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Property tax-cutting amendment wins, easily tops 60 percent

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TALLAHASSEE, Fla. (AP) -- A ballot proposal cutting property taxes an average of \$240 a year for primary homeowners passed Tuesday, easily getting the 60 percent vote it needed after Gov. Charlie Crist stumped the state telling Floridians they needed a break.

"The citizens of Florida have spoken today and received the tax cut they deserved," Crist said. "Amendment 1 keeps the American Dream of home ownership alive."

With 99 percent of the expected vote counted, the proposed state constitutional amendment had 2,634,923 yes votes, or 64 percent, and 1,477,465 no votes, or 36 percent.

Amendment 1 is unlikely to be the last word on property tax relief in Florida, however, with supporters and opponents alike saying more needs to be done.

The Republican governor, who made property tax relief a key plank in his 2006 election platform, said it's just one step in a process he compared to a football game.

"This is the second play," said Crist, a former high school quarterback. "We've got to keep driving down the field to get into the end zone for our people. This is just the start."

The first play was a tax rollback, which did not require voter approval, that the Legislature passed last year. It's estimated to save taxpayers up to \$15 billion over five years, including \$174 for the average homeowner in the first year.

The Legislature then placed Amendment 1 on the ballot. It is expected to cut taxes another \$9.3 billion in the first five years. It offers primary homeowners, or homesteaders, the estimated \$240 annual savings - more for those who move - and other reductions for businesses, second homes and other non-homestead properties.

"Nearly every editorial board, many local government officials and some politicians did everything they could to see this amendment fail, but taxpayers recognized the chance for relief," said Florida Senate President Ken Pruitt, R-Port St. Lucie. "Charlie Crist proves again that he truly is the people's governor. This is a big win for Floridians and for Gov. Crist."

Local officials, public employee unions and other critics, though, said it would exacerbate inequities in Florida's tax system and reduce vital public services including schools, fire protection, law enforcement.

"The voters of Florida have indicated that they are strapped financially and that they need immediate relief even at the cost of funding our schools and other vital services," said Andy Ford, president of the Florida Education Association, the statewide teachers union, which opposed Amendment 1.

Ford, though, said he hoped to work with Crist to make sure schools are properly funded. Crist's proposed education budget includes state dollars to offset losses in local school taxes that will result from Amendment 1.

"It's the people's choice and we'll accept that," said Pembroke Pines Mayor Frank Ortis, president of the Florida League of Cities, which also opposed the tax cut. "We'll work with the Legislature to get good, solid tax reform."

The tax-cutting push was a response to exploding property values that jacked up tax bills mainly for owners of second or vacation homes, businesses and recent home buyers rather than longtime homesteaders who already benefit from an existing 3 percent cap on annual assessment increases.

The state's current housing slump, though, is expected to reduce assessments somewhat.

The Taxation and Budget Reform Commission, which meets every 20 years, is considering other tax relief ideas including a proposal that would replace school property taxes with a broader sales tax on services and some goods now exempted. The commission will discuss its options Wednesday in the wake of the amendment's passage.

The Legislature also could take another stab at property taxes, and a citizen initiative backed by House Speaker Marco Rubio, R-West Miami, is gathering signatures for a proposal that would limit annual taxes to 1.35 percent of a property's value. It's not expected, though, to get on the ballot this year.

"More must be done to reform Florida's unfair property tax system that is making our state increasingly unaffordable," Rubio said. "I look forward to partnering with Gov. Crist on the important work that remains to be done."

Amendment 1 cleared a high hurdle - it was the first Florida ballot proposal that needed 60 percent approval instead of a simple majority.

The Republican-controlled Legislature put that requirement on the 2006 ballot at the request of business interests that wanted to make it harder to amend the Florida Constitution. It was enacted with 58 percent voter approval.

The 60 percent advocates were worried mostly about citizen initiatives such as one measure voters passed in 2002 mandating bigger pens for pregnant pigs and another still in the petition phase that would require voter approval for changes in local growth plans.

Amendment 1, though, was supported by some of the same Republican lawmakers and business leaders who backed the 60 percent requirement.

It is heavily tilted in favor of homesteaders, who make up the biggest segment of the electorate.

Amendment 1's greatest benefit for primary homeowners comes from increasing the existing \$25,000 homestead exemption. It will double, but only for non-school taxes and just for homes valued at more than \$50,000.

Many homeowners have been saying they feel trapped because they would lose their accrued Save Our Homes benefits if they moved. Amendment 1 offers them a "portability" provision. It will let them take up to \$500,000 worth of Save Our Home benefits to a new residence retroactive to homes sold in 2007.

That should help revive Florida's slumping housing market, which has resulted in state tax revenue shortfalls, said John Sebree, vice president for policy with the Florida Association of Realtors, which contributed \$1 million to the Yes on 1 campaign.

"When we had a strong real estate market that we had in recent years the state was flush with cash," Sebree said. "This really is going to be the kick start this economy needs."

Critics, though, said portability will widen the existing tax gap between homesteaders and other property owners. A lawsuit challenging the portability provision on constitutional equity grounds already has been filed.

The amendment also has a couple provisions to help non-homestead property. Businesses will get a \$25,000 exemption on equipment and other tangible personal property and all non-homestead property will get a 10 percent annual assessment cap.

That cap, though, is unlikely to have much effect because few properties increase in value that much every year, particularly in today's declining real estate market.

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