

What Is the History of Florida's Property Tax?

Ad valorem taxes were begun by territorial enactment in 1839. Ad valorem is Latin for “the value of.” We often use the terms ad valorem and property tax interchangeably. The tax was imposed “on every acre of first-rate land, half a cent; on every acre of second-rate land, one quarter cent; on every acre of third-rate land, one eighth of a cent.” During this time the most significant ad valorem tax was levied by the state.

In 1885, the Florida Constitution stated that the Legislature “shall provide for a uniform and equal rate of taxation.” Various exemptions were sited including property used for municipal, educational or religious purposes, as well as property owned by widows with dependents and disabled veterans.

The first homestead exemption – \$5,000 – was approved and enacted in 1934. This was also the time period in which the state changed the property tax to a city- and county-levied tax, making it no longer a source of state revenue. Local officials were tasked with developing just valuations (the job of the property appraiser) and establishing systems for collecting the local tax (the job of the tax collector).

In 1980, the “Truth in Millage” act, known as TRIM, was enacted. This revision requires cities and counties to “roll back” their property tax levies to a rate that raises the same amount of dollars as the previous year. The calculation is adjusted for new construction and annexation. If a city or county does not enact a rolled-back rate, the government must advertise a tax increase.

Also in 1980, the Legislature placed a constitutional amendment on the ballot increasing the homestead exemption to \$25,000, which passed and was implemented on a three-year schedule.

In 1982, the state increased the state-levied sales tax from 4 percent to 5 percent, and half of the “new penny” was pledged to cities and counties to help with property tax relief. To qualify for the new half cent, a city or county had to reduce its millage rate.

Over the years, additional exemptions were created by the Legislature to help certain categories of homeowners – handicapped, blind, widowed, veteran and other persons. The Legislature also created different valuations and exemptions for types of property (separating active agriculture from fallow, for example). Each exemption and change in property valuation affects cities and counties.

Recently, the most substantial change to the property tax was the “Save Our Homes” amendment to the Florida Constitution in the 1992 (implemented in 1994). This amendment set a cap of 3 percent, or the consumer price index, whichever is less, as the rate at which homesteaded property could increase in value within a year. This measure was designed to protect homesteaded property from large jumps in valuation, but unfortunately caused a shift in each county's tax base as businesses and non-homesteaded properties bore a greater tax burden due to the homesteaded cap.

As Florida's real estate market enjoyed the “value boom” over the past several years, citizens' complaints about the property tax burden as a proportion of overall taxes became louder, and the 2007 Legislature decided to reduce most counties' and cities' property tax base. A constitutional amendment was placed on the ballot to replace “Save Our Homes” with a “super exemption” instead, but the Florida Supreme Court pulled that amendment. Then the Legislature wrote a new amendment for the voters of Florida to consider on January 29, 2008, that will authorize an additional \$25,000 homestead exemption, provide an assessment cap of 10 percent for non-homestead property (similar to the 3 percent assessment cap provided by “Save Our Homes” for homestead property), and allow homeowners to “port” their “Save Our Homes” assessment differential from their existing homestead to a



new homestead. If approved, this amendment could substantially affect the tax bases of Florida's general-purpose governments, but the degree of impact cannot be predicted with certainty.

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