By the Committee on Ways and Means; and Senator Carlton

576-2372-06

1	A bill to be entitled
2	An act relating to taxation studies; requiring
3	the Department of Revenue to commission a study
4	of the state's property tax structure;
5	providing purposes; providing the contents of
6	the study; requiring that the study recommend
7	changes to achieve specified principles of
8	taxation; providing deadlines; requiring the
9	department to submit interim and final reports
10	to legislative leaders by specified dates;
11	providing departmental duties; providing an
12	appropriation; repealing s. 12, ch. 2005-187,
13	Laws of Florida, relating to the Communications
14	Service Tax Task Force; reverting to the
15	General Revenue Fund the unexpended balance of
16	funds appropriated to the task force; providing
17	an effective date.
18	
19	WHEREAS, the property tax is expected to be the largest
20	single source of government revenue in the 2006-2007 fiscal
21	year and is the only revenue source reserved to local
22	governments by the State Constitution, and
23	WHEREAS, the property tax is the major source of
24	funding for public schools, and
25	WHEREAS, serious concerns have been raised regarding
26	the level and distribution of the property tax burden and its
27	effect on home ownership and the willingness of homestead
28	property owners to purchase new homesteads, NOW, THEREFORE,
29	
30	Be It Enacted by the Legislature of the State of Florida:
31	

31

1	Section 1. The Department of Revenue shall commission
2	a study of the state's property tax structure to examine the
3	impact of the current homestead exemptions and assessment
4	differentials on different types of property owners, and the
5	overall level of property tax burdens.
6	(1) The study shall include:
7	(a) An analysis of the impacts of the Save Our Homes
8	amendment to determine to what extent the assessment
9	limitation has shifted the property tax burden among and
10	between homestead properties as well as between homesteads and
11	other types of property;
12	(b) The identification and analysis of any systematic
13	impact of the Save Our Homes differential, including its
14	impact on owners of homesteads purchasing new homesteads. At a
15	minimum, the study shall provide a distribution of the Save
16	Our Homes assessment differentials by county;
17	(c) An analysis of the effects of Save Our Homes on
18	the distribution of the burden of the required local effort
19	for the Florida Education Finance Program;
20	(d) An analysis of the effects of Save Our Homes on
21	the availability of affordable housing;
22	(e) An analysis of the potential impacts of allowing
23	the Save Our Homes assessment to be transferred to newly
24	acquired homes with respect to the equity and fairness of the
25	tax, the burden of the tax on nonhomestead property, the
26	effect on first-time home buyers, affordable housing, the
27	distribution of the required local effort for school funding,
28	and the reqressivity of the property tax; and
29	(f) An analysis of the effects of the Save Our Homes
30	amendment on local government budget decisions and whether the

31

1	truth in millage (TRIM) process adequately informs taxpayers
2	of the budget decisions of local governments.
3	(2) The study shall recommend changes to the Florida
4	property tax structure to achieve the following principles of
5	taxation, which were established by the 2002 Florida State Tax
6	Reform Task Force in its final report:
7	(a) Equity The Florida tax system should treat
8	individuals equitably. It should impose similar tax burdens on
9	people in similar circumstances and should minimize
10	regressivity.
11	(b) Compliance The Florida tax system should
12	facilitate taxpayer compliance. It should be simple and easy
13	to understand so as to minimize compliance costs and increase
14	the visibility and awareness of the taxes being paid.
15	Enforcement and collection of tax revenues should be
16	accomplished in a fair, consistent, professional, predictable,
16 17	accomplished in a fair, consistent, professional, predictable, and cost-effective manner.
17	and cost-effective manner.
17 18	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system
17 18 19	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international
17 18 19 20	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in
17 18 19 20 21	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in plant, equipment, people, and technology in this state.
17 18 19 20 21 22	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in plant, equipment, people, and technology in this state. (d) NeutralityThe Florida tax system should affect
17 18 19 20 21 22 23	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in plant, equipment, people, and technology in this state. (d) NeutralityThe Florida tax system should affect competitors uniformly and not become a tool for social
17 18 19 20 21 22 23 24	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in plant, equipment, people, and technology in this state. (d) NeutralityThe Florida tax system should affect competitors uniformly and not become a tool for social engineering. It should minimize government involvement in
17 18 19 20 21 22 23 24 25	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in plant, equipment, people, and technology in this state. (d) NeutralityThe Florida tax system should affect competitors uniformly and not become a tool for social engineering. It should minimize government involvement in investment decisions, making any such involvement explicit,
17 18 19 20 21 22 23 24 25 26	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in plant, equipment, people, and technology in this state. (d) NeutralityThe Florida tax system should affect competitors uniformly and not become a tool for social engineering. It should minimize government involvement in investment decisions, making any such involvement explicit, and should minimize pyramiding.
17 18 19 20 21 22 23 24 25 26 27	and cost-effective manner. (c) Pro-competitivenessThe Florida tax system should be responsive to interstate and international competition in order to encourage savings and investment in plant, equipment, people, and technology in this state. (d) NeutralityThe Florida tax system should affect competitors uniformly and not become a tool for social engineering. It should minimize government involvement in investment decisions, making any such involvement explicit, and should minimize pyramiding. (e) StabilityThe Florida tax system should produce,

1	(f) IntegrationThe Florida tax system should
2	balance the need for integration of federal, state, and local
3	taxation.
4	(3)(a) By July 15, 2006, the Department of Revenue
5	shall issue a request for proposals to conduct the study
6	required by this section. It is the intent of the Legislature
7	that the study be commenced no later than September 1, 2006.
8	(b) No later than February 1, 2007, the Department of
9	Revenue shall submit to the presiding officers of the
10	Legislature a progress report on the study, including
11	statutory revisions recommended for the 2007 legislative
12	session, if appropriate. An initial draft report is due no
13	later than June 1, 2007, with a second draft report due no
14	later than September 1, 2007.
15	(c) The final report shall be submitted to the
16	Governor, the President of the Senate, the Speaker of the
17	House of Representatives, and the chair of the Taxation and
18	Budget Reform Commission no later than October 1, 2007.
19	(4) The Department of Revenue shall provide all
20	necessary property tax information for the purpose of
21	producing the study.
22	Section 2. The sum of \$1 million in nonrecurring
23	general revenue is appropriated to the Department of Revenue
24	for the purpose of conducting the study required in section 1
25	of this act.
26	Section 3. Section 12 of chapter 2005-187, Laws of
27	Florida, is repealed.
28	Section 4. The unexpended balance of funds
29	appropriated in section 13 of chapter 2005-187, Laws of
30	Florida, shall revert immediately to the General Revenue Fund.
31	

1	Section 5. This act shall take effect upon becoming a
2	law.
3	
4	STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN COMMITTEE SUBSTITUTE FOR
5	Senate Bill 854
6	
7	The Committee Substitute eliminates the Communication Services Tax Task Force and reverts the funds that had been
8	appropriated for the task force's work.
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	