

**INITIATIVE FINANCIAL INFORMATION STATEMENT
1.35% PROPERTY TAX CAP, UNLESS VOTER APPROVED**

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

The Florida Constitution generally provides that schools, counties, and municipalities collectively may levy property tax rates of up to 30 mills (or 3%) on the taxable value of property. Ten mills (1%) may be levied for county, municipal or school purposes, respectively. In addition, special districts may levy a rate authorized by law and approved by the voters, and up to 1 mill may be levied for water management purposes except in northwest Florida where the limit is 0.05 mill. Counties, municipalities, and school districts may levy additional millage rates to repay bonds or for a period not to exceed two years if the voters approve the additional millage.

The proposed amendment limits the amount of property taxes that may be collected from any parcel of real property to 1.35% (the equivalent of 13.5 mills) of a parcel's highest taxable value. The limitation does not apply to taxes levied to repay bonds or for a period not to exceed two years, if the voters approve the additional millage.

The proposed impact is based on the following:

- An analysis was prepared of the reduction in property tax revenues from those parcels of property that pay taxes exceeding 1.35% of the property's highest taxable value. The estimated annual statewide reduction from those parcels is at least \$6 billion beginning in 2011. This estimate assumes tax rates remain the same as they were in 2008 for school taxes and in 2007 for all other taxes.
- This amount represents the minimum reduction expected from the amendment. A higher amount is likely, but cannot be determined because it depends on how the Legislature implements the amendment. Numerous options exist for implementation.
- How the actual reduction will affect types of governments as a group and units of government individually cannot be determined, because it depends on legislative implementation. For example, the Legislature could choose to distribute the reduction proportionally among all affected governments. Alternatively, the Legislature could choose to prioritize which types of governments will continue to receive the same level of property tax revenues and which types will bear the reduction. Numerous other options exist.
- Local government expenditures will be reduced unless replacement revenues are enacted.
- State government will incur some costs to implement the amendment, but the costs are not likely to be significant.
- State government revenues are not affected, since the state does not levy property taxes. However, to the extent that the amendment's implementation reduces the amount of property tax revenues used to fund school districts, the state will have to provide replacement revenues or reduce the total amount of revenues received by school districts.