

Amendment 5 Talking Points

Amendment 5 is a proposed amendment to Florida's Constitution that will appear on the November ballot. There are many facets of this Amendment that need to be explained to the voter, but here are some basic facts and discussion points:

1. Amendment 5 is a property tax cut for everyone. This Amendment will abolish the state's Required Local Effort property tax levy for School Boards in 2010. Depending on where the property is located, that cut equals 25-40% of the total property tax bill. To see how much a property would save, consult the Truth In Millage (TRIM) notice mailed to property owners in August, or the prior tax bill available on local tax collector's websites. The RLE, also called the amount required by state law, located under the School Board portion would be eliminated. Those are legitimate property tax savings!
2. Schools will still be funded in Florida – and held harmless – under Amendment 5. This is simply a different, and fairer way of funding our school system. Due to language in the Amendment, the Florida Legislature will be required to fund schools to the same number as next year, adjusted forward. That means schools will still receive full funding in 2010, while everyone gets a \$10-11 billion property tax cut!
3. Amendment 5 is a fairer way to fund our public school system. Currently, property owners pay a disproportionate share, compared to renters, for our schools. Also, property owners who pay for private school must also pay this tax for public schools. In addition, Amendment 5 continues to allow local School Boards to levy discretionary millage – so for counties that want local officials that will levy higher property taxes for schools, they are still allowed to do so.
4. The Legislature will have a spate of choices for how to fund schools in the future. Amendment 5 allows for budget cuts in other areas of the state budget; the repeal of sales tax exemptions (except for basic exemptions such as food, rent, heating fuel, medicine, and health care); and increase of up to 1 cent of the statewide sales tax rate (currently 6%); or other taxes and revenues (such as the cigarette tax) the Legislature feels should be designated in place of the property tax.
5. Raising the sales tax in Florida does not necessarily disproportionately affect the poor and needy. First, many of the items that lower-income folks buy are exempt from the sales tax, and are not eligible for repeal by the Legislature. These include unprepared food, rent, heating fuel, medicine, electricity, and health care services.
6. Florida's property tax is a wealth tax. When a Floridian owns a piece of property, even when the mortgage is paid off, the government can come and seize it, or force a tax lien, on the property if taxes owed are not paid at any time. In difficult economic times, like today, more people are cutting back on the things they buy – hence the lower sales tax collections the state is seeing. Switching from a wealth tax to a consumption tax (sales tax) will put most Floridians ahead by making their property more value (because of less taxation) and allow property owners to control more of the tax money they pay (through a sales tax).

7. Amendment 5 reduces, from 10 percent to 5 percent, the assessment cap on non-homestead property, such as commercial, vacation and second homes. The effect of a 5 percent cap is more likely to be seen in the near future, whereas the 10 percent cap would only offer relief to people in a hyper-real estate market. Also, the 5 percent cap is permanent – where the 10 percent was only for 10 years and would need to be renewed by the voters.
8. While it may seem that renters will pay more in taxes in the long run, it's possible that even they will save under Amendment 5. First, it will lower the cost of property and make them more likely to be able to afford a home of their own. But even for long-term renters, it's likely that because of the 5 percent assessment cap offered in the Amendment they'll see less increases in rent due to more steady property taxes for their landlords.
9. Florida's sales tax system is riddled with over \$23 billion in loopholes, and those exemptions should be re-examined for legitimacy. Amendment 5 will force the Legislature to look at those exemptions, such as ostrich feed, luxury skyboxes, and others, to see if they still stand up to real scrutiny.
10. Other revenue options could include raising the tax on cigarettes, which cause a disproportionate share of Medicare and Medicaid costs to Florida anyway. Another source of revenue could result from joining the internet sales tax compact, which could provide up to \$3 billion in uncollected sales tax revenue for the state, and level the playing field for in-state, property owning and tax paying retailers and businesses facing out of state, internet-based competition.