REVENUE ESTIMATING CONFERENCE

TAX: Ad Valorem Tax
ISSUE: Ad Valorem Revenue Caps for Cities, Counties, and Special Districts
BILL NUMBER(S): CS/SB 1588
SPONSOR(S): Haridopolos
MONTH/YEAR COLLECTION IMPACT BEGINS: November 2008
DATE OF ANALYSIS: May 28, 2008

SECTION 1: NARRATIVE

a. Current Law:

In 2007, the Legislature enacted significant legislation governing the taxation of property. Chapter 2007-321, Laws of Florida, limited local governments' property tax revenue growth in 2008 and thereafter by imposing maximum millage rates based upon
growth in state-wide per capita personal income and growth in the tax base due to new construction and additions within each jurisdiction. For FY 08-09, a majority vote would have allowed growth of 4.15% based on growth in Florida personal income plus additional revenues from new construction. With a two-thirds vote, commissions can exceed the normal cap by 10%.

Chapter 2007-339, Laws of Florida, implemented the provisions of Amendment 1 to the constitution that was approved by the voters January 29, 2008. This amendment increased the homestead exemption by $25,000, except for school district taxes; allowed homestead property owners to transfer up to $500,000 of the Save-Our-Homes benefits to their next homestead (portability); provided a $25,000 exemption for tangible personal property; and limited annual assessment increases for specified nonhomestead real property to 10%, except for school district taxes.

Amendment 1 to the Florida Constitution, adopted on January 29, 2008, contained provisions that reduced the property tax base as described above. Under current law, local governments would be allowed to levy a millage rate to recover the tax loss due to the reduction in the tax base by a simple majority vote of the governing body. A special calculation for determining the FY 08-09 cap was a part of Chapter 2007-321 and would have applied if the constitutional amendment proposed in Special Session B had been approved by the voters. Under the failed contingency, in FY 08-09 super-majority votes would have been required to recoup the revenue impacts attributable to the amendment. However, SJR 4B was removed from the ballot and replaced by Amendment 1 during Special Session D. The legislature did not reinstate the anti-shift provisions for fiscal 2009.

b. Proposed Change:

In FY 2008-09, this bill will require a two-thirds vote by city, county, and special district commissions in order to recover the revenue loss attributable to tax base reductions related to Amendment 1. Future maximum revenue will be calculated off the lower maximum allowed for 2008-09 or a higher amount if adopted by super-majority vote. The maximum ad valorem revenues that can be realized with a two-thirds vote are not affected.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

1. The Ad Valorem REC county-by-county taxable value estimates, including the estimates of new construction and the estimated tax base impacts of Amendment 1
2. FL DOR provided city, county, and special district millage rates and tax levies for FY 07-08

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

Baseline tax levies were developed by assuming the maximum levy achievable with a simple majority vote. The new maximum levies with a majority vote were calculated based on the provisions of SB 1588. The estimated fiscal impact is calculated based on the change from the baseline. The tax bases for all cities and special districts within a county were assumed to mirror the county estimates, including growth in taxable value, growth attributable to new construction, and the estimated impacts of Amendment 1. First-year impacts were increased by tax roll growth for future impacts.

The current law majority vote cap begins with the rolled-back rate plus a 4.15% change reflecting growth in per capita Florida personal income. The new majority vote cap requires an adjustment to the rolled-back rate to undo the base changes attributable to Amendment 1. The resulting millage rate is adjusted for growth in per capita income, but when applied to the actual taxable value, results in lower revenues proportional to the base reduction of Amendment 1..

See attachment for a formulaic presentation of the cap calculation including the rolled-back rate, maximum rate (and revenues) with a simple majority vote under the new cap, and the maximum rate (and revenues) with a two-thirds vote. Also attached are impacts by county for all non-school taxing authorities.

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SECTION 4: PROPOSED FISCAL IMPACT (IN $MILLIONS)

State Impact—All Funds	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
High			
Middle	-$1,162.7	-$1,162.7	-$1,184.9
Low			

State Impact—All Funds	FY 2010-11 Cash	FY 2011-12 Cash
High		
Middle	-$1,242,5	-$1,316.5
Low		

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 5 / 28 / 08) The conference adopted an indeterminate negative estimate. SB1588 revises the current property tax cap applicable to non-school local governments in FY08-09 by lowering the maximum revenues that can be levied by majority vote of the taxing authorities. The actual impact of the revised cap depends on the millage rates local governments may adopt. If no local governments exceed the maximum levies that can be imposed by a majority vote, the following estimated impacts would result: 2008-09 -$1,162.7 million, 2009-10 -$1,184.9 million, 2010-11 -$1242.5 million, and 2011-12 -$1,316.4 million.

	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue	0	0	0
State Trust	0	0	0
Total State Impact	0	0	0
Total Local Impact	(Indeterminate)	(Indeterminate)	(Indeterminate)
Total Impact	(Indeterminate)	(Indeterminate)	(Indeterminate)

	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue	0	0
State Trust	0	0
Total State Impact	0	0
Total Local Impact	(Indeterminate)	(Indeterminate)
Total Impact	(Indeterminate)	(Indeterminate)

Rollback Rate as calculated pursuant to section 200.065, Florida Statutes

$$\left(\frac{(\text{Prior Year Taxes Levied}) - (\text{Dedicated Increment Payment})}{\text{Current Year Taxable Value - Net New Taxable Value - Dedicated Increment Value}}\right) \quad \text{Where:}$$

$$\begin{matrix}\text{Net}\\\text{New}\\\text{Taxable}\\\text{Value}\end{matrix} = \begin{pmatrix}\text{New}\\\text{Construction}\end{pmatrix} + (\text{Additions}) + \begin{pmatrix}\text{Rehabilitative}\\\text{Improvements Increasing}\\\text{Assessed Value by at}\\\text{Least 100\%}\end{pmatrix} + (\text{Annexations}) + \begin{pmatrix}\text{Total TPP}\\\text{Taxable Value}\\\text{in excess of 115\% of the}\\\text{prior year Total TPP TV}\end{pmatrix} - (\text{Deletions})$$

2008-09 Maximum Millage Calculations – Majority Vote Calculation

$$\left(\frac{\begin{pmatrix}\text{Prior}\\\text{Year}\\\text{Taxes}\\\text{Levied}\end{pmatrix} - \begin{pmatrix}\text{Dedicated}\\\text{Increment}\\\text{Payment}\end{pmatrix} - \begin{pmatrix}\text{Any Tax Revenue resulting}\\\text{from a millage rate approved}\\\text{by a super majority vote}\end{pmatrix}}{\begin{pmatrix}\text{Current}\\\text{Year}\\\text{Taxable}\\\text{Value}\end{pmatrix} - \begin{pmatrix}\text{Net}\\\text{New}\\\text{Taxable}\\\text{Value}\end{pmatrix} - \begin{pmatrix}\text{Dedicated}\\\text{Increment}\\\text{Value}\end{pmatrix} + \begin{pmatrix}\text{Taxable Value reduction}\\\text{occuring as a result}\\\text{Amendment 1}\end{pmatrix}}\right) \times \begin{pmatrix}1 + \begin{matrix}\text{Change in per}\\\text{Capita Florida}\\\text{Personal Income}\end{matrix}\end{pmatrix}$$

2008-09 Maximum Millage Calculation by Two-Thirds Vote

$$\left(\frac{\begin{pmatrix}\text{Prior}\\\text{Year}\\\text{Taxes}\\\text{Levied}\end{pmatrix} - \begin{pmatrix}\text{Dedicated}\\\text{Increment}\\\text{Payment}\end{pmatrix} - \begin{pmatrix}\text{Any Tax Revenue resulting}\\\text{from a millage rate approved}\\\text{by a super majority vote}\end{pmatrix}}{\begin{pmatrix}\text{Current}\\\text{Year}\\\text{Taxable}\\\text{Value}\end{pmatrix} - \begin{pmatrix}\text{Net}\\\text{New}\\\text{Taxable}\\\text{Value}\end{pmatrix} - \begin{pmatrix}\text{Dedicated}\\\text{Increment}\\\text{Value}\end{pmatrix}}\right) \times \begin{pmatrix}1 + \begin{matrix}\text{Change in per}\\\text{Capita Florida}\\\text{Personal Income}\end{matrix}\end{pmatrix} \times 110\%$$

VALUE	2008 '% Chg TV From Pr Yr w/o NC	Amend. 1 Impact on TV w/o NC	2008 Tax Roll NC % Pr Year	2007 Non-Schl Millage Rates	Max Rev with Majority Vote Current Law	Max Rev with Majority Vote House Amend.	Diff	% Diff
Non-School Taxing Authorities- Impact of CS/SB 1588 Cap on Maximum Majority Vote Revenues								
STATEWIDE	**-5.18%**	**-6.10%**	**2.44%**	**9.647**	**18,786.4**	**17,623.7**	**-1,162.7**	**-6.2%**
ALACHUA	-5.4%	-9.0%	3.4%	13.157	183.2	166.7	-16.5	-9.0%
BAKER	-9.0%	-9.6%	8.1%	9.727	9.2	8.3	-0.9	-9.6%
BAY	-6.3%	-4.7%	1.8%	5.108	100.9	96.2	-4.7	-4.7%
BRADFORD	-10.8%	-10.0%	6.0%	10.440	10.6	9.5	-1.1	-10.0%
BREVARD	-7.6%	-8.8%	2.9%	8.964	394.7	359.7	-34.9	-8.8%
BROWARD	-5.3%	-6.2%	1.4%	11.893	2,219.1	2,080.9	-138.2	-6.2%
CALHOUN	-11.7%	-8.3%	10.4%	10.128	4.4	4.0	-0.4	-8.3%
CHARLOTTE	-7.4%	-5.9%	1.9%	6.996	175.4	165.0	-10.4	-5.9%
CITRUS	-7.9%	-7.8%	3.0%	8.655	115.2	106.2	-9.0	-7.8%
CLAY	-9.5%	-11.0%	7.6%	7.532	91.7	81.7	-10.1	-11.0%
COLLIER	-7.8%	-3.6%	0.8%	5.726	497.0	479.1	-18.0	-3.6%
COLUMBIA	-4.6%	-8.9%	7.7%	11.245	33.6	30.6	-3.0	-8.9%
DADE	1.4%	-4.3%	2.1%	11.365	2,982.6	2,853.0	-129.7	-4.3%
DESOTO	-6.1%	-6.1%	5.1%	8.694	18.1	17.0	-1.1	-6.1%
DIXIE	-9.7%	-3.9%	2.9%	12.865	8.8	8.5	-0.3	-3.9%
DUVAL	-4.5%	-7.6%	3.7%	8.903	591.9	546.7	-45.3	-7.6%
ESCAMBIA	-12.2%	-8.5%	2.0%	9.537	162.1	148.3	-13.8	-8.5%
FLAGLER	-10.5%	-6.3%	4.1%	6.663	89.3	83.6	-5.7	-6.3%
FRANKLIN	-3.7%	-1.6%	1.0%	4.429	18.6	18.3	-0.3	-1.6%
GADSDEN	-6.9%	-9.4%	6.9%	9.607	15.4	14.0	-1.4	-9.4%
GILCHRIST	-2.9%	-7.3%	6.9%	10.055	7.7	7.2	-0.6	-7.3%
GLADES	-6.7%	-6.7%	6.3%	12.355	9.8	9.1	-0.7	-6.7%
GULF	-2.9%	-2.3%	1.4%	6.450	18.4	18.0	-0.4	-2.3%
HAMILTON	-2.0%	-3.8%	3.1%	10.537	8.4	8.0	-0.3	-3.8%
HARDEE	-2.6%	-3.6%	2.6%	8.915	17.0	16.4	-0.6	-3.6%
HENDRY	-6.5%	-4.5%	4.5%	11.002	33.1	31.6	-1.5	-4.5%
HERNANDO	-12.0%	-10.7%	5.0%	8.642	108.5	96.9	-11.6	-10.7%
HIGHLANDS	-9.8%	-8.0%	3.6%	8.885	66.1	60.8	-5.3	-8.0%
HILLSBOROUGH	-3.0%	-7.4%	3.6%	13.174	1,250.4	1,157.9	-92.5	-7.4%
HOLMES	-2.3%	-7.4%	1.4%	9.196	4.3	4.0	-0.3	-7.4%
INDIAN RIVER	-7.0%	-5.6%	2.7%	7.219	144.1	136.0	-8.1	-5.6%
JACKSON	-3.4%	-7.4%	2.8%	7.712	12.3	11.4	-0.9	-7.4%
JEFFERSON	-1.4%	-6.9%	3.0%	9.468	6.1	5.7	-0.4	-6.9%
LAFAYETTE	-6.1%	-6.6%	7.3%	9.336	2.6	2.4	-0.2	-6.6%
LAKE	-1.2%	-8.4%	4.8%	8.836	217.8	199.5	-18.3	-8.4%
LEE	-9.6%	-4.8%	3.6%	9.070	948.3	902.7	-45.6	-4.8%
LEON	-4.6%	-8.4%	1.0%	9.898	171.1	156.7	-14.5	-8.4%
LEVY	-5.5%	-6.9%	4.8%	9.107	24.3	22.7	-1.7	-6.9%
LIBERTY	1.0%	-3.7%	1.3%	8.804	2.5	2.4	-0.1	-3.7%
MADISON	-0.7%	-5.1%	3.9%	9.439	7.4	7.0	-0.4	-5.1%
MANATEE	-8.3%	-6.2%	2.9%	8.655	320.2	300.5	-19.7	-6.2%
MARION	-6.9%	-8.6%	4.8%	7.597	186.0	170.1	-15.9	-8.6%
MARTIN	-6.7%	-5.2%	1.1%	8.457	202.7	192.1	-10.6	-5.2%
MONROE	-3.5%	-2.5%	0.7%	4.895	146.7	143.0	-3.7	-2.5%
NASSAU	-5.0%	-5.5%	2.1%	7.966	71.5	67.6	-3.9	-5.5%
OKALOOSA	-5.8%	-6.1%	2.5%	5.706	115.0	108.0	-7.0	-6.1%
OKEECHOBEE	-5.2%	-6.6%	2.0%	7.101	18.8	17.6	-1.2	-6.6%
ORANGE	-3.4%	-5.6%	2.9%	9.423	1,090.6	1,029.8	-60.8	-5.6%
OSCEOLA	-6.7%	-5.9%	4.4%	7.550	217.2	204.4	-12.8	-5.9%
PALM BEACH	-5.3%	-5.5%	1.0%	10.712	1,921.9	1,816.4	-105.5	-5.5%
PASCO	-9.0%	-9.7%	4.0%	7.640	246.8	222.9	-23.9	-9.7%
PINELLAS	-6.3%	-7.5%	0.9%	11.745	990.2	916.2	-74.0	-7.5%
POLK	-6.3%	-8.0%	4.8%	9.642	377.9	347.8	-30.1	-8.0%
PUTNAM	-5.9%	-6.0%	1.3%	10.869	48.2	45.3	-2.9	-6.0%
ST. JOHNS	-4.5%	-6.0%	3.8%	7.365	196.7	185.0	-11.7	-6.0%
ST. LUCIE	-11.8%	-7.5%	5.1%	13.329	378.3	350.0	-28.3	-7.5%
SANTA ROSA	-6.7%	-8.8%	1.4%	6.607	65.9	60.1	-5.8	-8.8%
SARASOTA	-7.9%	-5.5%	1.6%	6.499	431.7	408.1	-23.6	-5.5%
SEMINOLE	-6.4%	-8.2%	2.1%	8.330	299.4	275.0	-24.4	-8.2%
SUMTER	-5.6%	-10.2%	12.6%	6.345	43.7	39.3	-4.5	-10.2%
SUWANNEE	-9.5%	-7.1%	5.2%	9.119	17.9	16.6	-1.3	-7.1%
TAYLOR	-4.3%	-5.1%	7.6%	9.379	14.8	14.1	-0.8	-5.1%
UNION	-1.8%	-10.5%	29.7%	11.320	3.7	3.3	-0.4	-10.5%
VOLUSIA	-7.6%	-7.7%	1.5%	11.379	496.6	458.4	-38.2	-7.7%
WAKULLA	-5.6%	-8.2%	6.7%	7.750	13.6	12.5	-1.1	-8.2%
WALTON	-4.3%	-1.7%	1.0%	4.240	77.8	76.4	-1.4	-1.7%
WASHINGTON	-5.3%	-5.4%	6.0%	8.377	10.2	9.7	-0.5	-5.4%

Non-School Taxing Authorities - Impact of CS/SB 1588 Cap on Max Majority Vote Revenues						
Tax Roll Year	2008	2009	2010	2011	2011	5-Year Total
STATEWIDE	**-1,162.7**	**-1,184.9**	**-1,242.5**	**-1,316.5**	**-1,403.0**	**-6,309.5**
ALACHUA	-16.5	-17.0	-18.1	-19.4	-20.9	-91.9
BAKER	-0.9	-0.9	-1.0	-1.0	-1.1	-5.0
BAY	-4.7	-4.5	-4.7	-5.0	-5.3	-24.2
BRADFORD	-1.1	-1.0	-1.1	-1.2	-1.3	-5.6
BREVARD	-34.9	-35.9	-37.6	-39.7	-42.2	-190.2
BROWARD	-138.2	-139.1	-144.6	-151.9	-160.6	-734.4
CALHOUN	-0.4	-0.3	-0.4	-0.4	-0.4	-1.9
CHARLOTTE	-10.4	-10.1	-10.5	-11.0	-11.7	-53.7
CITRUS	-9.0	-9.1	-9.5	-10.0	-10.7	-48.3
CLAY	-10.1	-10.4	-11.0	-11.8	-12.8	-56.1
COLLIER	-18.0	-17.2	-17.7	-18.6	-19.9	-91.3
COLUMBIA	-3.0	-3.1	-3.3	-3.6	-3.8	-16.8
DADE	-129.7	-137.7	-145.7	-154.4	-163.9	-731.3
DESOTO	-1.1	-1.1	-1.2	-1.3	-1.4	-6.2
DIXIE	-0.3	-0.3	-0.3	-0.4	-0.4	-1.8
DUVAL	-45.3	-47.2	-49.9	-52.9	-56.5	-251.7
ESCAMBIA	-13.8	-13.9	-14.4	-15.2	-16.0	-73.4
FLAGLER	-5.7	-5.7	-6.0	-6.5	-7.1	-31.0
FRANKLIN	-0.3	-0.3	-0.3	-0.3	-0.3	-1.5
GADSDEN	-1.4	-1.5	-1.6	-1.7	-1.8	-8.0
GILCHRIST	-0.6	-0.6	-0.6	-0.7	-0.8	-3.3
GLADES	-0.7	-0.7	-0.7	-0.8	-0.8	-3.6
GULF	-0.4	-0.4	-0.4	-0.5	-0.5	-2.2
HAMILTON	-0.3	-0.3	-0.3	-0.4	-0.4	-1.7
HARDEE	-0.6	-0.6	-0.7	-0.7	-0.7	-3.4
HENDRY	-1.5	-1.4	-1.5	-1.6	-1.7	-7.7
HERNANDO	-11.6	-11.4	-11.9	-12.6	-13.4	-60.9
HIGHLANDS	-5.3	-5.2	-5.5	-5.8	-6.3	-28.1
HILLSBOROUGH	-92.5	-99.1	-104.5	-110.4	-117.4	-523.9
HOLMES	-0.3	-0.3	-0.4	-0.4	-0.4	-1.8
INDIAN RIVER	-8.1	-8.0	-8.2	-8.7	-9.2	-42.2
JACKSON	-0.9	-1.0	-1.0	-1.2	-1.3	-5.4
JEFFERSON	-0.4	-0.4	-0.5	-0.5	-0.6	-2.4
LAFAYETTE	-0.2	-0.2	-0.2	-0.2	-0.2	-0.9
LAKE	-18.3	-20.0	-21.5	-23.1	-25.1	-108.0
LEE	-45.6	-43.9	-45.3	-47.8	-51.0	-233.6
LEON	-14.5	-15.2	-16.2	-17.5	-18.8	-82.2
LEVY	-1.7	-1.7	-1.8	-2.0	-2.1	-9.4
LIBERTY	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
MADISON	-0.4	-0.4	-0.4	-0.5	-0.5	-2.1
MANATEE	-19.7	-19.2	-20.0	-21.1	-22.5	-102.6
MARION	-15.9	-16.2	-17.4	-18.9	-20.6	-88.8
MARTIN	-10.6	-10.4	-10.8	-11.3	-11.9	-55.0
MONROE	-3.7	-3.6	-3.7	-3.8	-4.0	-18.8
NASSAU	-3.9	-3.9	-4.1	-4.3	-4.6	-20.9
OKALOOSA	-7.0	-7.0	-7.3	-7.7	-8.2	-37.2
OKEECHOBEE	-1.2	-1.3	-1.4	-1.5	-1.6	-7.0
ORANGE	-60.8	-62.9	-66.1	-70.1	-74.8	-334.7
OSCEOLA	-12.8	-12.9	-13.7	-14.8	-16.2	-70.4
PALM BEACH	-105.5	-107.0	-111.6	-117.9	-125.3	-567.3
PASCO	-23.9	-24.1	-25.4	-27.1	-29.2	-129.7
PINELLAS	-74.0	-74.1	-77.4	-81.6	-86.5	-393.7
POLK	-30.1	-30.9	-32.5	-34.5	-36.8	-164.8
PUTNAM	-2.9	-2.9	-3.0	-3.2	-3.3	-15.3
ST. JOHNS	-11.7	-11.8	-12.3	-13.1	-13.9	-62.8
ST. LUCIE	-28.3	-27.5	-28.5	-30.3	-32.5	-147.1
SANTA ROSA	-5.8	-5.9	-6.3	-6.8	-7.4	-32.2
SARASOTA	-23.6	-22.8	-23.5	-24.6	-25.9	-120.3
SEMINOLE	-24.4	-24.7	-26.0	-27.7	-29.7	-132.6
SUMTER	-4.5	-4.7	-5.0	-5.4	-5.9	-25.6
SUWANNEE	-1.3	-1.3	-1.4	-1.6	-1.7	-7.3
TAYLOR	-0.8	-0.8	-0.8	-0.8	-0.9	-4.0
UNION	-0.4	-0.4	-0.4	-0.5	-0.5	-2.2
VOLUSIA	-38.2	-38.2	-40.1	-42.7	-45.8	-205.1
WAKULLA	-1.1	-1.1	-1.3	-1.4	-1.5	-6.4
WALTON	-1.4	-1.3	-1.4	-1.5	-1.5	-7.1
WASHINGTON	-0.5	-0.6	-0.6	-0.6	-0.7	-3.0