

***Property Tax Reform --
Super Exemption
vs
Save Our Homes***

July 30, 2007 Hot Topics Presentation by
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The pages that follow are 2 related documents:

1. the presentation made on July 30, and
2. a summary of the League of Women Voters of Florida's policy positions on taxation

A dark wood desk with a blue pen and a glass of water. The text is centered on the desk.

Property Tax Relief & Reform

Save Our Homes

vs.

Super Homestead Exemption

Background

- Hot Real Estate Market
- Non Homestead Inequities
- Business Inequities
- Cool Real Estate Market
- High Insurance Costs

A wooden desk with a white notepad, a pen, and a brass fastener. The notepad is the central focus, with text written on it. The pen is in the bottom left corner, and the brass fastener is in the top right corner.

June 2007 Special Session

HB 1B - *Immediate Tax Relief*

SJR 4B - *Long-term Reform*

HB 5B - *Special Election*

HB 1B - Immediate Tax Relief

- Requires all local governments except school districts to cut taxes this year.
- Requires all local governments except school districts to cap annual property tax revenue.

HB 1B continued

- Protects taxpayers while allowing local flexibility by requiring a rigorous procedure to override the required revenue cap.
- Implements provisions authorized in the constitutional reform plan (HJR 3B)

HB 1B continued

- Creates immediate tax relief for all properties in Florida this year.

SJR 4B - Long-term Reform

- Creates a new “super” homestead exemption to transform the inequitable Florida property tax system.
- Allows existing homestead owners to choose to keep their Save Our Homes benefits or switch to new super homestead exemption.

SJR 4B continued

- Authorizes a new \$25,000 Tangible Personal Property exemption for businesses.
- Authorizes targeted relief for affordable housing and working waterfront properties.

SJR 4B continued

- Implements tax reform and relief for 2008 tax bills
- Offers \$16 Billion of tax relief over five years.
 - Avg. Homestead to Super \$1,306
 - Avg. Non-Homestead Res. 245
 - Avg. Coml./Industrial 1,240
 - Avg. Tangible Personal Prop. 262

HB 5 B - The Special Election

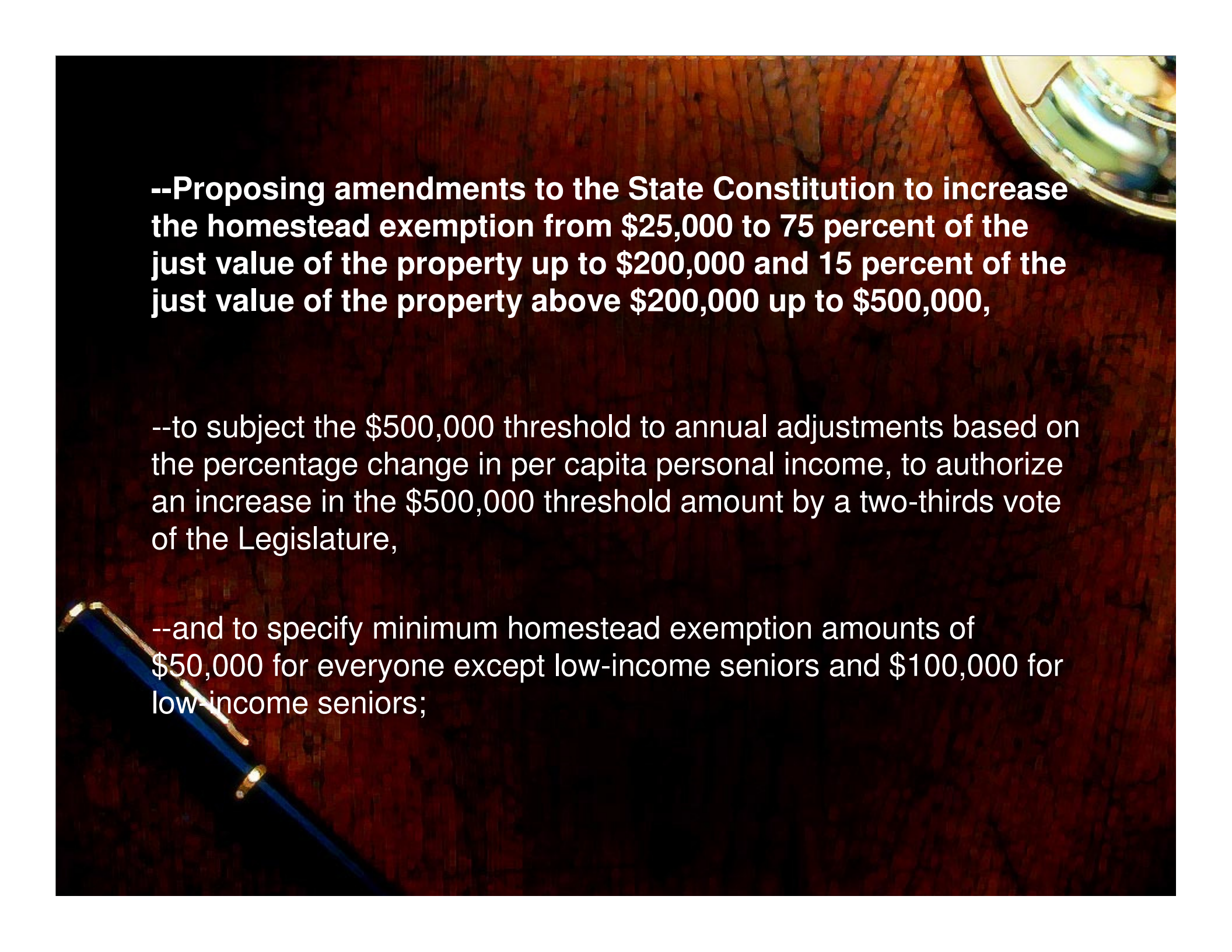
- Authorizes special election to coincide with Presidential Preference Primary
- Prevents possibility of permanent tax relief & reform being delayed until 2009
- Allows voters of all political affiliations to vote on proposed constitutional amendment.

HB 5B continued

- Saves Florida taxpayers the expense of paying for a statewide referendum.

The Constitutional Amendment

- Ad Valorem Property Taxation: Assessments, Exemptions, Limitations, and Homesteads
- Reference:
 - Article VIII, Sections 3, 4, 6, 9; Article XII, Section 27

A dark wood desk with a pen and a glass. The background is a dark wood surface. In the top right corner, there is a glass with a yellowish liquid. In the bottom left corner, there is a blue pen with gold accents.

--Proposing amendments to the State Constitution to increase the homestead exemption from \$25,000 to 75 percent of the just value of the property up to \$200,000 and 15 percent of the just value of the property above \$200,000 up to \$500,000,

--to subject the \$500,000 threshold to annual adjustments based on the percentage change in per capita personal income, to authorize an increase in the \$500,000 threshold amount by a two-thirds vote of the Legislature,

--and to specify minimum homestead exemption amounts of \$50,000 for everyone except low-income seniors and \$100,000 for low-income seniors;

--to provide for transitional assessments of homestead property under the increased homestead exemption that include preserving application of Save-Our-Homes provisions until an irrevocable election is made;

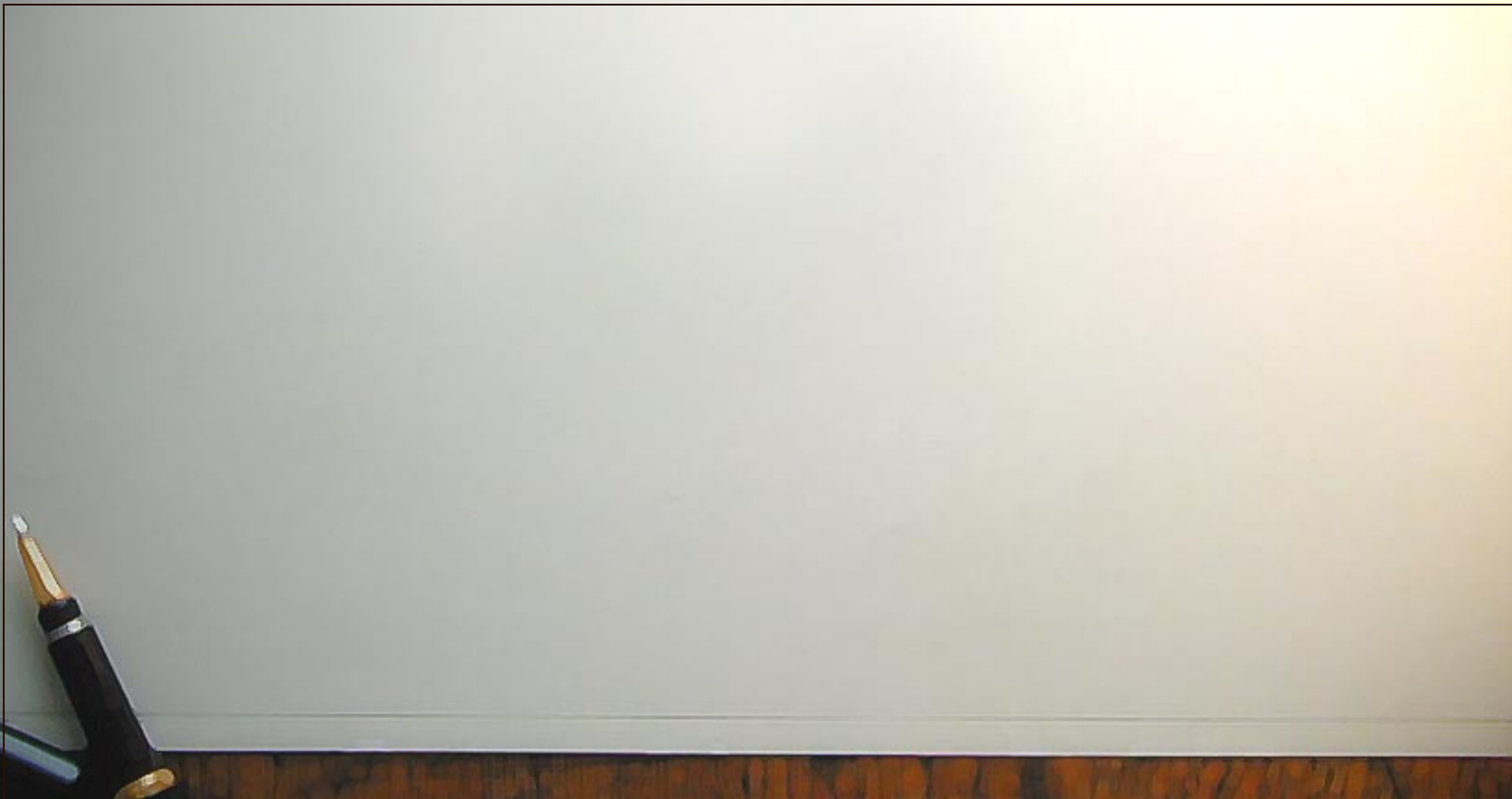
--to revise Save-Our-Homes provisions to conform to provisions providing for the increased homestead exemption and transitional assessments of homestead property;

--to require the Legislature to limit the authority of counties, municipalities, and special districts to increase ad valorem taxes;

--to authorize an exemption from ad valorem taxes of no less than \$25,000 of assessed value of tangible personal property;

--to provide for assessing rent-restricted affordable housing property and waterfront property used for commercial fishing, commercial water-dependent activities, and public access at less than just value;

--and to schedule the amendments to take effect upon approval by the voters and operate retroactively to January 1, 2008, if approved in a special election held on January 29, 2008, or shall take effect January 1, 2009, if approved in the general election held in November of 2008.



LWVF Tax Positions

- A Clean Tax Article in Constitution
- Comprehensive Plan
- Tax Structure
- Accountability
- Property Tax
- Sales Tax
- Corporate Income Tax
- Personal Income Tax
- Severance Tax
- Collection Agency

A Clean Tax Article in the Florida Constitution

- No tax sources or revenues should be specified, limited, exempted, or prohibited in the Constitution.

Comprehensive Plan

- LWVF believes that the state of Florida has an infrastructure deficit and that state service levels and the quality of life are declining.
- Because long term goals of the state comprehensive plan were designed to reverse decline in levels of service and improve the quality of life, members find these goals are generally desirable and worth working toward.
- Therefore, sufficient state taxes should be levied to begin the process of achieving these goals.

Tax Structure

- Reformed so that greater proportion of taxes would be levied on the basis of ability to pay.
- Local governments should be authorized through enabling legislation to utilize additional sources of revenue to finance capital improvements and major maintenance projects.
- Local governments in Florida should have available a variety of options for generating revenues to meet local needs.
- Formulas for state revenue sharing should take into consideration population, revenue bases and other economic conditions.

Property Tax

- There should be no increase or extension of homestead exemption.
- Goals for attaining equity in property appraisal.
- Tax-relief for low income persons -- both property owners and renters -- of all ages.

Goals for attaining equity in property appraisal

- Professional level appraisals that more nearly approach fair market value in all areas of the state.
- Enforcement of statewide uniformity in appraisal practices.
- Combined city-county appraisals.
- No property tax on those kinds of personal property that cannot be appraised equitably.

Goals continued:

- Broader real property base. Re-evaluation of exemptions granted to charitable, religious, educational, fraternal and civic properties to determine which serve a public purpose. Exemptions on properties owned by such groups should be limited to the extent that such subsidies are justified.

Goals continued:

- Mobile homes considered as real property for tax purposes.
- Preferential assessment for agricultural land with tax recovery when land is reclassified
- Public service charges for tax-exempt institutions.

Sales Tax

- No sales tax on groceries or medicine
- Rebate on sales tax should be no more than sufficient to cover the costs of collection.
- There should be a beverage tax based on value rather than on quantity.
- Ways should be found to make the general sales tax less regressive.
- Any increase in motor fuel taxes should be utilized for transportation including mass transit.
- The LWVF should support an increase in the sales tax when necessary to provide adequate revenue at the state level.

Corporate Income Tax

- There should be a tax on corporate income with uniform rates for all types of corporations.

Personal Income Tax

- The LWVF supports the adoption of a state personal income tax as one part of a balanced and equitable tax structure.

Severance Tax

- There should be a tax on the severance of non-renewable natural resources.
- Tax incentives should be provided for conservation and restoration connected with severing the resources
- There should be an increase in the solid mineral severance tax.

Collection Agency

- There should be a single, separate agency for the collection of all nonregulatory state taxes.