

Property Tax Reform Update



**Charlotte County Florida
January 8, 2008**

Purpose

- ❑ Review tax reform legislation passed last year
 - 1st year impacts (FY07/08)
 - On-going impacts

- ❑ Review of services funded by property tax

- ❑ January 29th – Legislature’s ballot proposal

- ❑ Other Budget Complexities

Tax Reform – FY07/08

- New legislation passed in June 2007 (HB1B)
- Charlotte County mandated property tax reduction was ***\$6 million dollars***.
- BCC departments also had to reduce their budgets further to counter increases in; law enforcement, corrections and the Supervisor of Elections.
- Total reduction of ***\$13 million dollars*** for both tax reform and to counter the other increases.

Tax Reform – FY07/08

Ongoing Impacts

- The *\$6 million dollar* mandated reduction was a one year reduction only.
- For future years (beyond FY07/08) additional property tax revenue will be capped.

Annual Revenue Cap

- ❑ For future years (beyond FY07/08) additional property tax revenue will be capped and can only increase each year for:
 - ✓ Revenues from new construction (residential and commercial properties added to the property roll)
Plus
 - ✓ % of personal income growth (historically in the 3% range)
- ❑ Revenues would be allowed to increase by ***\$4.4 million dollars annually.***

Services Funded by Property Tax

- Charlotte County FY07/08 property tax revenue totals \$147 Million which is 12% of the County's total budget of \$1.2 Billion.
- \$79 Million (55%) of the property tax revenue funds Constitutional Offices

Sheriff Office, Tax Collector, Property Appraiser, Supervisor of Elections and the Clerk of Court

Services Funded by Property Tax

- \$68 Million (45%) of the property tax revenue funds BCC controlled departments

Emergency Management Services, Parks, Recreation and Cultural Resources, Human Services, Mosquito Control, Animal Control, Growth Management and Facilities Maintenance and Construction.

January 29th Legislature Ballot Proposal

- ❑ On January 29th Florida voters will consider a new tax reform proposal initiated by the State Legislature. Key elements of the proposal include:
- ❑ Doubling of the current \$25,000 homestead exemption
- ❑ “Portability” – for Save Our Homes- sheltered taxpayers.
- ❑ \$25,000 – tangible personal property tax-exemption
- ❑ 10% percent cap on future non-homestead

January Referendum – Portability

□ Save Our Homes

- Protection for homestead properties, caps the assessed value growth at the lesser of 3% or CPI
- Due to recent appreciation increases, many properties currently have significant differences between the market value and assessed value of their home

January Referendum – Portability

- ❑ New Proposed Portability Provisions
 - Allow 100% portability of Save Our Homes differential if upgrading to a more expensive home (up to \$500,000) and proportional portability if downgrading to a less expensive home. Applies to school board taxes.
 - For example, a home with a market value of \$400,000 and assessed value of \$300,000 (\$100,000 Save Our Home exemption value, or 25%)
 - ❑ If upgrading to a \$500,000 home, new assessed value is \$400,000 (from transfer of \$100,000)
 - ❑ If downgrading to a \$200,000 home, new assessed value is \$150,000 (from transfer of 25%)

January Referendum

10% Non-Homestead Cap

- Similar to the Save Our Homes protection for homestead owners, this provision caps the assessed value growth of non-homestead properties (businesses, second homes, rental property, etc.). Does not apply to school board taxes.
- This provision does not become effective until FY10, the other provisions would be effective FY09.

January 29th - \$12.7 million Impact

Propasal:

Estimated Loss

Double homestead exemption by providing an additional \$25,000 exemption for assessment amounts between \$50,000 and \$75,000. Does not apply to the School Board. \$7 million

Portability of Save Our Homes and Cap non-homesteaded \$4.7 million

Cap non-homesteaded property assessments at 10 percent beginning in FY10. Does not apply to the School Board.

Provides a \$25,000 exemption for tangible personal property. Does apply to the School Board \$1 million

Other Budget Complexities

- ❑ Property valuations and their relationship to revenue
- ❑ BCC's position on millage rate adjustments
- ❑ Staffing requirements for the jail expansion