

Amendment 10: Homestead Valuation Limitation Yes or No?

On November 3, 1992 Florida voters will decide on ten proposed amendments to the Florida Constitution. One of these amendments, Number 10, would limit increases in homestead property valuations to a maximum of three percent annually. The implications of this decision are very important. Florida TaxWatch asked the foremost proponent and opponent of the amendment to tell you -- the taxpaying citizen -- why their position is the correct one for Florida. A summary and the full text of the amendment begins on page three. Florida TaxWatch will be releasing its own analysis and recommendation concerning Amendment 10.

VOTE YES

*by Kenneth M. Wilkinson, CFA
Property Appraiser of Lee County
President, Save Our Homes, Inc.*

The establishment of TRIM (Truth in Millage) legislation in 1980 required Florida Property Appraisers to assess all property at 100 percent of fair market value for ad valorem tax purposes. This requirement has been repeatedly upheld by the Florida Supreme Court.

The 100 percent assessments have created inequities in certain ad valorem tax assessments and is the burden of real estate taxes on homeowners each year.

My position as Property Appraiser of Lee County has made me painfully aware of the problems this causes for many of our citizens. Under existing law, these inequities cannot be addressed.

The problems are in two primary areas. First, increasing assessments due to the rise in property values has led to such an increase in taxes that many of our citizens no longer find their homes affordable. Second, the increasing assessments

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VOTE NO

*by Michael Sittig
Assistant Executive Director
Florida League of Cities, Inc.*

Executive Summary: If you live on the ocean, vote yes. If you do not live on the ocean, vote NO! This proposal should be called "Save Our Waterfront Homes." It is a tax break for the rich.

Here's why:

Amendment 10 will cap the year-to-year increase in assessed value for those people who claim homestead exemptions. It will not cap millage rates, which are separately set by various local governments, nor will it cap the actual dollars you will pay.

The Truth In Millage (TRIM) law, passed in 1980, places very strict requirements on local governments that levy property taxes including a mandate that these governments determine the exact millage rate that will generate the same amount of tax dollars as the previous year. The law requires each governmental entity to notify all

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VOTE YES (continued) – that are required by law have allowed increased spending by government without any accountability. Because assessments in rapidly growing areas in Florida are rising each year, politicians can increase taxes without increasing millage rates or even while decreasing millage rates. It is necessary that accountability be brought to these disguised tax increases.



Wilkinson

Over the years I have been studying this problem. In the Save Our Homes proposal, there is a solution. Save Our Homes is a proposed constitutional amendment to be placed on the ballot and, if passed, in the Florida Constitution. The procedure for the passage of the amendment is an initiative which is a grass roots, direct citizen participation method of amending the Constitution. The Save Our Homes amendment would limit increases in assessments on homestead properties to three percent per year or less. It also provides that, upon a change of ownership, homestead property would be assessed at just valuation.

If passed, the Save Our Homes amendment will slow the rate of growth in assessed valuations on homestead properties to three percent per year or less.

Furthermore, since the government will no longer benefit from unlimited increases in assessments, it will become more difficult to pass along hidden or disguised tax increases. The focus of tax increase decisions will be at budget hearings, which is where it should be. That is why they call it TRIM (Truth in Millage) and not TRIA (Truth in Assessments).

In addition to aiding the homeowner, new home buyers will have the benefit of predictability in their future assessments. That should stabilize the expense of further home ownership.

An objection has been raised that Save Our homes will shift the burden of real estate taxation to all other non-homestead properties. This objection is incorrect because now all properties are taxed at fair market value and all on-homestead properties will continue to be taxed at fair market value. Therefore, there should be no difference in assessed valuation in non-homestead properties. The amount of tax will be determined by the millage rate fixed by local government. Most homestead owners are voters and local government is responsive to the demands of constituents in the millage setting process.

Instead of the disguised increase resulting from rising assessment, government will be forced, through the accountability created by the Save Our Homes amendment, to address government spending and waste because taxes will not be automatically rising. There are other means of addressing government spending and waste than just raising more money and spending more money. Sound public management is required, but it will only come about through the accountability arising from having controls on the money raised through taxation.

We believe the homeowner is currently being asked to pay more than his or her share for growth. The homeowner should not be asked to inequitably pay for these services.

In addition to aiding the homeowner, new home buyers will have the benefit of predictability in their future assessments. That should stabilize the expense of future home ownership or upgrading home ownership. A reduction in the future taxes imposed on homeowners will put more money in the hands of consumers. This will benefit the community.

We hear a great deal about quality of life. Nothing is more important to the quality of a person's life than the ability to afford the American dream of home ownership. Save Our Homes is an effort to assure the survival of that dream by reducing the tax burden on the homeowners. Your support is earnestly solicited.

VOTE NO (continued) – property owners individually of a tax increase only if the government seeks to exceed that rate. So, regardless of changes in assessments, the governments generate the same dollars and are held accountable for increases in the millage rate that bring more money than the year before.



Waterfront property has and will continue to appreciate faster than any other type, sometimes as much as 20 to 30 percent per year. If that growth is capped at three (3) percent per year and the government generates the same dollars as last year...who pays for this difference? You just broke the code!

Amendment 10 will shift the tax burden from these waterfront and luxury homes to: rental property, low-value homes, average homes, above average homes and all other non-homestead properties, including business and agriculture. *Sittig*

And, yes, if Amendment 10 passes, local governments will lose money when they reach the constitutional maximum of 10 mills. And when this happens, property owners will bear the burden of reduced governmental services or increases in other taxes.

Proponents argue that the elderly are being taxed out of their homes. If that were the true concern, they would be capping the dollars you pay...not assessed value. Also, state law provides that elderly people are currently allowed to defer their taxes at a three (3) percent interest rate (until death) if they cannot afford to pay them.

The proponents are not telling desperate lies, they are being evasive. I guess that's politics. If you are like most people, you are more interested in government than politics and you are more interested in good government than good politics. You should realize that Amendment 10 is bad government!

Constitutional Amendment #10 Article VII, Section 4

Ballot title and summary: Homestead Valuation Limitation

Providing for limiting increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also providing for reassessment of market values upon changes in ownership.

Full text of revision:

(c) All persons entitled to a homestead exemption under Section 6 of this Article shall have their homestead assessed at just value as of January 1 of the year following the effective date of this amendment. This change shall change only as provided herein.

1. Assessments subject to this provision shall be changed annually on January 1st of each year; but those changes in assessments shall not exceed the lower of the following:

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(A) three percent (3%) of the assessment of the prior year.

(B) the percent change in the Consumer Price Index for all urban consumer, U.S. City Average, all items 1967 = 100, or successor report for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.

2. No assessment shall exceed just value.

3. After any change of ownership, as provided by general law, homestead property shall be assessed at just value as of January 1 of the following year. Thereafter, the homestead shall be assessed as provided herein.

4. New homestead property shall be assessed at just value as of January 1st of the year following the establishment of the homestead. That assessment shall only change as provided herein.

5. Changes, additions, reductions or improvements to homestead property shall be assessed as provided by general law; provided, however, after the adjustment for any change, addition, reduction or improvement, the property shall be assessed as provided herein.

6. In the event of a termination of homestead status, the property shall be assessed as provided by general law.

7. The provisions of this amendment are severable. If any of the provisions of this amendment shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair any remaining provisions of this amendment.

*This issue of Ideas in Action was edited and produced by Kurt R. Wenner, Senior Research Analyst under the direction of Dr. Neil S. Crispo, Director, Research and Operations. Dominic M. Calabro, President and CEO.
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