



Dear Fellow Bay County Taxpayer:

The increases in assessments of property value we all found on our TRIM notices generated new revenue for all of the taxing authorities in Bay County and new burdens on Bay County taxpayers. As the taxpayer outrage ensued, we were able to mount a successful campaign to get the local governmental entities to roll back their millage rates. In a very short period of time, we were able to get the following reductions:

Bay County	1.50 mills
Bay County Fire District	.25 mills
Gulf Mosquito Control	.05 mills
City of Panama City	.80 mills
School Board	1.00 mills
Lynn Haven	.75 mills

Despite these millage reductions, the budgets for every governmental entity still increased substantially. Looking across a 4 year period, the budgets in Bay County have increased faster than actual population growth plus inflation. The truth of the matter is that our elected officials and their staffs have gotten used to spending whatever tax dollars are available, whether needed or not.

We believe that without strong oversight local taxing authorities will continue to find ways to increase their revenue whether through direct taxes (ad valorem, sales tax) or user fees (impact fees). The campaigns have already started to convince the taxpayers that the needs are nearly overwhelming (School Board can't afford covered walkways between portables and main buildings; School Board can't afford new lunchroom staff in order to impose "closed campuses"; County may not be able to afford to widen the Grand Lagoon bridge). Our brief review of the different budgets indicates that there are areas of waste and inefficiency that should be addressed before any taxes are increased again.

In order to be prepared for next year's tax and budget cycles, we believe that it is essential that we start now to analyze budgets and to gather an "army" of taxpayers willing to lobby their elected representatives. To that end, we are proposing two new organizations that will enable us to be more effective in these efforts. Bay Tax Foundation, Inc. has been formed as a nonprofit organization. We will immediately file for 501(c)(3) approval from the IRS so that when approved your donations will be tax deductible. The Foundation will be primarily responsible for education and analysis. The second organization, Bay Taxpayers, Inc., will be a political entity with a 501(c)(4) structure. Contributions to Bay Taxpayers will not be tax deductible as charitable deductions so that we can lobby and undertake political activities ordinarily prohibited to a 501(c)(3). You will need to check with your tax advisor to see if your C-4 contribution may be deducted as an ordinary business expense.

For more information on our organization, please go to our website www.baytaxpayers.org. We will use our website to keep you up to date on our progress and to provide you with a way to add your comments about ways to improve efficiency in local government. We also hope to establish a "waste watch" where anonymous contributors may alert us to egregious abuses of taxpayers' money.

Attached you will find a membership application. The application is also available on our website along with a convenient PayPal mechanism for transmitting membership dues. We need volunteers to help monitor the different taxing entities. Please also indicate on your application your areas of interest. I hope you will consider joining with us to reduce taxes and to eliminate waste in government spending. Let us know if you have any questions about this matter.

Sincerely,

A handwritten signature in black ink that reads 'Lee Sullivan'.

Lee Sullivan
President