



-Amendment 5 Fast Facts-



Amendment 5 is a proposed amendment to Florida's Constitution that will appear on the November ballot and aims to significantly cut property taxes. There are many facets of this Amendment that need to be explained to voters, 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. These are legitimate property tax savings!

2. Schools will still be funded in Florida – and held harmless.

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 many choices on funding schools.

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); an 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 disproportionately affect the poor.

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.





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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 values more (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 & 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. Renters may even save money 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 has over \$23 billion in loopholes.

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 include raising the tax on internet commerce.

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.

Amendment 5: Official Ballot Summary

Replacing state required school property taxes with state revenues generating an equivalent hold harmless amount for schools through one or more of the following options: repealing sales tax exemptions not specifically excluded; increasing sales tax rate up to one percentage point; spending reductions; other revenue options created by the legislature. Limiting subject matter of laws granting future exemptions. Limiting annual increases in assessment of non-homestead real property. Lowering property tax millage rate for schools.