

LAWMAKERS PREACH PROPERTY TAX LIMITS IN CHANGE FROM PAST

MICHAEL C. BENDER
Palm Beach Post Capital Bureau
April 14, 2007
PAGE: 1A

Info box at end of text.

TALLAHASSEE -- State House members pushing to cap property tax increases at a national rate of inflation often failed to do the same when serving as city, county or school board officials, records show.

"Rising property taxes is not a problem that just came up in 2007," said Dominic Calabro, president of Florida TaxWatch, a private, nonpartisan research institute. "A lot of people have contributed to it and now we have to face the music."

When the sponsor of the House tax cap bill, Republican Rep. Frank Attkisson, was mayor of Kissimmee, he twice voted for property tax increases that exceeded the cap he is now proposing for local governments. Tax increases exceeding his proposed cap came up in the third year he was mayor, but he voted against them.

Had the proposed cap been law during the eight years that House Budget Council Chairman Ray Sansom served on the Okaloosa County Commission, half of the property tax rates the Destin Republican approved would have been over the limit.

House Speaker Marco Rubio, who included the cap in his ambitious plan to overhaul the property tax system, signed off on a tax increase that was twice the rate of inflation during his last year on the West Miami City Commission.

"The environment is very different," Rubio said recently when asked about comparing the property tax revolt that lawmakers are trying to quell today to how the same men handled property tax collections in 1990s as local officials.

"Back then, the increase was a reflection of what our current (tax rate) gave us under the increasing but not skyrocketing values," Rubio said. "Today, the problem is several years of artificial increases in property values and governments' unwillingness to adjust reasonably."

But current local officials argue that the proposed cap is unfair because counties and cities must budget for items such as asphalt and fire trucks while the consumer price index, which would determine the new limit, measures the inflation of retail items such as cereal, dress shirts and prescription drugs.

"There is a consensus that caps need to be part of tax reform," said John W. Smith, a Florida League of Cities lobbyist. "But there is debate on how that happens."

"We've suggested trying to find an index that better reflects the basket of goods that a local government purchases. At this point, we haven't seen that."

Cap has broad support

Of the varied tax reform proposals offered this session, the one element with the broadest support is a cap on how much local government leaders can increase property taxes each year.

Rubio includes such a cap in his proposal to eliminate property taxes on primary homes, called homesteads, and replace the revenue from those taxes with an increase in the sales tax. That cap would use 2003-04 as the base year for a tax rollback.

The Senate rolled out a proposal Thursday that would limit annual property tax increases by counties and cities to new construction plus the annual statewide average rate of growth in per-capita income. It would use 2005-06 as the base year for a tax rollback.

And then there's Attkisson's bill (HB 7001), the only tax bill of the several considered by the powerful House Policy and Budget Council to receive bipartisan support when it was approved 25-7. It is scheduled for debate Tuesday on the House floor.

It would require cities, counties, school boards and special districts to determine an annual tax rate that, aside from new construction, would generate the same amount of taxes as the previous year. That tax rate then could be increased by no more than the national consumer price index.

In setting the 2006-07 tax rate, the bill would require the local governments to use 2000-01 as a base year and to limit increases for the six years since to the rate of inflation. Using that formula, the total cut would average 18 percent statewide, although it would differ among tax districts.

Of the 25 lawmakers who voted for this cap, six, including Sansom, have experience setting property tax rates as local officials.

County, city and school district records show all six struggled at times to keep tax rates to such a limit.

* Republican Rep. Aaron Bean voted to increase taxes beyond inflation during his two years as mayor of Fernandina Beach.

* As a Walton County commissioner in 1989, Republican Rep. Don Brown of DeFuniak Springs voted to increase the tax rate at double the rate of inflation.

* Republican Rep. Dick Kravitz voted to increase property taxes beyond the limit during the first three years of the 12-year term he served on the Jacksonville City Council.

* As an Indian River School Board member for four years, Rep. Stan Mayfield, R-Vero Beach, voted three times to increase the property tax budget for building and maintaining schools beyond the proposed cap.

* For a similar fund in the Franklin County School District, Rep. Will Kendrick, R-Carrabelle, voted to increase property taxes beyond the anticipated limit during nine of the 14 years he was on the board.

"Times were a little different," Sansom said of the 1990s, when he and his colleagues on the budget council were members of local government. "Valuations weren't skyrocketing like they are now."

Times have changed

Many of these lawmakers said their current support of the inflation cap was not hypocritical in light of their records in local government.

They point out that nearly all of their tax increases were approved by majority votes. Under the bill, local governments could override the cap with a supermajority vote.

Some of the six lawmakers said the cap would force governments to rely more on user fees.

"It will require cities to look at more consumption-based taxes," Attkisson said of his bill. "User fees are more fair and equitable and are based on decision-making by the user."

They also said Floridians today are crying out for lower tax bills.

"It's the right thing to do," Bean said of the cap. "It's relief. And that's what we're trying to give the people."

Last year, Floridians paid \$30 billion in property taxes, or about 14 percent more than increases due to new construction. Under the bill, the maximum increase allowed would have been 3 percent more than increases due to new construction.

In 2005, property taxes totaled \$25 billion, or 11 percent more than new construction costs. The proposed law also would have limited that increase to 3 percent.

Total property tax increases beyond new construction have exceeded inflation every year since 2001, according to documents from the state Department of Revenue.

Meanwhile, from 1991 through 2000, increases in statewide property tax collections beyond new construction were equal to or less than the rate of inflation in eight of the 10 years.

"On a year-to-year funding basis, I think it's fair," Sansom said of basing a property tax cap on inflation. But one of the six disagreed.

Brown said he voted for the inflation cap to "be agreeable." He opposed Rubio's plan to eliminate homestead property taxes and increase the sales tax, but wanted to support some form of relief. He said he hoped the House could find another approach to repair the property tax system.

"There is no question we've got to have reform," Brown said. "But the way we're going about it, I think we've got this rattlesnake by the tail."

On the House floor Thursday, Democrats accused Republicans of a double standard by supporting an increase in property tax collections to support the school budget. The property tax rate to pay for schools, the only rate set by the state, would generate about \$325 million more than last year beyond revenues associated with new construction.

An amendment to cut those taxes and replace the money with cash from the state reserves failed mostly on party lines.

"We're basically saying to the locals, 'Do what we say, not what we do,' " said Rep. Jack Seiler, D-Wilton Manors.

~ mike_bender@pbpost.com

Different votes for a different time

Here's how eight lawmakers supporting a bill that would limit local governments' property tax increases voted on budgets when they were local officials before becoming legislators. Increases in bold were amounts greater than would be allowed under the proposed bill.

Lawmaker and previous office

Year, Limit under the bill, Actual increase, How the lawmaker voted

House Speaker Marco Rubio,
West Miami City Commission
1999 2.2% 5.5% **Yes**
1998 1.6% 1.4% Yes

Rep. Ray Sansom,
Okaloosa County Commission
2000 3.4% 0.0% Yes
1999 2.2% 4.9% **Yes**
1998 1.6% 8.0% **Yes**
1997 2.3% 13.4% **Yes**
1996 3.0% -0.4% Yes

1995 2.8% 5.3% **Yes**
1994 2.6% -0.5% **Yes**
1993 3.0% 2.9% **Yes**

Rep. Frank Attkisson,
Kissimmee mayor
2000 3.4% 0.1% **Yes**
1999 2.2% 3.3% **No**
1998 1.6% 3.3% **Yes**
1997 2.3% 2.6% **Yes**

Rep. Don Brown,
Walton County Commission
1990 5.4% 3.2% **Yes**
1989 4.8% 10.3% **Yes**
1988 4.1% -1.5% **Yes**

Rep. Aaron Bean,
Fernandina Beach mayor
1998 1.6% 4.9% **Yes**
1997 2.3% 7.4% **Yes**

Rep. Dick Kravitz,
Jacksonville City Council
1998 1.6% 1.2% **Yes**
1997 2.3% 0.7% **Yes**
1996 3.0% 2.6% **Yes**
1995 2.8% 0.9% **Yes**
1994 2.6% 2.3% **Yes**
1993 3.0% 1.3% **Yes**
1992 3.0% 2.3% **Yes**
1991 4.2% 0.1% **Yes**
1990 5.4% 2.6% **Yes**
1989 4.8% 5.3% **Yes**
1988 4.1% 4.5% **Yes**
1987 3.7% 12.7% **Yes**

Rep. Stan Mayfield,
Indian River County School Board
1996 6.4% 16% **Yes**
1995 6.1% 9% **Yes**
1994 4.4% 13% **Yes**
1993 5.2% 18% **No**

Rep. Will Kendrick,
Franklin County School Board
2000 4.9% 9.0% **Yes**
1999 3.7% 65.6% **Yes**
1998 3.6% 9.0% **Yes**
1997 5.1% 54.9% **Yes**
1996 5.9% 25.9% **Yes**
1995 5.5% 27.6% **Yes**
1994 6.2% 19.5% **Yes**
1993 5.3% 122.6% **Yes**
1992 4.5% -59.7% **Yes**
1991 6.0% 27.9% **Yes**

1990 6.5% -50.8% Yes
1989 5.7% -40.9% Yes
1988 7.2% 6.9% Yes
1987 5.0% 4.3% Yes

Illustration: GRAPHIC (B&W)
STEVE LOPEZ/Staff Artist