



March 26, 2008

E-Communiqué

Taxation and Budget Reform Commission Passes “Working Waterfront” Property Tax Reform, Postpones Vote on Revenue Cap

Today, the Taxation and Budget Reform Commission (TBRC) passed two proposed constitutional amendments that will go to the voters and one statutory recommendation to the legislature. It also postponed action on two controversial proposals until its next meeting.

Working Waterfronts

The TBRC passed CP 6, supported by Florida TaxWatch, to give much needed property tax relief to working waterfronts – e.g., commercial fishing facilities, marinas, boat ramps, and other water-dependent businesses. These properties have been the most harmed by the requirement that property is assessed at its highest and best use. The proposal would require these properties to be assessed based on their current use, instead of how they could be used.

Public Funding of Religious Institutions

The Commission spent a lot of time debating an issue that might seem a bit of a stretch of their purview, removing the constitutional ban on using public funds for religious-based institutions. The current ban, known as the Blaine Amendment or the no-aid clause, was used as the basis for a First District Court of Appeal ruling to invalidate Florida’s Opportunity Scholarship Program (vouchers). Proponents of CP 20 said that this court’s ruling jeopardizes a number of other state programs, including Bright Futures Scholarships, Voluntary Pre-K, and faith-based prison programs. Opponents felt that the actual effect of the proposal was unclear and urged restraint. The proposal passed with 17 “yes” votes – the minimum number needed to pass a constitutional proposal.

Transportation Funding

The TBRC also passed a statutory recommendation—SR 36—to ask the legislature to raise a number of taxes and fees in order to increase funding for transportation. Florida TaxWatch presented the findings of its economic analysis of the proposal, which shows a significant positive economic impact of the increased spending on transportation infrastructure. While the

proposal needs to be refined, Florida TaxWatch supports transmitting it to the legislature to help start a serious discussion on transportation funding.

Revenue Cap

The Commission postponed the vote on CP 45, known as the Taxpayer Protection Act or the Taxpayer's Bill of Rights (TABOR). The proposal has gone through a number of modifications, and will likely see more changes at the next meeting. The sponsor commented that it has already been reduced from a "big club" to a "switch." The current version would limit the revenue of state and local governments to the growth in population and inflation plus 1 percent. The cap could be overridden by a two-thirds vote of the governing body. It also requires a referendum to enact a new tax or fee. The definition of "new tax or fee" is still unclear.

A major amendment to the proposal, offered by the sponsor, would exempt special districts from the cap. It would also allow higher growth for "fiscally responsible" governments.

This proposal is still a work-in-progress.

Class-Size

CP 30 was temporarily postponed. It would loosen the requirements of the class-size amendment by providing that class size would continue to be measured at school-wide averages instead of going to a classroom average, which is what is required by 2010. Individual classes could have up to five more students than the current hard cap in the constitution. Florida TaxWatch concludes this amendment would give needed flexibility to school districts.

At the last TBRC meeting, the proposal was narrowly defeated, but a motion was quickly made to reconsider.

The next meeting of the TBRC is scheduled for April 4.

###

Florida TaxWatch is a statewide, non-profit, non-partisan research institute that over its 29 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida state and local government. Its support comes from homeowners and retirees, small and large businesses, philanthropic foundations, and professional associations. On the web at www.FloridaTaxWatch.org.

**THANK YOU FOR YOUR CONTINUED SUPPORT AND INTEREST IN THE WORK OF
FLORIDA TAXWATCH.
PLEASE VISIT OUR WEBSITE AT WWW.FLORIDATAXWATCH.ORG**