



Senator Don Gaetz

Reports to Northwest Florida

January 18, 2008

“Yes” Vote on January 29 Sends the Right Message on Property Taxes

Dear Neighbor,

On January 29 taxpayers can send a message to taxtakers. That’s the day voters answer the question: do you want to reduce property taxes?

Though the lengthy ballot language appears to have been written by Omega code artists, the issue is whether we’re satisfied with the property tax system as it is or do we want it changed.

If we vote yes:

- (1) The homestead exemption will increase
- (2) “Save Our Homes” tax benefits will be portable
- (3) The tangible property tax on equipment used by small businesses will be eliminated
- (4) Non-homestead property tax increases will be capped at no more than 10 percent annually

If you’ve followed my record in the Senate you know I have advocated for deeper, broader, fairer tax reform than is proposed on this ballot. I plan to continue that advocacy. However, the choice on January 29 is between some tax relief and no tax relief. Amendment 1 presents us with the opportunity to place a limit on taxes for every piece of property in Florida, no matter how it’s used or how it’s owned. That’s why I am voting for the amendment, knowing that the fight for additional reform will go on.

Increasing the homestead exemption

Under current law, homesteaders do not pay taxes on the first \$25,000 of their home’s value. The amendment provides an additional \$25,000 exemption for the value of homestead property above \$50,000. This exemption does not apply to school taxes, which account for about 40% of most people’s tax bill.

Stated another way, homesteaders will pay no taxes on the first \$25,000 of value, just as now, and will pay only school taxes on the \$50,000th to \$75,000th in value. So, if the amendment passes, your homestead exemption will increase by at least 50% and your tax bill will go down.

Making “Save Our Homes” Portable

“Save Our Homes” prevents homesteaded property taxes from increasing more than 3% per year. The difference between what a protected homesteader pays and what he would have paid without the 3% annual cap is called the “Save Our Homes” benefit. But, under current law, when a homesteader moves from one house to another, he loses those benefits and pays a tax windfall to local government.

Portability allows homeowners to transfer up to \$500,000 of their “Save Our Homes” tax benefit when they move anywhere in the state. Unlike other ideas that have been floated out of the Legislature, this amendment has no other affect on “Save Our Homes” and does not require anyone, anywhere to give up “Save Our Homes” protection.

Portability means that people aren’t discouraged by the tax code from buying a different home or moving to a different neighborhood.

Ending the tax on small business’ equipment

Tangible property taxes are collected on machinery, furniture, fixtures, signs, and supplies used by businesses. Every person owning equipment used for business is required to pay this tax. Often, it costs as much for accountants to figure the tax liability as it does for the taxpayer to pay the bill.

The constitutional amendment would repeal this tax for 1.1 million Florida small businesses

Limiting non-homestead property tax increases

The consequence of “Save Our Homes” protection for homesteaders has been to shift the tax burden to non-homesteaded property. Throughout Northwest Florida I’ve met hundreds of people who have shown me non-homestead tax bills that have increased by triple digits in the last two or three years.

Over eighty percent of tax bills for non-homestead property in the Florida Panhandle are sent to people who live right here in our communities. These skyrocketing non-homestead tax increases have been passed along to renters in the form of higher rents and to customers in the form of higher prices.

The proposed amendment would cap non-homestead increases at no more than 10 percent per year. I co-sponsored an amendment to cap non-homestead tax increases at 3% per year, mirroring the protection given to homesteaded properties. Unfortunately, there weren't enough senators willing to support me. But, as one taxpayer who suffered a 170% increase in the last two years told me, a 10% cap, though not low enough, would be a welcome improvement.

For even more details on the constitutional proposals go to www.yeson1Florida.com

Some say this tax relief package isn't perfect and they're right. The problem is that the perfect may be the enemy of the good. I fear a "No" vote won't result in a better package. Instead, the message will be interpreted by Tallahassee politicians as "The people have spoken. They said 'no' to property tax relief. Let's move on and do something else like rewrite the state song."

Lobbyists for local governments and government workers unions say they're for property tax reform, just not for *these* reforms. But they have dragged their feet on every serious attempt to reduce taxes and offer no alternatives now.

I don't think a "Yes" vote will upshift the economy into fifth gear or refuel a speculative housing market. But a "Yes" vote will help by letting homeowners have more choices and allowing families and businesses to keep more of their own money.

A "Yes" vote can send this message to the taxtakers: "The people have spoken. They want property tax relief. Let's move forward and take the next steps for even more reform."

Respectfully,

A handwritten signature in black ink, appearing to read "Don Gaetz", written in a cursive style.

Senator Don Gaetz

For more information about this or any other issue, please contact Senator Don Gaetz, by e-mail at gaetz.don.s04@flsenate.gov, by letter, 217 Miracle Strip Parkway, SE, Ft. Walton Beach, FL 32548 or call 1-866-450-4DON toll free from anywhere in Florida.