

FACT SHEET

Tax Caps Are Not the Answer; They Will Only Make Things Worse

The Florida Association of Counties strongly opposes any move by the Legislature to statutorily cap the revenues that local governments can raise to pay for crucial programs and services for our citizens. Such a cap would force counties to make deep cuts to programs and services that our citizens want and expect, and could harm quality of life in our communities.

We also support and encourage decisions made by individual County Commissions—such as the recent actions in Hillsborough, Sarasota, Broward and Miami-Dade Counties—to debate and implement self-imposed revenue or spending caps. This is the essence of “home rule”—local government, not Tallahassee, knows best what local citizens want and is in the best position to make such decisions.

While recognizing our citizens need property tax relief, we believe any major statewide changes to the property tax system should be considered by the Taxation and Budget Reform Commission—not rushed to voters as a special election ballot. The Tax and Budget Reform Commission was approved by Florida voters and created in the state constitution to do a comprehensive review of our state’s tax and budget policies. A special election would preempt the work of this commission.

Florida’s counties recognize that citizens need property tax relief—in 2006, two-thirds of the state’s 67 county governments voluntarily reduced millage rates, resulting in more than \$500 million in savings to taxpayers statewide. In 2005, nearly half of the counties lowered millage rates, saving taxpayers \$185 million. But in attempting to craft relief, the Legislature must avoid creating a second crisis by forcing cuts in essential county programs and services that our citizens depend on.

Florida’s counties provide crucial everyday support for Florida’s citizens through basic services such as public safety, public welfare and transportation. Counties are spending property tax dollars responsibly, amid pressures of population growth, inflation, the expectations of our citizens, and growing federal and state mandates thrust on local governments.

Here are some reasons why tax caps are harmful:

Revenue caps dramatically lessen local control

- They radically alter the relationship between the county commission and local voters.
- Under state law and each respective county charter, commissioners are elected by the county voters to represent their financial interests in approving a county budget that fits within the county’s tax rate.
- In effect, this is the only control the county commission has over county government operations.
- This oversight is an essential counterweight in the county government checks and balances system.
- Revenue caps hinder the ability of the county government to respond to discretionary needs such as increases in law enforcement or improved roads.
- Property taxes per Article VII of the Florida Constitution are reserved only for local governments.

Disparities arise in the property tax burden of nearly identical properties

- This is clearly been the case in Florida as a result of Save our Homes, an initiative that has become the largest single tax benefit to homestead owners.
- Those just entering the homestead market find themselves paying substantially more for property taxes than a long-term homesteader next door.
- This creates an inequitable situation and in turn has yielded in part a negative effect on the Florida home buying market.

Small and new businesses are affected

- Caps that apply to residential properties have the net affect of raising taxes on businesses, often in increased fees and tax rates.

Local governments often end up facing revenue shortages

- As a result greater reliance is placed on sales tax and user fees to fund what traditionally are viewed as local services.
- Caps restrict the flexibility of local government to respond to changing needs, emergency situations and state and federal mandates.
- Caps bear no relation to the legitimate demand for costs of public services provided by local governments, such as demographic shifts and industrial development.
- In particular, and what should concern much of Florida in particular, is the effect that constrains the capacity of high-growth areas to meet service and infrastructure needs.

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