

Florida's Property Tax Revisions Adopted by the Florida Legislature Special Session "B" June 12-14, 2007

A presentation to the
COALITION for Fair &
Comprehensive Tax Reform
August 16, 2007 in
ORLANDO, FLORIDA



The Property Tax Debate in Florida

- The Governor and legislative leaders of Florida have all called for ad valorem (local property) tax relief.
- Many of their proposals dramatically change the basic structure of this tax statewide.
- Comprehensive state and local tax reform has not been directly discussed, except for early proposals to cap both state and local revenues and to significantly increase the general sales tax to provide local property tax relief to Florida homesteaders.

LEGISLATIVE ACTIONS

- STATE-WIDE FREEZE AND ROLL-BACK FOR 2007 PROPERTY TAXES BY LOCAL GOVERNMENTS
- STATUTORY AND CONSTITUTIONAL CAPS ON LOCAL PROPERTY TAXES
- CONSTITUTIONAL AMENDMENT TO BE VOTED ON JANUARY 29, 2008 AND APPLY TO PROPERTY TAXES LEVIED IN 2008

REVENUE IMPACTS OF LEGISLATIVE FREEZE, ROLL-BACK AND CAP

- LOCAL FISCAL YEAR 2007-08 \$2.156 BILLION
- LOCAL FISCAL YEAR 2008-09 \$2.604 BILLION
- LOCAL FISCAL YEAR 2009-10 \$3.113 BILLION
- LOCAL FISCAL YEAR 2010-11 \$3.575 BILLION
- LOCAL FISCAL YEAR 2011-12 \$4.154 BILLION

TOTAL LOSS OF \$15,602,000,000 in PROPERTY TAXES OVER THE FIVE YEAR PERIOD

CONSTITUTIONAL AMENDMENT

- TO BE VOTED ON JANUARY 29, 2008
- “SUPER” HOMESTEAD EXEMPTION
75% first \$200,000; 15% next \$300,000; \$500,000 is indexed and legislature can increase by 2/3rds vote
- TANGIBLE PERSONAL PROPERTY EXEMPTION
minimum \$25,000; legislature can increase
- ASSESSMENT LIMITS ON “AFFORDABLE HOUSING” & “WORKING WATERFRONTS”
- CAPS LOCAL PROPERTY TAX INCREASES TO GROWTH IN STATE’S PERSONAL INCOME

REVENUE IMPACTS OF PROPOSED CONSTITUTIONAL AMENDMENT

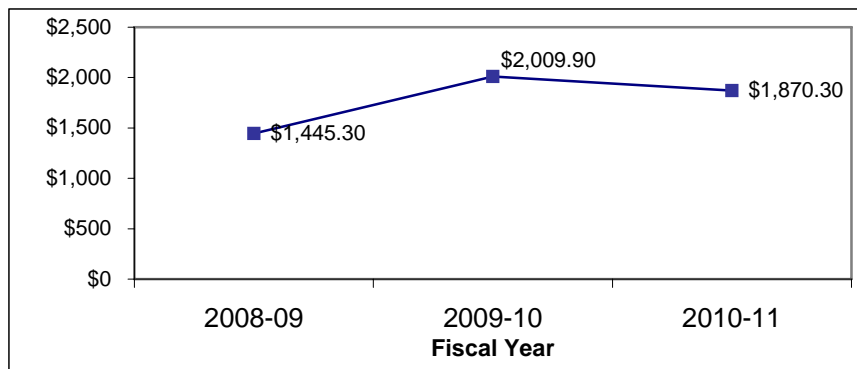
- LOCAL FISCAL YEAR 2007-08 —none—
 - Plus statutory \$2.156B totaling **\$2.156 Billion**
- LOCAL FISCAL YEAR 2008-09 \$3.599 BILLION
 - Plus statutory \$2.604B totaling **\$6.203 Billion**
- LOCAL FISCAL YEAR 2009-10 \$3.879 BILLION
 - Plus statutory \$3.113B totaling **\$6.992 Billion**
- LOCAL FISCAL YEAR 2010-11 \$4.169 BILLION
 - Plus statutory \$3.575B totaling **\$7.744 Billion**
- LOCAL FISCAL YEAR 2011-12 \$4.381 BILLION
 - Plus statutory \$4.154B totaling **\$8.535 Billion**

TOTAL LOSS OF \$ 16,028,000,000 in PROPERTY TAXES OVER THE FIVE YEAR PERIOD

EDUCATION IS EXEMPT AND “TO BE HELD HARMLESS”

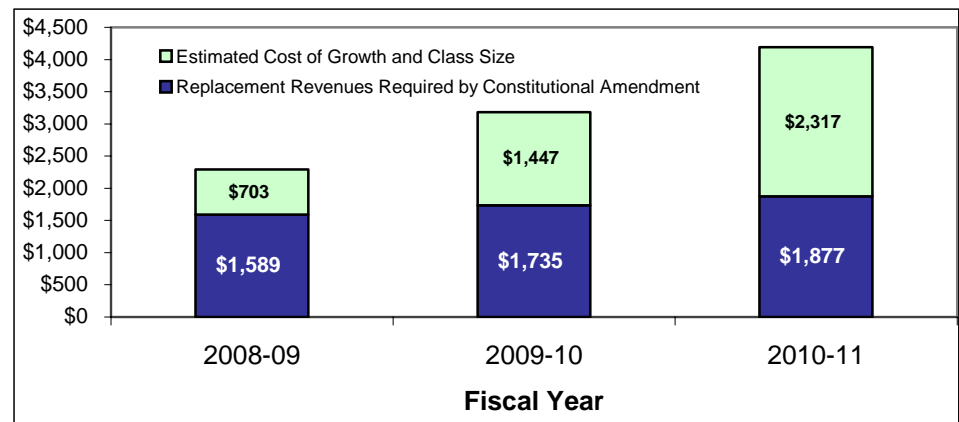
- PROPERTY TAX FOR SCHOOL DISTRICTS ARE NOT INCLUDED IN STATUTORY FREEZES AND CAPS
- SCHOOLS WILL LOSE TAX BASE IF CONSTITUTIONAL AMENDMENT PASSES; BUT THE LEGISLATURE MAY IMPOSE A HIGHER MILLAGE OR MAY CHOOSE TO REPLACE REVENUE LOSS WITH STATE TAX SUPPORT

Increases in General Revenue and Public School Funding Needed

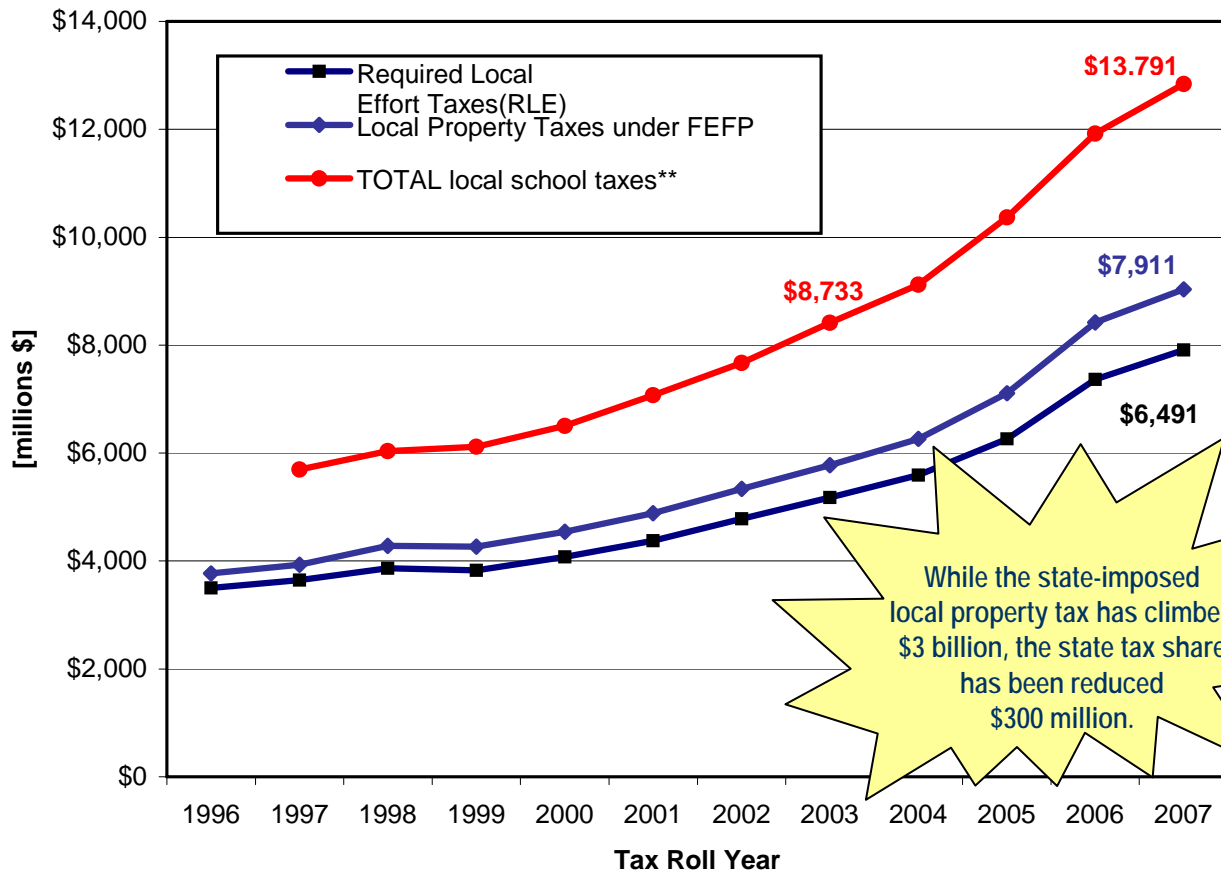


Public school financing will soon require more billions in state taxes.

The schools must meet forecasted costs, not only to replace lost property tax revenues, but for basic student growth needs and to comply with the 2010 constitutional class size requirement — all without adjustment for inflation.



Florida School Taxes

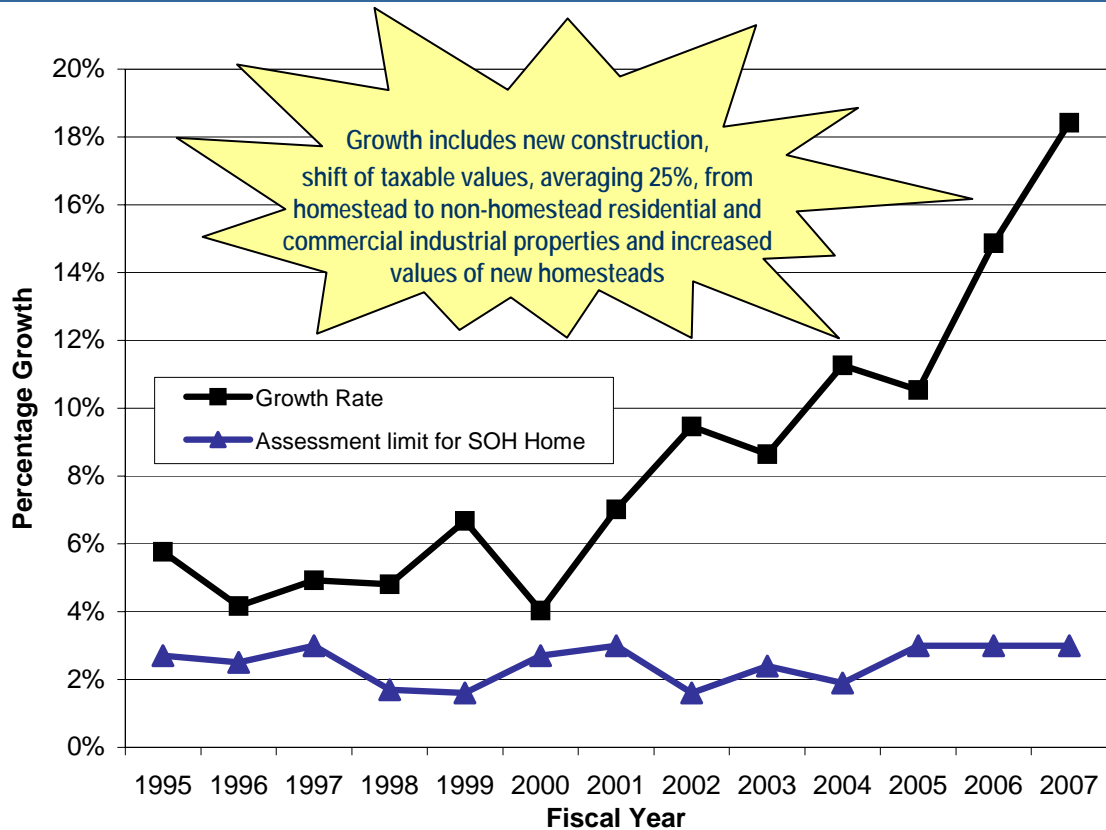


While the state-imposed local property tax has climbed \$3 billion, the state tax share has been reduced \$300 million.

PROPERTY TAX HISTORY IN FLORIDA

- Ad valorem (property) tax is reserved to local governments by Florida Constitution, Article VII, Section 1(a) (1968)
- Public Schools property taxes are constrained by adoption of Florida's Educational (Public Schools) Financing Program, "FEFP."
- Property values have risen dramatically since 2004 Hurricane season.
- Homestead assessments have been capped since adoption of the Save Our Homes amendment in 1992; thereby, shifting property tax burden onto new homestead, non-homestead residential and business property.
- State has relied upon local school property taxes and upon local government, generally, to finance much of both the state public school program and other state-related services; including health care, juvenile justice, environmental and infrastructure programs.

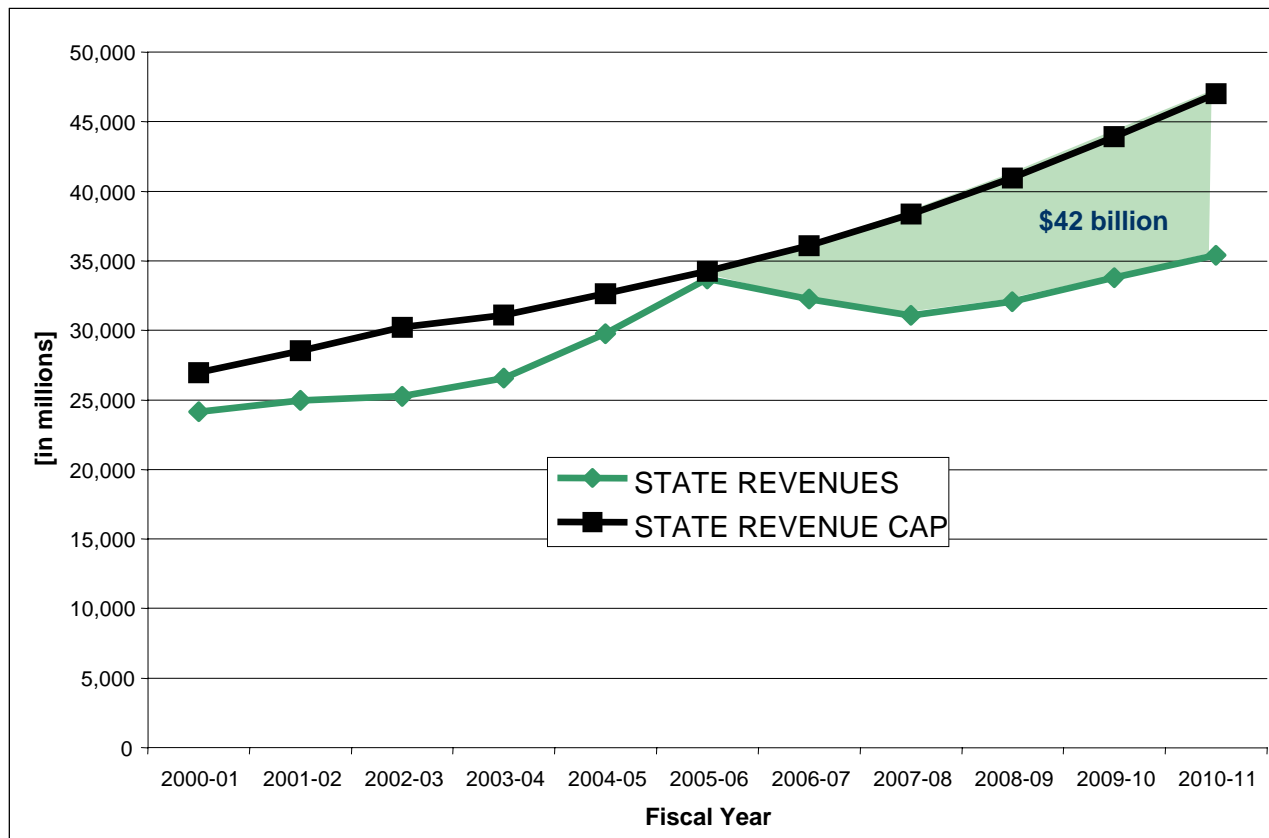
Property Tax and “Save Our Homes” Limitation



FLORIDA ALREADY HAS A REVENUE CAP

- Since 1994, Florida state revenues have been subject to a cap of the average of growth in personal income for the previous twenty quarters (5 years).
- Prior administration's tax cuts and avoidance of closing tax loopholes has resulted in a significant increase in the gap between Florida's revenues and its 1994 cap.

Florida's Existing Constitutional Cap on State Revenues



FLORIDA'S RANK WITH OTHERS

- Florida ranks among the bottom on many measures of commitment to public services:
 - 50th in per capita funding for higher education
 - 49th in all education funding per capita
 - 41st in state health rankings
 - 49th in % covered by health insurance
 - 46th in Medicaid spending per child
 - 48th in progressivity of major state & local taxes

WHERE DO WE GO FROM HERE

- GET INVOLVED WITH LOCAL DECISIONS ON 2007-08 BUDGET
- GET INVOLVED WITH THE TAXATION & BUDGET REFORM COMMISSION
A Constitutional Body formed every 20 years to review state fiscal policy with power to propose Constitutional changes on the 2008 General Election ballot
- GET INVOLVED WITH EDUCATING PUBLIC ON IMPACTS OF LEGISLATIVE ACTIONS
- GET INVOLVED WITH NEXT LEGISLATIVE SESSIONS (SPECIAL AND REGULAR)

TODAY

- It all begins today
- Participate in the strategy and planning sessions
- Gain the knowledge you need to effectively advocate your positions
- Improve our presentations by providing feedback and questions to www.fcfep.org

LET'S MAKE FLORIDA A "FAIR SHARE" TAX STATE

- Assure fairness and equity in taxation
- Assure adequate revenues to make good choices for:
 - Funding Education
 - Funding Health Care
 - Funding Local Emergency Services and lower response times for police, fire and other emergency services
 - Funding State & Local infrastructure needs
 - Funding State & Local "quality of life" services

KEY WEBSITES

- FLORIDA CENTER FOR FISCAL & ECONOMIC POLICY www.fcfep.org (look at lists of websites)
- FLORIDA TAXATION & BUDGET REFORM COMMISSION www.floridatbrc.org
- FLORIDA ASSOCIATION OF COUNTIES www.fl-counties.com
- FLORIDA LEAGUE OF CITIES www.flcities.com
- WWW.MYFLORIDA.COM see list for all Florida governmental sites
- COALITION MEMBER WEBSITES (see list)

TENTATIVE REGIONAL PUBLIC HEARING SCHEDULE FOR TAXATION AND BUDGET REFORM COMMISSION

- September 20 in Jacksonville
- October 4 in Orlando
- October 9 in Fort Myers
- October 10 in Miami
- October 11 in Fort Lauderdale
- October 18 in Fort Walton Beach

Look at www.floridatbrc.org for up-to-date info