

September 2010

106 N. Bronough St. • Tallahassee, FL 32301 • (850) 222-5052 • FAX (850) 222-7476

This report was initially released electronically at www.FloridaTaxWatch.org

Voter Guide to the Proposed Constitutional Amendments on the November 2, 2010 Ballot

On November 2, 2010, Floridians will vote on six proposed amendments to the *Florida Constitution*. Three of the amendments (1, 2, and 8) were put on the ballot by the Florida Legislature and three amendments (4, 5, and 6) were created through citizen ballot initiatives. This *Florida TaxWatch Briefing* focuses on Amendments 2, 4, and 8. The three other amendments (1, 5, and 6), which deal with campaign financing and redistricting, are outside of Florida TaxWatch's normal purview, since they deal with the political process, and while they are described in this report, Florida TaxWatch is not providing analysis or making a recommendation on those three amendments.

There will also be a nonbinding resolution – brought to the ballot by the Legislature – asking voters if they favor an amendment to the *United States Constitution* requiring a balanced federal budget without raising taxes. This largely symbolic measure would not change state or federal law, but is instead intended as a message to the U.S. Congress.

Note: Three amendments – Amendment 3 (property taxes), Amendment 7 (redistricting), and Amendment 9 (health care) – were removed from the ballot by the Florida Supreme Court.

Amendment 2 – Amends Article VII, Sections 3 and 31

Ballot Title: Homestead ad valorem tax credit for deployed military personnel

Ballot Summary (as it will appear on the November ballot):

Proposing an amendment to the State Constitution to require the Legislature to provide an additional homestead property tax exemption by law for members of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard who receive a homestead exemption and were deployed in the previous year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature. The exempt amount will be based upon the number of days in the previous calendar year that the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature. The amendment is scheduled to take effect January 1, 2011. (*see full text of amendment [here](#)*)

Background and Analysis: The 2009 Florida Legislature unanimously passed House Joint Resolution 833 to bring a constitutional amendment to the voters to provide an additional property exemption for military personnel. It is available to any member of the United States military, the Coast Guard, or the Florida National Guard that was deployed outside the United State as part of their military service for any period in the preceding calendar year. That person must already have the current homestead exemption. The exemption will be a percentage of the

home's taxable value – calculated by dividing the number of days the person was deployed by the number of days in that year. In other words, if deployed for half of the year, the exemption would be 50%. If deployed for the entire year, the exemption would be 100% – meaning no property tax would be due on the homesteaded property.

The exemption would apply to all levies – county, city, school district, and special district.

While a fiscal impact statement is not required for constitutional amendments brought by the Legislature, the state Revenue Estimating Conference (REC) did examine the joint resolution during the 2009 session. Because of many unknown factors, including the number of deployed military personnel in 2012, the REC said the impact would be negative, but indeterminate. However, if the amendment would have been in place during 2009, the REC estimated its impact at \$13 million. The average exemption would be worth approximately \$1,500 in reduced taxes. According to the REC, approximately 25,525 military personnel who claim Florida as their home of record were deployed overseas on active duty in support of Operation Iraqi Freedom and Operation Enduring Freedom in 2008.

It should be noted that only 58% of Florida resident households qualify for the homestead exemption and this will not give any benefit to soldiers who rent or otherwise do not own a home. It will have the impact of reducing local government revenues or putting upward pressure on millage (tax) rates, but the impact will be minor – the \$13 million estimated by the REC is less than five one-hundredths of a percent of the state \$30 billion in property tax levies. It is also likely the number of Floridians deployed overseas will be less in 2012 than in 2009.

Conclusion: This property tax exemption would be another wrinkle in Florida's convoluted and inequitable property tax system; however, it is a small way to reward those serving our country and would be a big help to military families in Florida who own their homes while the impact on other taxpayers would be minimal..

Floridians should vote yes on amendment 2.

Amendment 4 – Amends Article II, Section 7

Ballot Title: Referenda required for adoption and amendment of local government comprehensive land use plans.

Ballot Summary (as it will appear on the November ballot):

Establishes that before a local government may adopt a new comprehensive land use plan, or amend a comprehensive land use plan, the proposed plan or amendment shall be subject to vote of the electors of the local government by referendum, following preparation by the local planning agency, consideration by the governing body and notice. Provides definitions. (*see full text of amendment [here](#)*)

Background and Analysis: Amendment 4 would require that local voters approve changes to their local comprehensive plans. These plans are the growth management plans that cities and counties use to outline the specifics of future development. Currently, these plans can be amended by elected local officials voting to make changes. However, if the Amendment 4 passes, all changes to comprehensive plans would go before the voters – either in a special election or proposed changes could be added to the ballot during a scheduled regular election.

One of the issues with the amendment is whether such a system is even practical. Florida cities and counties make approximately 8,000 changes to their comprehensive plans annually. There is debate as to how many separate ballot questions this would entail. Opponents say that all changes would have to be voted on as single issues, requiring local governments to hold dozens of special elections or develop huge ballots that could overwhelm voters. Supporters say changes could be grouped together and the number of needed elections would not be cumbersome.

Amendment 4 would undoubtedly require additional elections. The state’s Financial Impact Estimating Conference (FIEC), which is required by law to develop an economic impact statement on amendments brought to the ballot by citizen initiative, says that how many elections would result is unknown but elections are expensive. The FIEC states that the minimum cost per special election for an average-sized county ranges from \$143,300 to \$287,700; for an average-sized city from \$10,500 to \$22,000. The cost for just one extra election for each voter in the state would range from \$10 million and \$20 million. This taxpayer funded expense could severely impact cash-strapped local governments.

Florida TaxWatch has long warned against “hyper-democracy” and its threat to our republic form of government. The current process to amend comp plans is already accessible and open to the public. The voters can hold elected officials responsible for their actions in amending comprehensive plans. Even if practical, is Amendment 4 necessary? Land use decisions are often complex. Does the average voter have the expertise to be the final say on the decision, or should that reside with the officials the voters elected to represent them? Elections would also provide the opportunity for well-financed campaigns to have undue influence over these decisions.

The most important question over Amendment 4 is its effect on our economy. There is a general consensus in the business community that the amendment would have a chilling impact on development in our state, which would in turn have a chilling impact on jobs and Florida’s economy. Florida TaxWatch is currently conducting research to quantify the potential fiscal impact of Amendment 4. That study will be released soon but our preliminary findings indicate the amendment would have serious long term negative impacts on our economy.

Conclusion: Amendment 4’s envisioned restructuring of property rights from private to public and the associated change in decision-making from the marketplace to the ballot box will likely have devastating, lasting effects on Florida’s economy, the taxpayers, and the treasuries of cities and counties throughout or state. Amendment 4, should it be enacted, will introduce a large and consistent bias against voter approval of new projects as has been demonstrated in similar situations. As a result, commercial and residential investments as well as business formations and expansions will diminish. Higher costs will emerge for approved commercial and residential investments as well as forming new businesses and expanding existing ones. Special interest groups might arise and be funded in attempts to convince a large number of people to vote for or against a given project. Funding special interest groups would further add to the cost of development. Moreover, permanent increases in the direct and indirect costs of elections will occur. Overall, the successful passage of Amendment 4 would be expensive for Florida taxpayers and could be devastating for Florida’s economy. **Floridians should vote no on Amendment 4.**

Amendment 8 – Amends Article IX, Section 1 and Article VII, Section 31

Ballot Title: Revision of the class size requirements for public schools.

Ballot Summary (as it will appear on the November ballot):

The Florida Constitution currently limits the maximum number of students assigned to each teacher in public school classrooms in the following grade groupings: for prekindergarten through grade 3, 18 students; for grades 4 through 8, 22 students; and for grades 9 through 12, 25 students. Under this amendment, the current limits on the maximum number of students assigned to each teacher in public school classrooms would become limits on the average number of students assigned per class to each teacher, by specified grade grouping, in each public school. This amendment also adopts new limits on the maximum number of students assigned to each teacher in an individual classroom as follows: for prekindergarten through grade 3, 21 students; for grades 4 through 8, 27 students; and for grades 9 through 12, 30 students. This amendment specifies that class size limits do not apply

to virtual classes, requires the Legislature to provide sufficient funds to maintain the average number of students required by this amendment, and schedules these revisions to take effect upon approval by the electors of this state and to operate retroactively to the beginning of the 2010-2011 school year. (*see full text of amendment [here](#)*)

Background and Analysis: In 2002, the Florida Constitution was amended to mandate a reduction in the size of classes throughout Florida's K-12 public schools. The Class Size Reduction Amendment (CSR) phased in the limits described above over a 10-year period, with the allowable maximum number of students per class decreasing by two students annually. Full implementation is due in this academic year (2010-11). The compliance standards also got tougher – class size averages were initially measured at the district level, then the school level. This year calls for measurement at the individual class level. School districts are subject to accountability standards that levy monetary penalties for districts that are not in full compliance with the mandated classroom reduction each year.

The phased-in implementation of the CSR has cost the taxpayers billions since its passage in 2002. Since CSR was implemented (in FY 2003-04) through the current fiscal year (FY 2010-11), the state has appropriated \$18.7 billion for operating expenditures and fixed capital outlay to comply with the requirements. Also, the state is now paying approximately \$150 million a year for debt service on the bonds issued for those schools. For FY 2010-11, the Legislature appropriated \$2.9 billion for operating expenses related to class-size reduction – a figure that is more than one-fifth of the current \$14 billion budget for K-12 in the state of Florida.

Implementation of class-size is about to get even more expensive. Under current law, class-size is measured at the school average, but is slated to go to the classroom level next year – meaning every core-curriculum class in Florida must meet the class-size limits. There are 4,044 public schools in Florida, but more than 730,000 classrooms. Add the fact that after several years of decline, public school enrollments are rising again; meeting this standard will be quite difficult, and quite costly.

While supporters of the original CSR asserted that reducing class sizes lead to improved learning outcomes, there is little empirical evidence in Florida or elsewhere to support the claim. Given the high cost of compliance, there have been calls to modify the CSR requirements and give more flexibility to local school officials. The 2010 Legislature passed Senate Joint Resolution 2 (which became Amendment 8) to bring this modification before the voters.

Surprisingly, there has been little official work done on estimating future costs of the current class-size amendment but, without change, it will undoubtedly grow bigger and bigger. The state is very close to full compliance at the school level – 98% at grades K-3 and 99% at grades 4-12. However, analysis by Legislative staff in March 2010 states that 235,000 (32%) classrooms in Florida exceed the standard.

A report by Florida TaxWatch estimated that, if unchanged, CSR could cost the state \$40 billion in operational costs alone over the next ten years. This estimate does not even include fixed capital outlay for the building of new classrooms, which would surely be needed to comply with the original CSR requirements and would likely add billions of dollars to the projected costs. The report estimates Amendment 8 could save between \$350 million and \$1 billion annually.

Some opponents of Amendment 8 have claimed it would reduce funding the public schools. This should not be the case. The Legislature's standard for their commitment to funding education is per-student spending and lawmakers do not want to see that number go down. Instead the savings from the amendment can be redirected into other areas that may have a better impact on student achievement and teacher performance.

Conclusion: Future projected spending on compliance with the original CSR requirements is much too high, both in terms of its small return on investment and the state’s current budget outlook. Based on reasonable assumptions, Florida TaxWatch analysts estimate that Amendment 8 has the potential to save \$7 billion – \$10 billion in CSR compliance costs over the next ten years, money that could be used to fund a variety of critical services related to education, including funding a merit pay program, professional training for teachers, and new materials for classrooms. Although Amendment 8 is no panacea – and outright repeal of the CSR is neither popular nor prudent given the amount already invested by Florida taxpayers – modifying the CSR requirements will provide the flexibility to reduce implementation costs and the balance to ensure our class sizes are reasonable, while freeing up money that can be used to better impact student achievement. **Floridians should vote yes on Amendment 8.**

The Other Amendments – No Florida TaxWatch Recommendation

Amendment 1 – Amends Article VI, Section 7

Ballot Title: Repeal of public campaign financing requirement

This amendment would end taxpayer financing of statewide campaigns, a system created by the Legislature in 1987 and placed in the constitution by voters in 1998. Candidates would have to raise all campaign funds on their own. Florida is one of ten states that provide public financing for gubernatorial campaigns and one of nine states that provide it for other statewide campaigns.

See ballot summary [here](#).

See full text of amendment [here](#).

Amendment 5 – Amends Article III, Section 21

Ballot Title: Standards for Legislature to follow in legislative redistricting

Every ten years, the legislature redraws the state’s election districts. Amendment 5 would set standards for drawing legislative districts with the goal of disallowing the creation of districts to favor any candidate our party and ensuring that minorities have equal opportunities in the political process.

See ballot summary [here](#).

See full text of amendment [here](#).

Amendment 6 – Amends Article III, Section 20

Ballot Title: Standards for Legislature to follow in congressional redistricting

This amendment would do for redrawing congressional districts what Amendment 5 does for crafting legislative districts.

See ballot summary [here](#).

See full text of amendment [here](#).

This Florida TaxWatch *Briefing* was written by **Kurt Wenner**, Florida TaxWatch Director of Tax Research, under the direction and supervision of **Dominic M. Calabro**.

David A. Smith, Chairman; Dominic M. Calabro, President, Publisher, and Editor.

Florida TaxWatch Research Institute, Inc.

www.floridataxwatch.org

© Copyright Florida TaxWatch, March 2010

About Florida TaxWatch

Florida TaxWatch is a statewide, non-profit, non-partisan taxpayer research institute and government watchdog 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 Government.

Florida TaxWatch's research recommends productivity enhancements and explains the statewide impact of economic and tax and spend policies and practices on citizens and businesses. Florida TaxWatch has worked diligently and effectively to help state government shape responsible fiscal and public policy that adds value and benefit to taxpayers.

This diligence has yielded impressive results: in its first two decades alone, policymakers and government employees implemented three-fourths of Florida TaxWatch's cost-saving recommendations, saving the taxpayers of Florida more than \$6.2 billion -- approximately \$1,067 in added value for every Florida family, according to an independent assessment by Florida State University.

Florida TaxWatch has a historical understanding of state government, public policy issues, and the battles fought in the past necessary to structure effective solutions for today and the future. It is the only statewide organization devoted entirely to Florida taxing and spending issues. Its research and recommendations are reported on regularly by the statewide news media.

Supported by voluntary, tax-deductible memberships and grants, Florida TaxWatch is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, large corporations, philanthropic foundations, professionals, associations, labor organizations, retirees -- simply stated, the taxpayers of Florida. The officers, Board of Trustees and members of Florida TaxWatch are respected leaders and citizens from across Florida, committed to improving the health and prosperity of Florida.

With your help, Florida TaxWatch will continue its diligence to make certain your tax investments are fair and beneficial to you, the taxpaying customer, who supports Florida's government. Florida TaxWatch is ever present to ensure that taxes are equitable, not excessive, that their public benefits and costs are weighed, and government agencies are more responsive and productive in the use of your hard-earned tax dollars.

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications, and selecting professional staff. As an independent research institute and taxpayer watchdog, Florida TaxWatch does not accept money from Florida state and local governments. The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, distinguished Board of Trustees, or Executive Committee, and are not influenced by the positions of the individuals or organizations who directly or indirectly support the research.

Florida TaxWatch Values:

◆ *Integrity* ◆ *Productivity* ◆ *Accountability* ◆ *Independence* ◆ *Quality Research*

For a copy of this *Briefing*, please call:
(850) 222-5052

OR

Write to Florida TaxWatch at: P.O. Box 10209
Tallahassee, FL 32302

OR

Access and download the report at:
www.FloridaTaxWatch.org where this *Briefing* was initially released
before being printed in hardcopy format



NON-PROFIT ORG.

U.S. POSTAGE
PAID

TALLAHASSEE, FL
Permit No. 409