



FLORIDA AFL-CIO
UNITED LABOR LOBBY



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Property Tax Reform: Treading on Dangerous Ground

The major issue of the 2007 Regular Legislative Session is property tax reform. Florida's success in attracting thousands of new residents each week to our state has contributed to a booming market for housing and property. As assessments have risen, so have the taxes paid, in many cases exponentially. There is no doubt that something needs to be done, especially for working class homeowners who are finding it more and difficult to pay their tax bill. Some are even losing their homes, even those who have paid off their mortgage and own the property outright. Unfortunately, and in true Tallahassee fashion, some in the Legislature are using this real problem as an excuse to push measures long supported by the extreme right-wing, anti-government think tanks and ideologues. These measures may contribute to lower property taxes in the short term, but in the long run, it will be devastating for our state and our overall quality of life. In spite of early predictions of a quick, bi-partisan fix similar to what was seen during the special session on insurance reform, the legislature has accomplished very little. The House majority has submitted a proposed plan (which we reject outright), the House Democratic minority has submitted a proposal that looks more promising and the Senate minority office has released its own proposal, which appears to have some bi-partisan support. However, there has been very little movement on any of these competing plans and there is no clear indication yet that the legislature is coalescing around any of them. The Florida Legislature is treading on dangerous ground here. While extra money in everyone's pocket at the end of each year is attractive, and in the case of those who have been hit the hardest absolutely required, we must approach this with extreme caution. Handing out money is always popular with the voters. Our challenge is to ensure that the proposal they are asked to vote on provides the needed property tax relief without bankrupting our county and city governments who provide the bulk of the services we have all come to rely upon.

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Most of the groups in Tallahassee concerned with this critical issue, including the Florida AFL-CIO and ULL, have had to take a "wait and see approach." Without any clear direction from the legislature, it has been very difficult to formulate any type of strategy, either proactive or defensive. That has changed. Early last week an incredibly broad collection of organizations including local governments, budget and policy analysts, labor unions, retiree organizations and social service advocates convened a meeting to decide our next steps. That meeting yielded incredible fruit. **Policy experts from this group are working to put together a proposal that will make reasonable, incremental changes to Florida's tax policy that will provide immediate relief for homeowners while preserving Florida's revenue stream to safeguard our state's future. In the days ahead the Florida AFL-CIO expects to roll out these simple, common sense proposals publicly as part of a new coalition for responsible property tax reform.** In the next two issues of the *Legislative Update*, we look at some of the various issues surrounding this debate with the goal of creating a climate of caution. Florida's labor movement can't afford to get caught up in the political fervor surrounding property taxes and embrace "quick fix" policies that look good in the short term but prove devastating for our state in the long run.

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The Problem: Eight Years of Hand-Outs Takes its Toll



Property taxes have increased by approximately 36% statewide over the past three fiscal years with the largest increase (18.5%) occurring during the current fiscal year, from a little over \$20 billion in FY2003-04 to the current \$30 billion plus in FY2006-07. This makes the local property tax the largest state and local revenue source in Florida. The property tax dollars were allocated among school districts (40.4%), counties and their dependent special districts (34.3%), municipalities (16.8%) and independent special districts (8.5%). There are many reasons for this dramatic increase. The most obvious is the rising property values associated with the recent housing boom, but another major reason lies squarely with former Governor Jeb Bush and the Florida Legislature. **A major contributor to the recent growth in property tax has been the state's diminishing**

role in financing public school education, which has resulted in a greater reliance on the use of the local property tax and local impact fees. The state used to provide 55% of the funding, that share has fallen to 44%. This, coupled with the fact that Florida has cut billions in taxes from the state's wealthiest 1% and corporations has forced local governments to pick up an increasing share of the cost of essential services. It is interesting to note that if the state had chosen to continue to provide 55% of funding for public schools, it would not have been able to impose these tax cuts or credits on select state taxes, such as the intangibles and corporate income taxes, or take action to offset losses of the estate tax and corporate income tax resulting from federal action. **If the legislature were to simply reinstate the intangibles tax and a portion of the corporate income taxes, there would be enough revenue to resume school funding at pre-Bush levels and provide immediate tax relief.**

Making it Worse: Roll-Backs and TABOR

So far, no one in the legislature is addressing the billions in high-end tax cuts or the over \$200 million in special interest sales tax exemptions. Unfortunately, what many are focusing on is roll backs in social service spending and caps on the revenue that local governments can collect (TABOR). TABOR stands for Taxpayer Bill of Rights and while the Florida House has not labeled their proposal as such, it certainly is. This is not the first time the Florida House has tried this. TABOR laws are designed to place hard caps on spending so that no matter what happens, the government can't spend any additional funds to respond. The goal here is to simply kill government...period. TABOR proposals have been pushed in states all over the country by right wing groups and individuals like anti-union extremist Grover Norquist, who famously said that he didn't hate government - he only wanted to shrink it down to a size where he could drown it in a bathtub. That is the goal of TABOR. The Center on Budget and Policy Priorities based in Washington D.C. has actually had people in Tallahassee speaking out about the hazards of these horrible ideas. The group has looked at the House majority proposal, which would put new TABOR provisions in the Constitution, and declared it to be a "carbon copy" of the TABOR constitutional amendment passed 12 years ago in Colorado, a provision that turned into an unmitigated disaster for the people in that state. During the twelve years since TABOR was adopted in Colorado, K-12 funding declined from 35th to 49th in the nation, and higher education funding dropped by 31 percent. In addition, the share of low-income children lacking health insurance doubled at a time that it was dropping nationally, and Colorado fell to near last in the nation in providing on-time full vaccinations to the state's children. In 2005, the same groups who supported TABOR led the drive to repeal it and the voters overwhelmingly agreed. Florida already ranks near the bottom among the states on a number of key public services and can't afford any further declines in the services upon which Floridians depend, such as health care, education and public safety. But as the Colorado experience has shown, this is likely to happen if the proposed revenue limit is adopted. TABOR and roll backs in public services are a non-starter in the debate and should be immediately rejected.

Next week, in part II of our report we will provide a detailed critique of some of the other proposals currently in the mix, including doubling the current homestead exemption and making the Save our Homes constitutional provisions portable. We will also share the findings of our new coalition and the measures we will be pushing in the legislature.



Messages From the Front Lines

News from the Trenches of the Florida Legislature

Workers' Private Property Rights – SUPPORT

SB 2356 by Peaden

HB 1417 by Baxley

The legislation, misnamed and mischaracterized by the state's most powerful business groups as the "guns at work" bill is really about ensuring that legal, private property of workers and consumers can be kept in their vehicles when they go to work or shop at commercial businesses licensed to be open to the public. Florida's most powerful retailers have been working for the past four years to convince the legislature to give them the power to create "islands" within Florida, islands where they rule completely and can take away our rights as citizens. This is an attempt to push back against this attack and strengthen the laws protecting the rights of individuals. A worker should not be forced to give up their constitutional rights of privacy simply to have a job. This legislation will ensure that they don't have to. **SB 2356 passed the Senate Judiciary Committee on April 10th with a 8-3 vote. Thanks to Senator Ring who saw the big picture, realized that this bill was about much more than guns and took the courageous step of being the only Democrat on the committee to vote for the bill.** HB 1417 has yet to be placed on the agenda.

Special Risk Retirement / Ocean Water Rescue - SUPPORT

SB 646 by Fasano

HB 205 by Jenne, Davis, Gibbons, Porth, Skidmore

The Special Risk Category of the FRS was designed to provide additional retirement assistance to those workers who serve the public in jobs that pose unique and serious hazards. The fact that **lifeguards** who keep our beaches safe (many of whom are union members) are not currently afforded special risk status, is unconscionable. These bills will correct that injustice. **SB 646 passed the Senate Community Affairs Committee on March 29th with a unanimous vote. HB 205 passed the House Government Efficiency & Accountability Council on March 28th. SB 646 passed the Senate Governmental Affairs Committee on March 29th.**

Children's Health Care Overhaul - SUPPORT

SB 930 by Dawson

This could be the most important piece of legislation moving through the process this year. Under the Bush administration, the programs designed to ensure that all of our kids have access to health care were decimated. Florida is one of only a handful of states where the number of children without insurance is growing. About 500,000 Florida children with incomes below twice the federal poverty level are uninsured. Most of their families work, but even if the employer offers health insurance for dependents, it is not affordable. This is a comprehensive proposal that will greatly improve Florida Kidcare and other programs designed to care for our children. This legislation will reinstate coverage for state employees and immigrants, expand KidCare eligibility for pregnant women, promote KidCare and make it easier for parents to enroll their children and create a more seamless system for children's health care coverage across several programs. **SB 930 passed the Senate Governmental Operations Committee on March 29th.**

Improving the Jessica Lunsford Act - SUPPORT

SB 988 by Argenziano

There have been numerous unintended consequences with the Jessica Lunsford Act, which was designed to restrict people's access to schools and other places children congregate to protect them from predators. The broad nature of the original language and the way it was implemented have created many problems for law abiding building trades and other workers who do their jobs on school grounds. This bill is designed to fix those problems while continuing to keep our kids safe. **SB 988 passed the Senate Governmental Operations Committee on March 29th with a unanimous vote.**

Special Risk Retirement for Forensic/Correctional Workers - SUPPORT

SB 1684 by Lawson

HB 655 by Coley, Richardson

This legislation has been a priority for the Florida AFL-CIO and ULL for years and would finally give the front line health care workers who treat dangerous mentally ill patients the special risk retirement status they deserve for the dangerous work they do. These workers are verbally and physically assaulted daily by the patients under their care, but while their managers have been given special risk status, they have never been. These bills will correct that injustice. **SB 1684 passed the Senate Criminal Justice Committee on April 10th with a unanimous vote. HB 655 passed the Government Efficiency & Accountability Council on April 11th.**

State Group Life Insurance Subsidy for Retirees and Spouses - SUPPORT

SB 1666 by Lawson

HB 341 by Ausley, Heller, Richardson

In the 2006-2007 budget, \$10 million was appropriated to provide a subsidy for state retirees and their spouses to help them defray the cost of their life insurance policies. Unfortunately, this funding was vetoed by then Governor Jeb Bush. The loss of these funds has led to 650% increases in the premiums paid by our retired public sector workers. This legislation would change state law and allow the state to subsidize these premiums, making these policies affordable once again for our retirees and their families. **HB 341 passed the House Government Efficiency & Accountability Council on April 11th.**



There's A New Kid on the Block

There is a new, invaluable resource in Tallahassee for any organization concerned with budget and fiscal policy fairness and they are already proving their value as one of the drivers of our new coalition on property tax reform. **The Florida Center for Fiscal and Economic Policy, Inc.** is organized to perform research and review research done by others on state-level fiscal and economic matters. The Center is recognized by IRS as a §501(c)(3) charitable organization. The Florida Center is both reactive and proactive. It reviews executive and legislative fiscal proposals for their effect on low and moderate income families and individuals and indigenous small businesses. The information and analysis produced will be available to policymakers, the media, advocacy groups and individuals in time to inform them about policy debates as they occur. In addition, research and analyses are developed that can be used in proactive strategies developed with, and by, community-based organizations and advocates so that we can begin to shape the debate that takes place around issues of concern to vulnerable populations and small businesses in Florida. The Florida AFL-CIO was one of the first organizations to sign on to the effort to create this incredible new resource in Florida, and we look to forward to a long and productive working relationship with them. For more information and to see some of their first reports check out www.fcfeop.org.