2006B (AMBAC)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Lake Cnty Sch Brd certs of part (AMBAC)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Lake Cnty Sch Brd certs of part (Sch Brd of Lake Cnty, FL, Master Lse Prog), ser 2002 dtd 07/01/2002 due 07/01/2004-2018 2027

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Lee Cnty Sch Brd certs of part ser 1999A (FSA)

<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
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Lee Cnty Sch Brd certs of part ser 2002A&B (FSA)

<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
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Lee Cnty Sch Brd certs of part ser 2004A&B (FSA)

<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
--------------------------	--------------------	-------------------------

Lee Cnty Sch Brd certs of part ser 2005A (FSA)

<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
--------------------------	--------------------	-------------------------

Lee Cnty Sch Brd certs of part ser 2006A (FSA)

<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
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Lee Cnty Sch Brd rfdg certs of part ser 2004C (FSA)

<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
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Manatee Cnty Sch Brd certs of part ser 1998 (MBIA)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Manatee Cnty Sch Brd certs of part ser 2005A (FSA)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
--------------------------	-------------------	-------------------------

Manatee Cnty Sch Brd certs of part (Master Lse Prog) (MBIA)

<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
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Martin Cnty Sch Dist ser 2005 (MBIA)

<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
<i>School Issuer Credit Rating</i>	AA-/Stable	Affirmed

Miami Dade Cnty Sch Brd certs of part

<i>Long Term Rating</i>	A/Watch Neg	On CreditWatch Negative
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Summary: Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

Ratings Detail (As Of September 11, 2007) (cont.)		
Miami Dade Cnty Sch Brd certs of part ser 1998B (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2001C (FSA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2003C (MBIA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2003D (FGIC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2005A (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2006A (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2006B (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2006C (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2006D (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part ser 2007A B & C (FGIC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part (FGIC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part (Auction Rate Sec) ser 2002A&B (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part 2003A-B (MBIA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd cert of part ser 2001A (MBIA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd rfdg certs of part ser 1998A (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami Dade Cnty Sch Brd certs of part (MBIA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami-Dade Cnty Sch Brd certs of part ser 1998C (FSA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Miami-Dade Cnty Sch Brd certs of part ser 2000A (FSA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Monroe Cnty Sch Brd certs of part 2004A (AMBAC)		
<i>Unenhanced Rating</i>	A+(SPUR)/Watch Neg	On CreditWatch Negative
Orange Cnty Sch Brd certs of part dtd 06/15/2002 due 08/01/2003-2021 2023 2027		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative

Summary: Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

Ratings Detail (As Of September 11, 2007) (cont.)

Orange Cnty Sch Brd certs of part ser 2007A (FGIC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Orange Cnty Sch Brd certs of part ser 2007B VRDB (FGIC)		
<i>Long Term Rating</i>	AAA/A-1+/Stable	Affirmed
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Orange Cnty Sch Brd certs of part ser 2007D dtd 06/29/2007 due 08/01/2029		
<i>Long Term Rating</i>	AA-/Watch Neg	On CreditWatch Negative
Orange Cnty Sch Brd certs of part VRDB ser 2007C (MBIA)		
<i>Long Term Rating</i>	AAA/A-1+/Stable	Upgraded
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Orange Cnty Sch Brd series 2006 A&B (FGIC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Orange Cnty Sch Brd (AMBAC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Orange Cnty Sch Brd (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Osceola Cnty Sch Brd certs of part (FGIC)		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
Osceola Cnty Sch Brd certs of part (FGIC)		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
Osceola Cnty Sch Dist certs of part ser 2007 (AMBAC)		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part rfdg ser 2002E (AMBAC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2000A (FGIC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2001A (AMBAC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2001B (AMBAC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2002A (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2002C (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2002D (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2003A (AMBAC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2004A (FGIC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative

Summary: Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

Ratings Detail (As Of September 11, 2007) (cont.)		
Palm Beach Cnty Sch Brd certs of part ser 2005A (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2005B (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part ser 2006A (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part (FGIC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd certs of part (Auction Rate certs) (FGIC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd cert of part ser 2007D (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Palm Beach Cnty Sch Brd rfdg certs of part ser 2007C (AMBAC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Pasco Cnty Sch Brd certs of part ser 2004A (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Pasco Cnty Sch Brd certs of part ser 2005A (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Pasco Cnty Sch Brd certs of part ser 2007B (FGIC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Pasco Cnty Sch Brd certs of part (auc rate secs) ser 2005B (AMBAC)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Polk Cnty Sch Brd cert of part bnds (The Sch Brd of Polk Cnty FL Master Lse Prog) ser 2003A dtd 07/30/2003 due 01/01/2028		
<i>Long Term Rating</i>	AAA/A-1+/Stable	Affirmed
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Polk Cnty Sch Brd rfdg certs of part ser 2002A dtd 11/01/2002 due 01/01/2003-2013		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Polk Cnty Sch Brd rfdg certs of part (The Sch Brd of Polk Cnty, FL Master Lse Prog) ser 2003B dtd 07/30/2003 due 01/01/2004-2018		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Santa Rosa Cnty Sch Brd certs of part ser 2006-2 (FGIC)		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
Seminole Cnty Sch Brd certs of part ser 2003A (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Seminole Cnty Sch Brd certs of part ser 2003B (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Seminole Cnty Sch Brd certs of part ser 2004A (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Seminole Cnty Sch Brd certs of part ser 2005A (MBIA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative

Summary: Ratings On Various Florida School District Certificates Placed On Watch Neg; Appropriations

Ratings Detail (As Of September 11, 2007) (cont.)

Seminole Cnty Sch Brd certs of part ser 2006A (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Seminole Cnty Sch Brd certs of part ser 2006B (FSA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
Seminole Cnty Sch Brd rfdg certs of part ser 2007A (AMBAC)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Watch Neg	On CreditWatch Negative
St Johns Cnty Sch Brd certs of part ser 2006 (MBIA)		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
St Johns Cnty Sch Brd certs of part & rfdg bnds ser 2003 & ser 2003A dtd 11/15/2003 due 07/01/2004-2018		
<i>Unenhanced Rating</i>	A-(SPUR)/Watch Neg	On CreditWatch Negative
St Lucie Cnty Sch Brd certs of part ser 2005 (FSA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
St Lucie Cnty Sch Brd certs of part (Master Lse Prog) ser 2004A (FSA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Sumter Cnty Sch Brd certs of part ser 2006 (MBIA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Sumter Cnty Sch Brd certs of part ser 2007 (MBIA)		
<i>Unenhanced Rating</i>	A(SPUR)/Watch Neg	On CreditWatch Negative
Many issues are enhanced by bond insurance.		

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■ ■ Fitch Places 164.2MM of Florida TIF Bonds on Watch Negative; Comments on Florida School COPs

11 Sep 2007 3:35 PM (EDT)

Fitch Ratings-Tampa-11 September 2007: Fitch Ratings has placed all the Florida Tax Increment Revenue (TIF) bonds it rates that have not been validated on Rating Watch Negative. This action follows the Florida Supreme Court's (the Court) decision that bonds payable from tax increment revenue are subject to referendum. The decision specifically exempts bonds that were validated prior to the decision being final. Fitch expects requests for rehearings to be submitted to the Court by Sept. 17, and further clarification may be forthcoming thereafter. The constitutionality of the bonds placed on Rating Watch is in question because the court did not specifically exempt them from the ruling.

Fitch places the following bonds on Rating Watch Negative:

- City of Hollywood, Florida Community Redevelopment Agency's redevelopment revenue bonds (Beach CRA) \$40 million series 2007 and \$18.2 million series 2004;
- City of Maitland, Florida Community Redevelopment Agency's \$13.9 million series 2005;
- City of Orlando, Florida Community Redevelopment Agency's \$14.9 million series 2002 and 2004 (Downtown District); and
- City of West Palm Beach, Florida Community Redevelopment Agency's \$77.2 million tax increment revenue bonds (City Center Community Redevelopment Area) series 2006A.

On Sept. 6, 2007, the Court published an opinion in the case of Dr. Gregory L. Strand vs. Escambia County, FL. The ruling held that bonds payable through tax increment financing are subject to the referendum requirement of article VII, Section 12 of the Florida Constitution. Further, the Court concluded that the phrase 'payable from ad valorem taxation' used in that article refers not only to the pledge of a local body's taxing authority but also to the pledge of ad valorem tax revenues. The Court, in its opinion, recedes from two specific previous rulings, the State v. Miami Beach Redevelopment Agency and the State v. the School Board of Sarasota County. The Miami Beach case, decided in 1980, held that tax-increment-financed bonds were not subject to the referendum requirement of article VII, section 12 of the FL constitution. The premise of the case was clarified by the court in the 1990 ruling in the School Board of Sarasota County case, which related to certificates of participation (COPs). The Sarasota case referenced only the pledge of ad valorem taxing power, not the pledge of ad valorem revenues. The court opined that the premise of Miami Beach and School Board of Sarasota County has allowed localities to do indirectly what article VII, section 12 intends to prohibit - allowing localities to indirectly pledge ad valorem taxation for the repayment of long-term bonds without the consent of the electorate.

Fitch is not taking rating action on COPs at this time because there are questions over the

A-42

interpretation of the portion of the ruling that relates to the School Board of Sarasota County. Even if existing COPs are deemed constitutional, future issuances may be jeopardized. Fitch recognizes that many districts rely on this financing mechanism to fund important capital needs related to enrollment growth, deferred maintenance, and the state's class size reduction initiative. Fitch will continue to monitor the situation and will comment further as future developments arise.

Contact: Kelly McGary +1-813-223-6600, Tampa; or Amy Laskey +1-212-908-0568, New York.

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526.

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Markets

Sept. 13, 2007, 2:28PM

Fla.: Bond Ruling Rehearing Sought

By BILL KACZOR Associated Press Writer
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TALLAHASSEE, Fla. — Organizations representing cities, counties and school districts said Thursday they want the Florida Supreme Court to rehear a bond case they fear could jeopardize billions of dollars worth of construction projects across the state.

The justices last week unanimously ruled voter approval must be obtained before selling tax increment financing bonds, which are backed by property taxes generated from redevelopment and improvement programs.

The decision came in an \$350 million bond validation case for an Escambia County road-widening project near Pensacola. In the process the Supreme Court reversed a legal precedent it set 27 years ago by backing off prior rulings that referendums are not required for two types of borrowing.

One was a 1980 decision from Miami Beach on tax increment financing used by cities and counties. The other was a 1990 Sarasota County School Board case on certificates of participation, a form of financing widely used by school districts.

The opinion calls into question the validity of \$12.9 billion in existing certificates of participation and could make it difficult, if not impossible, to offer \$8.1 billion more that districts have planned for the next five years, said Wayne Blanton, executive director of the Florida School Boards Association.

Holding referendums is likely to delay projects and increase their cost even if voters approve them. Districts are building new schools and expanding existing ones to comply with a state constitutional amendment that limits class sizes.

"School construction is going to come to a screeching halt," Blanton said. "It specifically jeopardizes class size."

Future and existing city and county building projects also may be affected. They include plans for a port tunnel and museum buildings in Miami, an aquatic complex in Fort Lauderdale and an arena, stadium and performing arts projects in Orlando.

Within days of the Sept. 6 ruling, two bond rating firms, Standard & Poors and Fitch Ratings, put \$514 million in Florida tax-increment bonds on negative credit or ratings watches. Standard & Poors issued the same warning for certificates of participation.

A third firm, Moody's Investors Service, said Thursday that it is maintaining a stable outlook on both types of financing in Florida pending clarification by the Supreme Court.

The Florida School Boards Association, Florida Association of District School Superintendents, Florida Association of Counties and Florida League of Cities plan to submit rehearing requests by a Monday deadline.

A key question will be what the justices meant by writing the referendum requirement did not apply to borrowing that already has been "validated." Most of the outstanding bonds and certificates, though, have not gone through that process.

The Supreme Court could relieve much of the angst among local officials by saying the ruling does not apply to existing borrowing regardless of whether it has been validated.

Obtaining court validation gives an offering greater security by blocking any future legal challenges, but it's not required, said Virginia Delegal, general counsel for the Association of Counties.

To save time and money, local governments usually skip validation. They, instead, have relied on long-established legal precedent, which the high court now has reversed, and scrutiny from bond firms and their lawyers, she said.

The Escambia tax increment validation was challenged by Dr. Gregory Strand, a Pensacola veterinarian, who opposes the road-widening project on Perdido Key.

Bob Nabors, a lawyer for the school associations, said his clients also want the justices to restore the 1990 Sarasota decision because Strand didn't challenge certificate financing and neither side offered arguments on that issue.

The counties, though, will ask the high court to reconsider the entire decision, Delegal said.

COMMENTS

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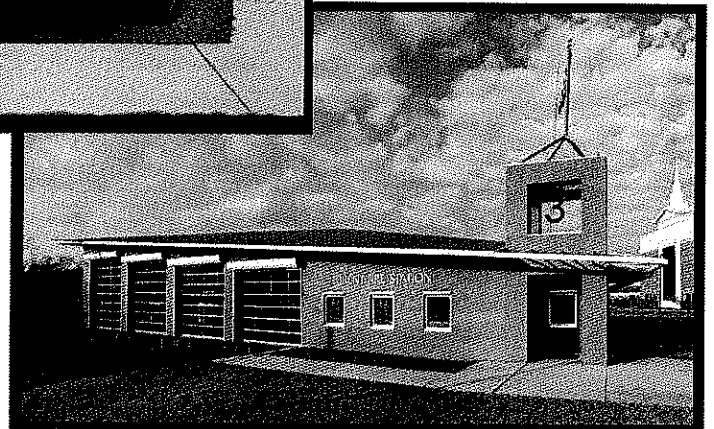
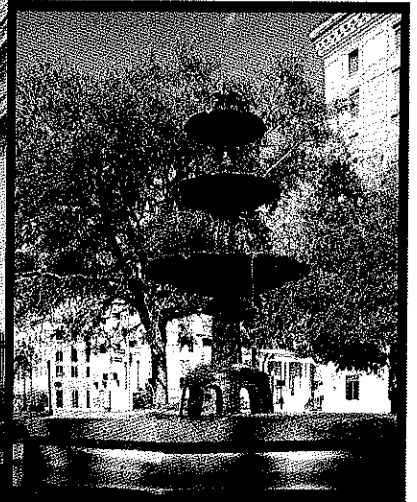
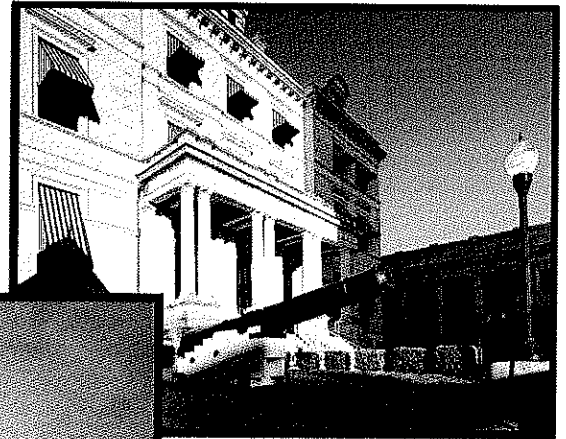
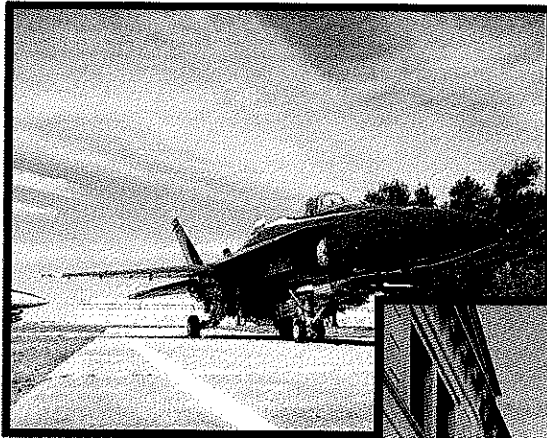
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COUNTY OF ESCAMBIA FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
ESCAMBIA COUNTY, FLORIDA
YEAR ENDED SEPTEMBER 30, 2006**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
ESCAMBIA COUNTY, FLORIDA
YEAR ENDED SEPTEMBER 30, 2006**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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The main factor for the decrease in governmental-type liabilities is due to completing debris removal associated with clean up efforts due to Hurricanes Ivan and Dennis. The only amounts remaining are retainage payments.

The County continues to maintain healthy ratios as noted above which indicates more than adequate cash flows of Escambia County.

Escambia County, Florida
Changes In Net Assets
Year Ended September 30, 2006

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$58,694,782	\$55,181,470	\$31,751,893	\$37,337,824	\$90,446,675	\$92,519,294
Operating Grants and Contributions	46,491,175	212,135,132	10,358	337	46,501,533	212,135,469
Capital Grants and Contributions	23,983,031	6,715,361	55,857	379,170	24,038,888	7,094,531
General Revenues:						
Property Taxes	98,874,774	98,901,932	0	0	98,874,774	98,901,932
Other Taxes	79,508,439	79,231,162	0	0	79,508,439	79,231,162
Other	28,560,867	29,371,016	2,086,453	1,324,500	30,647,320	30,695,516
Total Revenues	336,113,068	481,536,073	33,904,561	39,041,831	370,017,629	520,577,904
Expenses:						
General Government/Court Related	26,589,529	39,400,122	0	0	26,589,529	39,400,122
Public Safety	145,532,652	319,042,002	0	0	145,532,652	319,042,002
Physical Environment	4,159,478	2,306,914	0	0	4,159,478	2,306,914
Transportation	66,373,232	46,601,198	0	0	66,373,232	46,601,198
Economic Environment	22,080,805	9,115,413	0	0	22,080,805	9,115,413
Human Services	4,965,760	4,662,761	0	0	4,965,760	4,662,761
Culture/Recreation	8,610,163	5,497,253	0	0	8,610,163	5,497,253
Interest on Long-Term Debt	8,066,311	7,850,023	0	0	8,066,311	7,850,023
Solid Waste	0	0	8,336,312	13,931,979	8,336,312	13,931,979
Building Inspections	0	0	3,486,904	3,354,100	3,486,904	3,354,100
Ambulance Service	0	0	13,868,455	13,011,213	13,868,455	13,011,213
Civic Center	0	0	5,875,964	5,712,799	5,875,964	5,712,799
Industrial Parks	0	0	544,815	609,116	544,815	609,116
Total Expenses	286,377,930	434,475,686	32,112,450	36,619,207	318,490,380	471,094,893
Increase in Net Assets before Transfers	49,735,138	47,060,387	1,792,111	2,422,624	51,527,249	49,483,011
Transfers	(87,773)	(216,146)	87,773	216,146	0	0
Increase in Net Assets	49,647,365	46,844,241	1,879,884	2,638,770	51,527,249	49,483,011
Net Assets, beginning	399,487,022	352,642,781	53,329,874	50,691,104	452,816,896	403,333,885
Net Assets, ending	<u>\$449,134,387</u>	<u>\$399,487,022</u>	<u>\$55,209,758</u>	<u>\$53,329,874</u>	<u>\$504,344,145</u>	<u>\$452,816,896</u>

Governmental Activities

Overall, decreased revenues and decreased expenses from fiscal year 2005 can be noted in the governmental activity in fiscal year 2006. As noted in the Financial Highlights, governmental expenditures decreased due to the conclusion of the post-Hurricane rebuilding efforts in Escambia County. Fiscal year 2006 shows a 56.9% decrease in public safety related expenses, 13.5% increase in the general government category, 18% increase in the culture and recreation category, a 77% increase in the physical environment category, a 26% increase in the transportation category, and a 133% increase in the economic environment category. These increased costs reflects the County's commitment to achieve a successful recovery from the recent hurricanes as well as continue to manage the basic needs of our growing population.

The significant increase in economic environment category is a direct result of the State-led initiative to provide funding for hurricane housing recovery initiatives through grant dollars allocated among Florida

Holders of U.S. Municipal Securities \$ Billions

	Individuals	Mutual Funds ¹	Banking Institutions ²	Insurance Companies ³	Other ⁴	Total
1996	493.0	416.9	107.1	188.8	55.8	1,261.6
1997	497.6	446.2	112.0	208.1	54.6	1,318.5
1998	498.7	496.1	120.4	226.5	61.0	1,402.7
1999	528.1	519.5	125.7	219.1	64.7	1,457.1
2000	531.2	540.6	128.8	203.2	76.9	1,480.7
2001	581.1	604.4	143.6	192.5	81.9	1,603.5
2002	678.7	641.8	148.1	202.9	91.4	1,762.9
2003	707.7	671.4	163.7	250.3	107.4	1,900.5
2004	743.0	697.2	179.9	297.9	113.0	2,031.0
2005	819.8	737.9	209.2	345.7	113.2	2,225.8
2006	864.7	802.9	241.8	364.1	129.2	2,402.7
<u>2006</u>						
Q1	820.1	758.1	205.3	352.3	118.5	2,254.3
Q2	858.1	761.2	209.3	357.3	119.6	2,305.5
Q3	854.9	775.5	217.7	360.6	124.0	2,332.7
Q4	864.7	804.3	241.8	364.1	129.2	2,404.1
<u>2007</u>						
Q1	876.0	836.9	253.3	371.0	128.3	2,465.5
Q2						
Q3						
Q4						

1 Includes mutual funds, money market funds and close-end funds.

2 Includes commercial banks, savings institutions and brokers and dealers.

3 Includes property-casualty and life insurance companies.

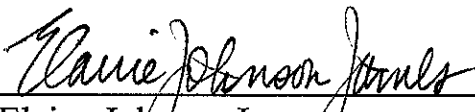
4 Includes nonfinancial corporate business, nonfarm noncorporate business, state and local governments and retirement funds and government-sponsored enterprises.

Download Data.
Microsoft Excel

Sources: Federal Reserve System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery this 17th day of September, 2007 to the persons listed below.


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CERTIFICATION

The undersigned does hereby certify that she used 14 point Times New Roman type in this document, and it complies with Florida Rule of Appellate Procedure 9.210(a)(2).


Elaine Johnson James