



Volume IX, Issue 6 • February 23, 2007

Committee Week Five

Commissioner Jacobs was in Tallahassee this week at the request of FAC to discuss property tax reform.

House Property Tax Proposal

On Monday and Tuesday of this week the House held a Property Tax Reform Summit. Following the Summit, the House unveiled a property tax proposal that would eliminate property tax for homesteaded properties, cap property tax increases for non-homesteaded properties, and increase sales tax. The proposal consists of two distinct components, one becoming effective on July 1, 2007 and affecting tax levies in 2007 for fiscal year 2008, and the other relying on a special election in November 2007, for a constitutional amendment that would be effective in 2008 for fiscal year 2009.

The proposed bill would reduce local government millage for taxes levied in 2007 for fiscal year 2008 to the rollback rate of fiscal year 2001 plus the Consumer Price Index brought forward to the current year. Voters would decide in a special election whether to amend the Constitution to eliminate property tax on homestead property, limiting state revenue growth (again dependent on population and inflation using 2001-2002 as a base year), and increasing the sales tax by 2.5 cents.

Local taxing authorities could levy taxes in excess of the caps imposed under the bill by a unanimous vote of the entire governing body. If a municipality or county exceeds the limit without a unanimous vote it would lose its state sales tax revenue. The millage cap in 2007 for fiscal year 2008 would not apply to school districts.

The House Policy and Budget Council will workshop the bill again in two weeks to further discuss the impacts on special taxing districts, as well as the possible impacts arising from the elimination of property tax revenues on the

repayment and future issuance of bonds. The House Policy and Budget Council anticipates debating the bill four weeks from today. This is only the first of what is likely to be several different proposals offered for consideration in the upcoming Legislative Session.

Cable Franchising

HB 529 by Rep. Traviesa passed out of its first of two referenced committees. The bill prohibits local governments from granting new franchises for cable or video service and designates the Department of State as the authority to issue state-wide franchises. Customer service, build out requirements and guidelines for public, educational and governmental channels are the areas of impact in addition to the preemption of local government authority and the resultant loss of communication services tax revenue. The next committee stop is the House Policy and Budget Committee.

Charter County Preemption

Sen. Bennett has filed SB 2080 which preempts charter county authority and calls for dual approval by voters of a municipality and county for certain powers. It is the identical companion to HB 791 by Rep. Gonzales, which was filed last week. HB 791 has now been referred to the Urban and Local Affairs Committee and the Government Efficiency and Accountability Council.

Independent Special Districts

SB 1912 by Sen. Storms was filed this week. The bill creates a new section of law to require, that by 2012, the governing body of any independent special district with ad valorem taxing authority must be elected.