Florida TaxWatch

What the 2007 Legislature Did

In a June 12-14, 2007, Special Session, the Legislature passed three bills, House Bill 1B, Senate Bill 4B and House Bill 5B. The first two comprise the tax reduction/reform plan, HB 5B authorizes a special election for January 29, 2008, to vote for the proposed constitutional amendment (SB 4B).

House Bill 1B: Statutory Tax Cut and Cap

Statutory Tax Cut

Cities, counties and special districts are required to cut this next year's property taxes by 3%-9% from the "rolled back rate" (meaning the amount levied this year plus new construction). School district levies are exempt from the cuts.

The cut will be 3%, 5%, 7% or 9%, depending on how fast per capita taxes have risen over the last five years in each jurisdiction. The faster a government's taxes have risen, the higher the cut.

Fiscally limited counties and cities and independent special districts will be cut 3%, as well as municipal service taxing units (MSTUs) and dependent districts that provide emergency medical or fire protection services.

Jurisdictions that have not levied property taxes for at least five years are not subject to the cut.

The cut does not apply to certain voted levies.

The cut may be overridden by local government:

- To exceed the cut level and collect up to the 2006-07 level requires a 2/3 vote of the governing board.
- To collect the level of taxes raised by 2006-07 rates requires a unanimous vote or a three-fourths vote if the body has nine our more members.
- To collect above that level requires voter approval.

Statutory Tax Cap

After 2009, growth in property taxes for each jurisdiction cannot exceed the growth of new construction and per capita personal income (currently about 4%-5%).

The cap does not apply to school taxes.

Can be overridden up to 10% over the cap by a 2/3 vote of the governing board. Above this requires unanimous vote of board or a referendum.

(MORE)

Senate Bill 4B: Constitutional Amendment

This proposed constitutional amendment would create a super-homestead exemption to replace the current homestead exemption and Save Our Homes. The exemption would be 75% of the first $200,000 in value and 15% of the next $300,000. The maximum exemption would be $195,000 and the minimum would be $50,000 ($100,000 for low-income seniors.) In the future, the $500,000 upper threshold will grow by the change in Floridians' per capita personal income.

Homesteaders will be able to make an irrevocable, one-time decision to take the new exemption or keep the current Save Our Homes cap. If they move, they will get the new exemption.

The new exemption will apply to school district levies.

In order to not allow local governments to increase tax rates to offset the new exemption, a cap adjustment will be in place for 2008-09. This is important because this will keep the tax burden from simply being shifted to non-homestead properties.

This too may be overridden. To recover up to 2/3 of the revenue loss requires a 2/3 vote of the governing body. To exceed that level requires a unanimous vote or a referendum. If local governments do this override, taxes will be shifted to non-homestead properties.

This special cap does not apply to school taxes. (Because of this, if the Legislature increases Required Local Effort in order to not cut school funding, a significant tax shift to non-homesteads will occur. This should be prohibited and instead the state should be required to re-direct other state revenues to fully fund schools.)

It mandates at least a $25,000 exemption for tangible personal property taxes paid by business. This is worth about $500 per business.

It allows the Legislature to enact general law to assess affordable housing and "working waterfronts" at less than just value.