

FTA Revenue Estimating Conference - October 11, 2005



Christian Weiss

Chief Economist



Florida Department of Revenue

Office of Tax Research

850-488-2900

weissc@dor.state.fl.us

DOR website: <http://myflorida.com/dor/>

EDR website: <http://myflorida.com/edr/>

State website: <http://www.leg.state.fl.us/>

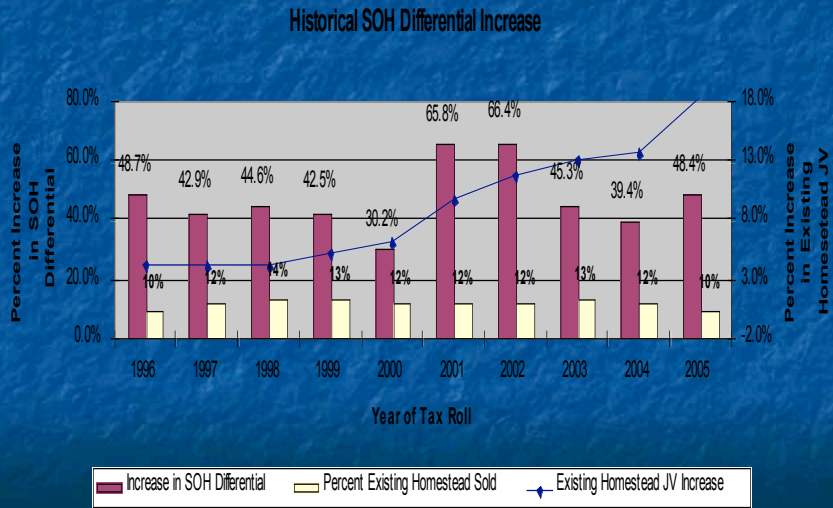
Florida Experience with Property Tax Caps

- Save-Our Homes (SOH): 1992 Constitutional Amendment by Citizens' Initiative
- Limits increases in value to the lesser of 3 percent or the change in the CPI for homestead properties.
- Re-assessment at full value upon change in ownership.



10/18/05

Historical SOH Differential Increase



2005 Homestead Data

Just Value Group: 2005	Just Value of Group	Assessed Value of Group	Save Our Homes Differential by Group	Number in Group	% Differential	Av. Differential	Av. Just Value
\$0 - \$100,000	\$78,717,984,381	\$57,753,539,934	\$20,964,444,447	1,177,247	27%	\$17,808	\$66,866
\$100,001-\$250,000	\$364,590,578,717	\$258,013,981,481	\$106,576,597,236	2,304,468	29%	\$46,248	\$158,210
\$250,001-\$500,000	\$207,127,658,073	\$141,606,917,757	\$65,520,740,316	624,824	32%	\$104,863	\$331,498
\$500,001-\$1,000,000	\$91,846,146,984	\$60,784,185,500	\$31,061,961,484	139,139	34%	\$223,244	\$660,104
\$1,000,001-\$10,000,000	\$70,914,773,795	\$47,123,586,414	\$23,791,187,381	40,161	34%	\$592,395	\$1,765,762
\$10,000,001 and over	\$3,637,572,928	\$2,260,024,078	\$1,377,548,850	208	38%	\$6,622,831	\$17,488,331
Total 2005	\$816,834,714,878	\$567,542,235,164	\$249,292,479,714	4,286,047	31%	\$58,164	\$190,580

10/18/05

2003 Homestead Data

Just Value Group 2003	Just Value of Group	Assessed Value of Group	Save Our Homes Differential by Group	Number in Group	% Differential	Av. Differential	Av. Just Value
\$0 - \$100,000	\$126,196,561,790	\$104,471,883,543	\$21,724,678,247	1,941,469	17%	\$ 11,190	\$ 65,001
\$100,001-\$250,000	\$265,258,092,594	\$214,343,364,196	\$50,914,728,398	1,776,665	19%	\$ 28,657	\$ 149,301
\$250,001-\$500,000	\$99,094,475,493	\$75,786,685,684	\$23,307,789,809	298,832	24%	\$ 77,996	\$ 331,606
\$500,001-\$1,000,000	\$44,761,437,467	\$32,804,322,136	\$11,957,115,331	67,838	27%	\$ 176,260	\$ 659,828
\$1,000,001-\$10,000,000	\$36,990,237,812	\$25,942,681,216	\$11,047,556,596	20,738	30%	\$ 532,720	\$ 1,783,694
\$10,000,001 and over	\$1,766,523,880	\$1,324,798,371	\$441,725,509	116	25%	\$ 3,807,979	\$ 15,228,654
Total Differential 2003	\$574,067,329,036	\$454,673,735,146	\$119,393,593,890	4,105,658	21%	\$ 29,080	\$ 139,823

10/18/05

Comparison 2003 vs. 2005

Just Value Group: Change from 03 to 05	Just Value of Group	Assessed Value of Group	Save Our Homes Differential by Group	Number in Group	Av. Differential	Av. Just Value
\$0 - \$100,000	-37.6%	-44.7%	-3.5%	-39.4%	59.1%	2.9%
\$100,001-\$250,000	37.4%	20.4%	109.3%	29.7%	61.4%	6.0%
\$250,001-\$500,000	109.0%	86.8%	181.1%	109.1%	34.4%	0.0%
\$500,001-\$1,000,000	105.2%	85.3%	159.8%	105.1%	26.7%	0.0%
\$1,000,001-\$10,000,000	91.7%	81.6%	115.4%	93.7%	11.2%	-1.0%
\$10,000,001 and over	105.9%	70.6%	211.9%	79.3%	73.9%	14.8%
Total Change	42.3%	24.8%	108.8%	4.4%	100.0%	36.3%

10/18/05

SOH Portability

- Homeowners face large tax increases when buying a new home, even with moderate downsizing.
- A \$250,000 taxable value (about \$5,000 in taxes) has a SOH differential of \$200,000
- If move to \$600,000 house => Taxes=\$12,000
- If move to \$300,000 house => Taxes=\$ 6,000



SOH Portability

- Fiscal Impact escalates every year.
 - A new set of houses will turn over every year.
- Are people "Trapped" in their homes?
- Are markets further distorted?
- Are there legal impediments?



Reaction of Local Gov't Officials



10/18/05