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E-Communiqué

Taxation and Budget Reform Commission Again Postpones Vote on Revenue Cap

The Florida Taxation and Budget Reform Commission (TBRC) met today and only got halfway through a very ambitious agenda. The TBRC approved two proposed constitutional amendments and defeated two others. Perhaps the most controversial proposal before the TBRC – the Taxpayer Protection Act — was again temporarily postponed, leading to the scheduling of an extra Commission meeting on April 14.

Taxpayer Protection Act (Revenue Limit and Voter Approval of Taxes)

Faced with a long, complex list of amendments and 95 people requesting to speak, the Commission put off final action on CP 45 (also known as the Taxpayers Bills of Rights or TABOR). The proposal has gone through many changes but the basic components are limiting state and local government revenue to inflation and population growth plus one percent and requiring voter approval of new taxes.

All the amendments and new approaches led members to question whether they had the opportunity to fully evaluate all the options. The Commission went through a few amendments and then decided to devote the remaining meeting time to public testimony and postpone deliberations until April 14. The Chairman also ruled that there would be no more amendments accepted after noon on Tuesday, April 8.

The Commission did adopt a major amendment that replaces the original language. The amendment changes the current (and basically irrelevant) state revenue limit – which is based on personal income – to the inflation and population plus one percent formula. State spending on Medicaid, which is excluded from the current state revenue limit, would be included. The amendment directs the legislature to create revenue limits for local governments as well. It does not contain a requirement for voter approval of taxes.

Florida TaxWatch has developed another amendment that is a much simpler approach that achieves the same basic goal of the Taxpayer Protection Amendment, which is essentially creating a higher standard for elected officials who wish to extract more taxes and fees from the citizens of Florida. The Florida TaxWatch proposal would require a 2/3 vote of the Legislature or the governing body of any local government to levy a new tax or fee or increase an existing one.

This simpler approach does away with most of the issues with which the Commission has been struggling – such as bonding, special districts, how to define a tax increase, and what to include or leave out of a revenue limitation. The proposal does not attempt to impose a formula cap that may not truly reflect either legitimate government growth or taxpayer's ability to pay; it also respects the republic form of government envisioned by our founding fathers.

This amendment will be considered at the next meeting.

Public Funding of Private Education

CP 40 attempts to address the court ruling that declared Florida's voucher program for students in low-performing schools unconstitutional due to a prohibition against using public funds for private education. Proponents spoke of competition and parental choice, while opponents worried the unknown interpretation of the new constitutional language and the effect it would have on the public school system. Several commissioners questioned whether it was even in the TBRC's purview. **It failed by one vote.**

Local Option Taxes for Community Colleges

The Commission passed CP 35 to send a proposed amendment to the voters asking them to allow local communities to levy local option sales and property taxes to help fund community colleges. If the amendment is approved in November, counties could then ask voters to approve a local tax by referendum. An amendment to remove property taxes from the options was debate and defeated.

Property Tax Assessments of Conservation Land

CP 16 was also passed to create a classified use designation for conservation land similar to the current one for agriculture. If approved by the voters, conservation land will be assessed solely on the basis of character of use instead of highest and best use. At a previous meeting, the Commission had already passed a property tax exemption for land committed to be kept as conservation in perpetuity. The commitment by the Commission to promote conservation is strong, and despite concerns that this will create some of the same abuses that occur with the agriculture exemption, CP 16 was approved.

Special District Limits

CP 51 would have terminated any new independent taxing district after 11 years unless voters re-authorized it. The sponsor said independent taxing districts are used to circumvent property tax caps. Opponents warned that the proposal would make it impossible for local governments to obtain long-term financing for things like airports and community development projects. **The proposal was defeated.** The Commission also considered a review process for special districts, an approach supported by Florida TaxWatch, but the proposal was ultimately abandoned.

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