

# First Rumbblings of a Property-Tax Revolt

*By Robert F. Sanchez*

Florida's politicians are perilously close to inciting a tax revolt. Anger and disbelief are spreading as homeowners and businesses receive property-tax notices hard on the heels of higher insurance bills.

This is an especially sensitive time to rile Florida's taxpayers. The Taxation and Budget Reform Commission will start work early next year. Its proposals will be on the ballot in November of 2008. Angry taxpayers may seek drastic measures.

If local governments continue their reckless spending of the property-tax windfalls, for instance, voters may well be in the mood to try potent remedies such as a Taxpayers' Bill of Rights (TABOR), which requires voter approval of all tax hikes.

You know there's a problem when transplanted New Yorkers start writing letters to the editor to complain that they're paying more in Florida than they did back on Long Island. Moreover, high taxes were one of the factors contributing to Florida's 29,636 foreclosures in 2005.

Last year Florida's homeowners, renters, businessmen, and farmers paid \$26 billion in property taxes – a big jump from the year before and an indefensibly huge jump from five years ago.

The reason? As real estate values soared, elected officials in most jurisdictions didn't trim the tax rate enough to offset the increases. Some didn't even try.

How much have the tax rolls increased? Consider these snapshots from around the state:

- In Collier County, property values jumped 25.7 percent -- *in the past year alone!*
- In Broward County, values rose by 19.7 percent in the past year – the fifth consecutive year of double-digit increases.
- Next door in affluent Palm Beach County, property values increased by 91 percent in the past five years.
- Across the state, the St. Petersburg Times reports that “Since 2001, the size of local government across the area has nearly doubled.” Tampa's tax revenues rose 72 percent, Clearwater's 85 percent.

In theory, local officials may adjust the tax rate downward to make up for rising property values. In reality, they find ways to prove the old adage, “If you send it, they will spend it.”

Moreover, property taxes aren't the only place local governments are looking for dough. In Citrus County, for instance, a Tampa consulting firm has urged county officials to increase the "impact fee" for each new home to \$17,000 – up from the current \$6,664.

Most Florida counties also levy sales-tax surcharges for various purposes ranging from roads and parks to schools, plus local-option gasoline taxes and steep "resort taxes" on hotel stays.

Some of the current spending spree is being blamed on 9/11. The economic downturn after the terrorist attacks did slow economic activity. State government and some of Florida's local governments temporarily cut spending or slowed its growth.

As a result, when the economy began to recover and property values began to soar, local officials rationalized the increases back as making up for lost time and paying for projects that had been deferred.

However, after five straight years of property-tax windfalls in most Florida cities and counties, the 9/11 excuse doesn't wash. Local officials are finding creative new ways to spend the gusher of new money.

As local officials heed pleas to fund a community center here and a neighborhood festival there, some of the items in local governments' budgets are starting to resemble those much-lamented legislative "earmarks" – pork-barrel projects that vote-seeking lawmakers stick in the federal budget and "turkeys" they insert in the state budget.

But the big-ticket item for government at every level is the payroll: the salaries, benefits, and pensions paid to public employees. It accounts for about 80 percent of government spending.

Not surprisingly, at budget time the unions representing public employees often show up in mass, packing the halls to pressure local officials for higher wages and better benefits. According to a recent Yankee Institute study, they've succeeded so often that most now have higher wages and better benefits than persons in comparable private-sector jobs.

Meanwhile, who shows up to represent the taxpayers at these meetings where elected officials ponder the local government's budget? Too often, it's nobody – not even the news media.

As for the average homeowner, renter, businessman, or farmer, they're not there either. Why? They're too busy trying to earn a living so they can pay their soaring tax bill.

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