

Overview of the Potential Impact from January's Proposed Property Tax Reform Referendum on Sarasota County

The Honorable Nora Patterson
Chair, Sarasota County Commission
District 4

Proposed Amendment Changes; January 29th Election



<u>Proposal:</u>	<u>Estimated Loss:</u>
<p>Double homestead exemption by providing an additional \$25,000 exemption for assessment amounts between \$50,000 to \$75,000. Does not apply to the School Board.</p>	<p>\$10.3 million</p>
<p>Provide portability of Save Our Homes tax breaks by providing 100% portability of the SOH differential, up to \$500,000, for homeowners who upgrade to a more expensive home, and proportional portability for homesteaders who move to a less expensive home. Does apply to the School Board.</p>	<p>\$2.6 million</p>
<p>Provides a \$25,000 exemption for tangible personal property. Does apply to the School Board.</p>	<p>\$1.2 million</p>

Estimated FY09 Loss \$14.1 million

<p>Cap non-homestead property assessments at 10 percent, beginning in FY10. Does not apply to the School Board.</p>	<p>\$1.6 million</p>
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Additional Estimated Loss Beginning FY10 \$1.6 million

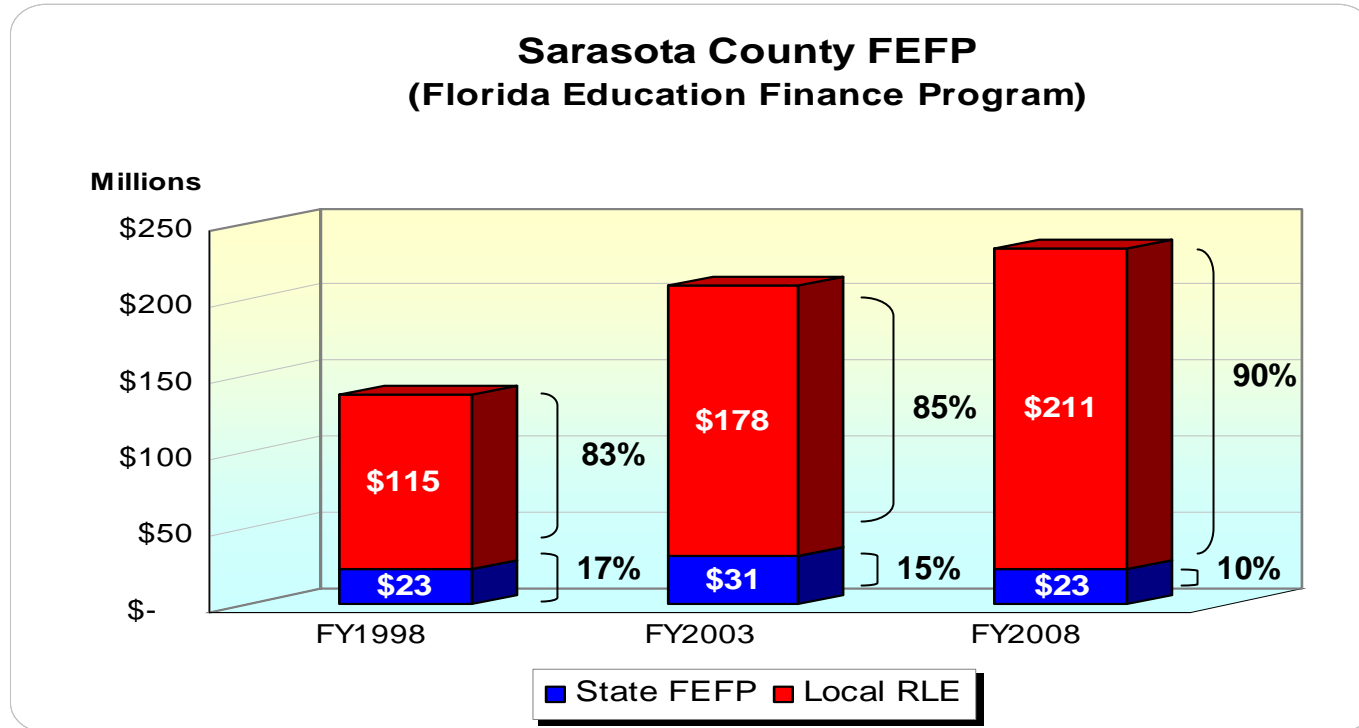
State Share of School Operating Budgets

	<u>Sarasota County</u>	<u>Manatee County</u>
2007-08	10%	25%
1990-91	37%	56%

Note: The State's share for all counties combined is currently 45%



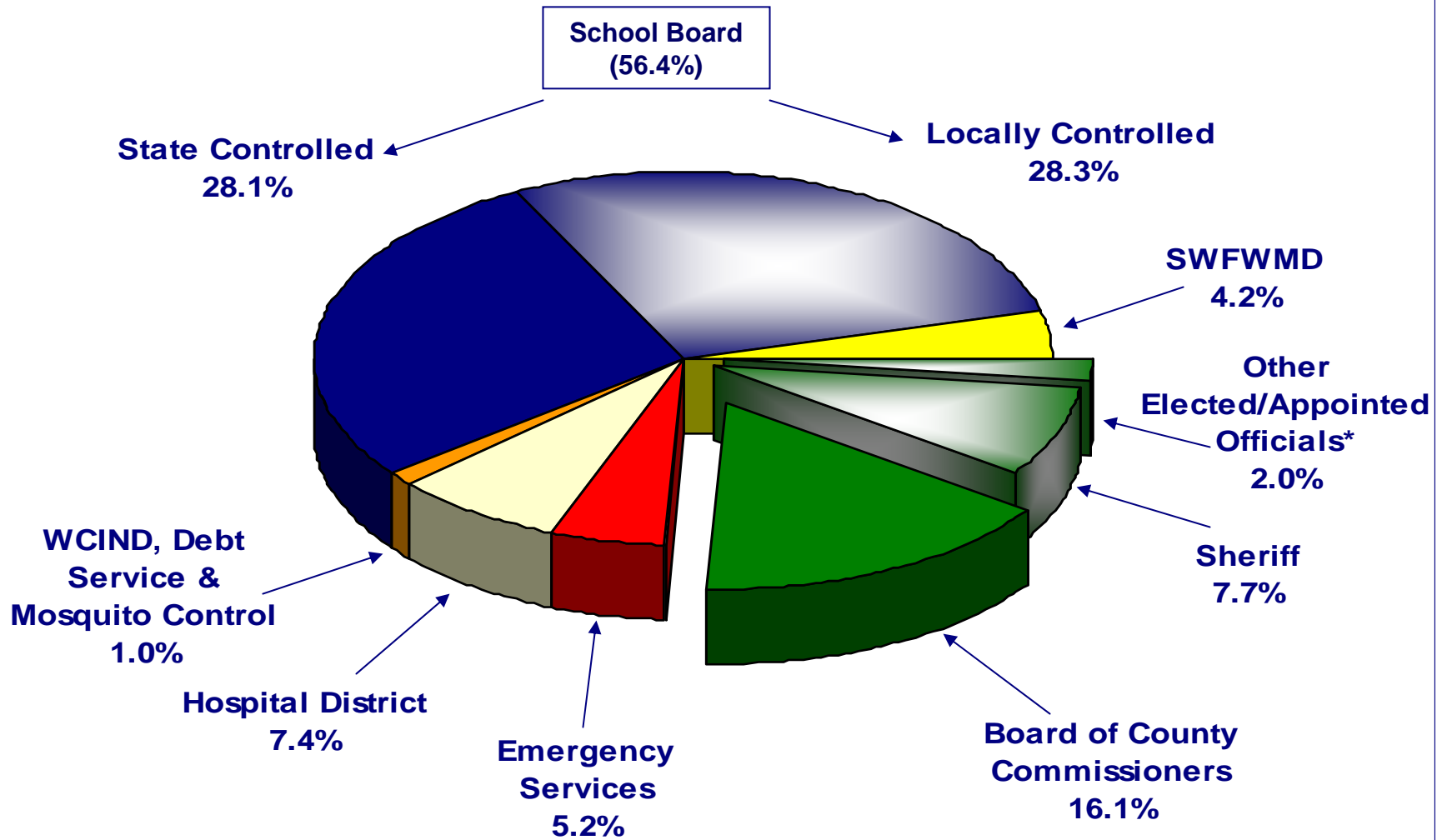
School Board Funding



- Currently, the State funds 10% of the school operating budget in Sarasota County and the remainder is passed on through local property taxes (required local effort.)
 - 5 years ago the State funded 15%, 10 years ago funded 17%



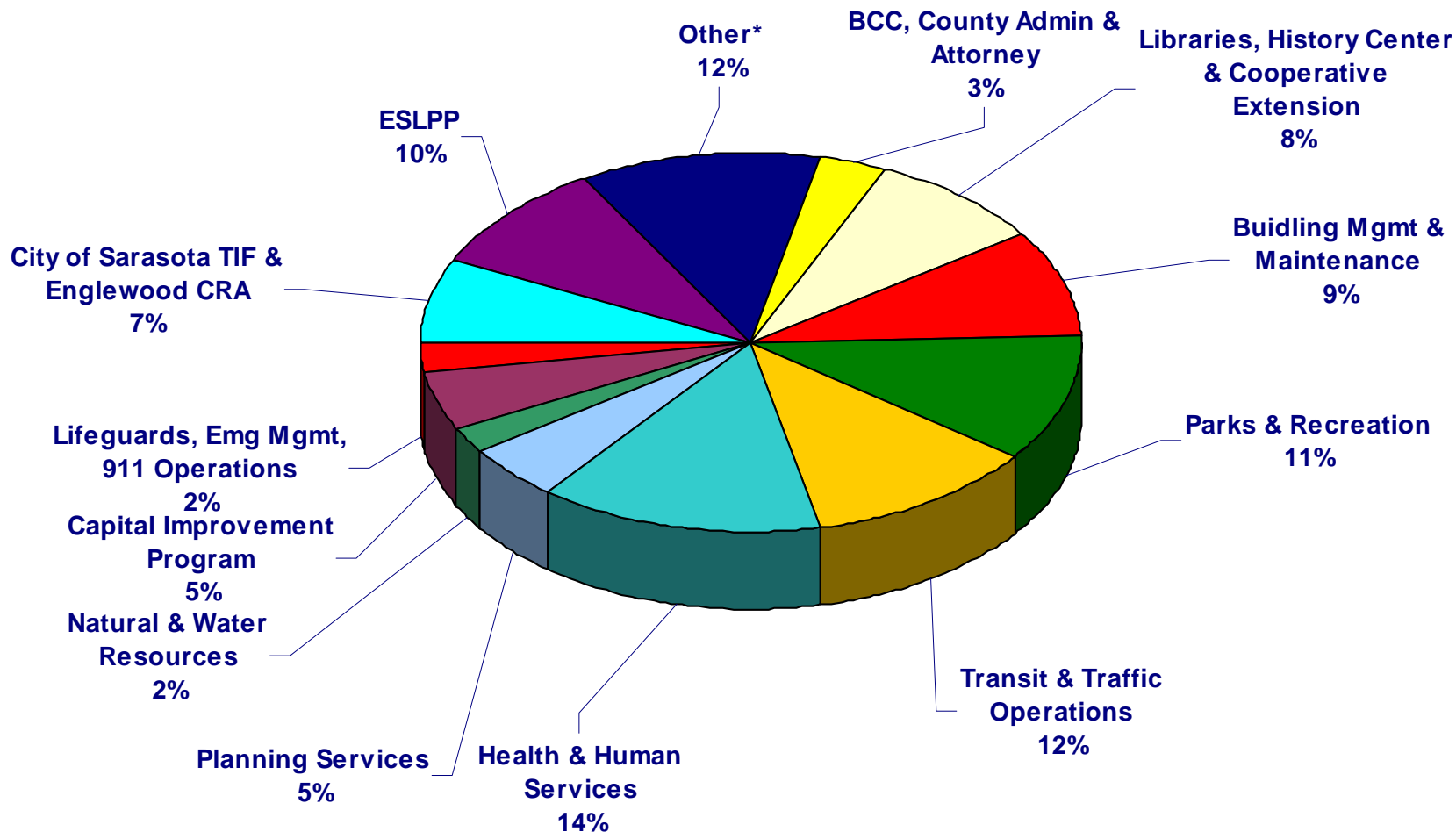
Sarasota County FY2008 Property Tax Bill



*Other Elected/Appt Officials includes Clerk of the Circuit Court, Property Appraiser, Supervisor of Elections, Medical Examiner, Court Administration, Public Defender, State Attorney, Guardian Ad Litem and Charter Review Board



County Ad Valorem Breakdown (FY08 Budget)



* Other category includes Administration, Economic Development, Human Resources and Public Communications

Challenges to Sarasota County's Budget due to Legislative Action and the Evolving Economic Environment

Jeffrey Seward

Sarasota County

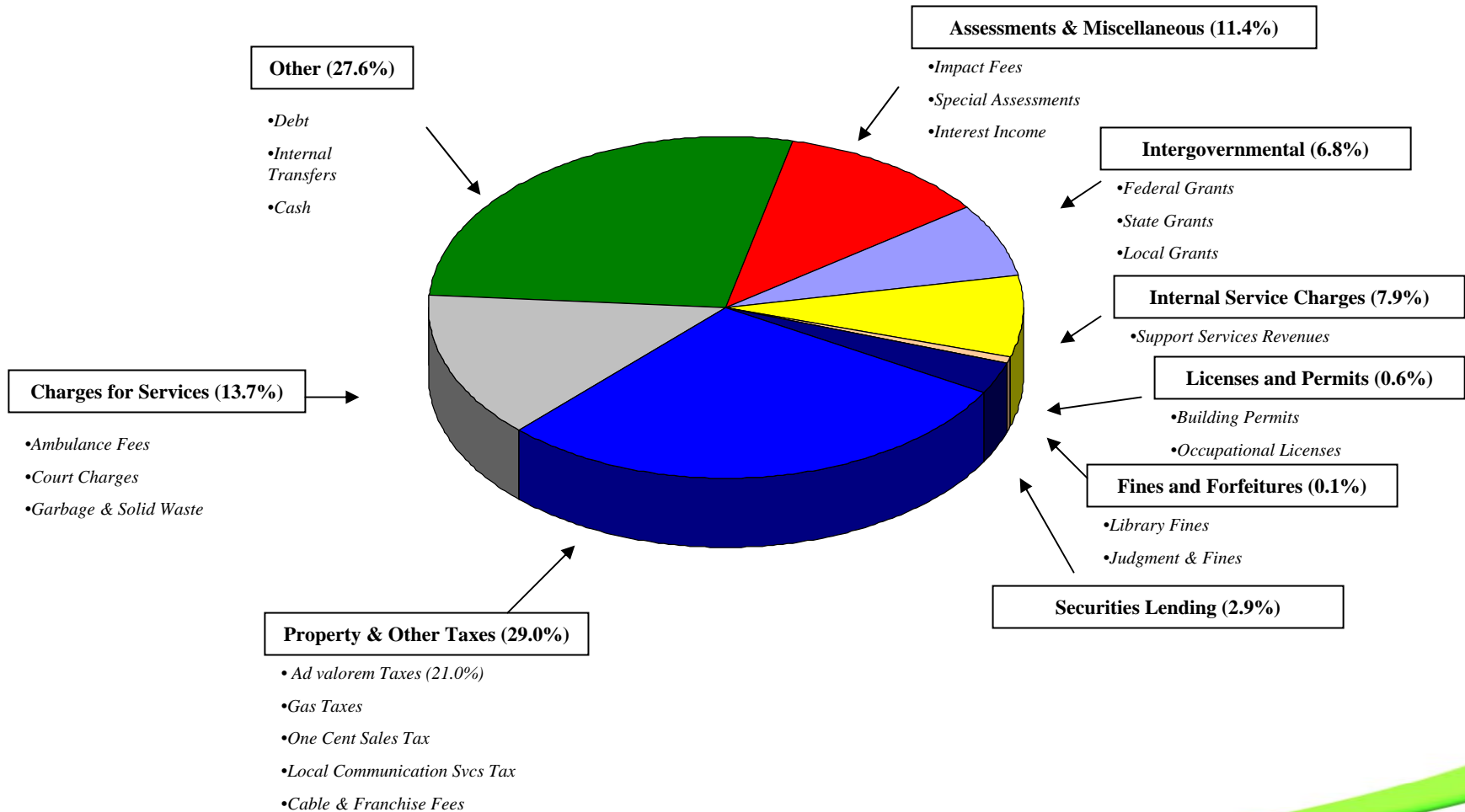
Chief Financial Planning Officer





“Where the Money Comes From”

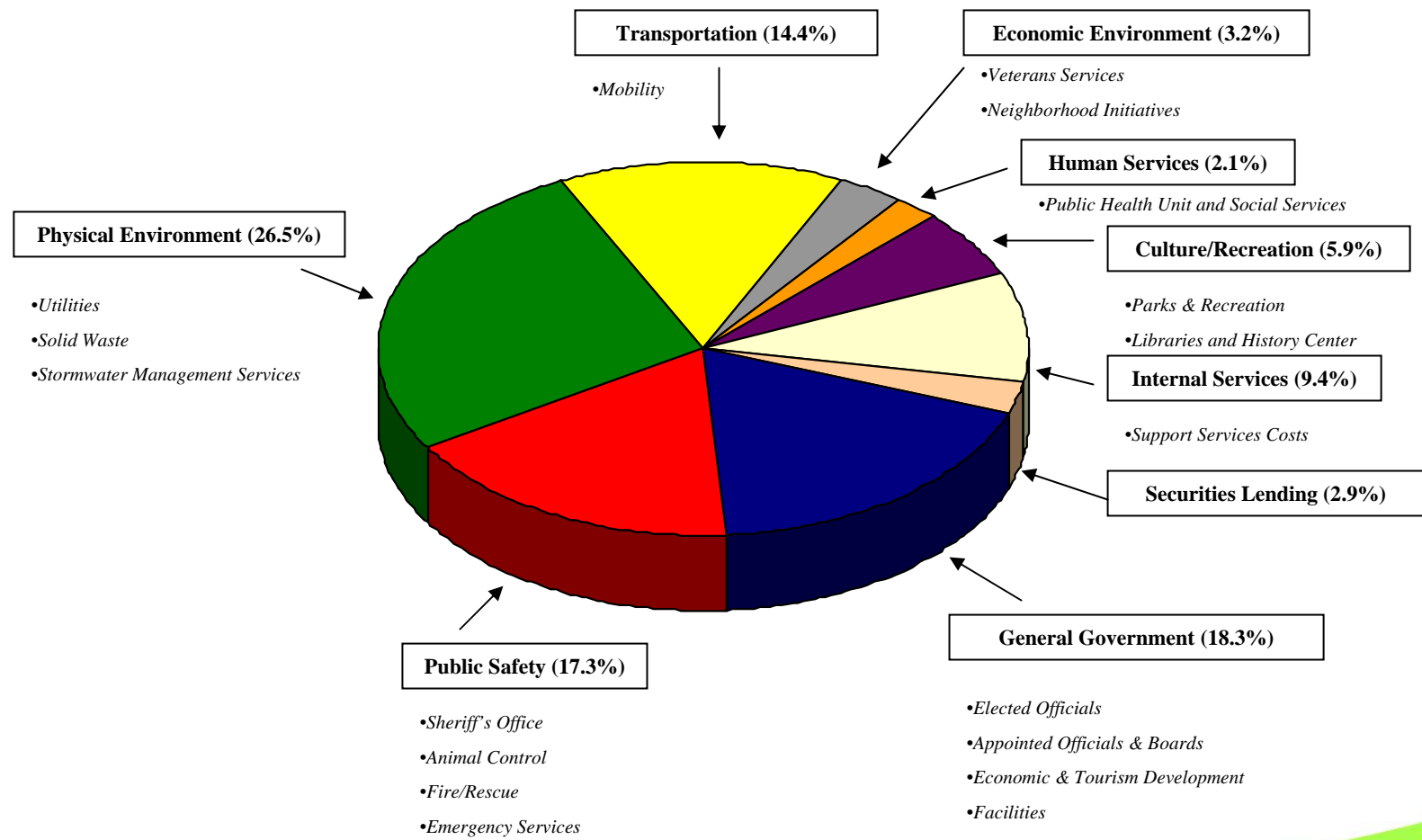
(FY2008)



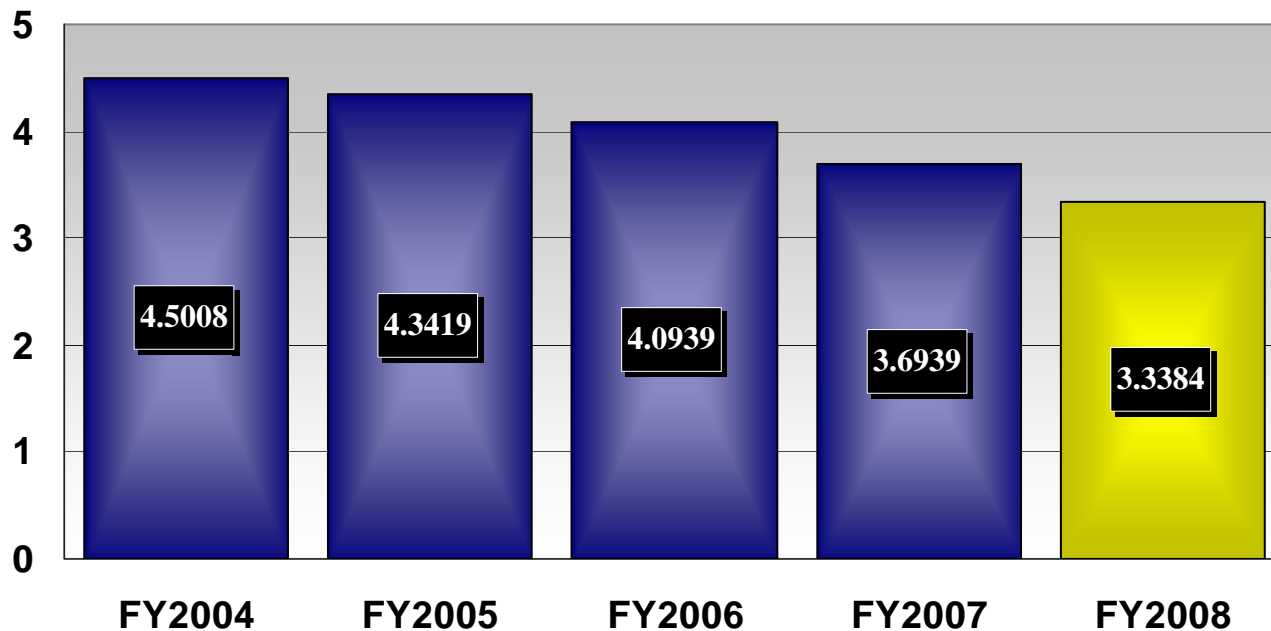


“Where the Money is Spent”

(FY2008)

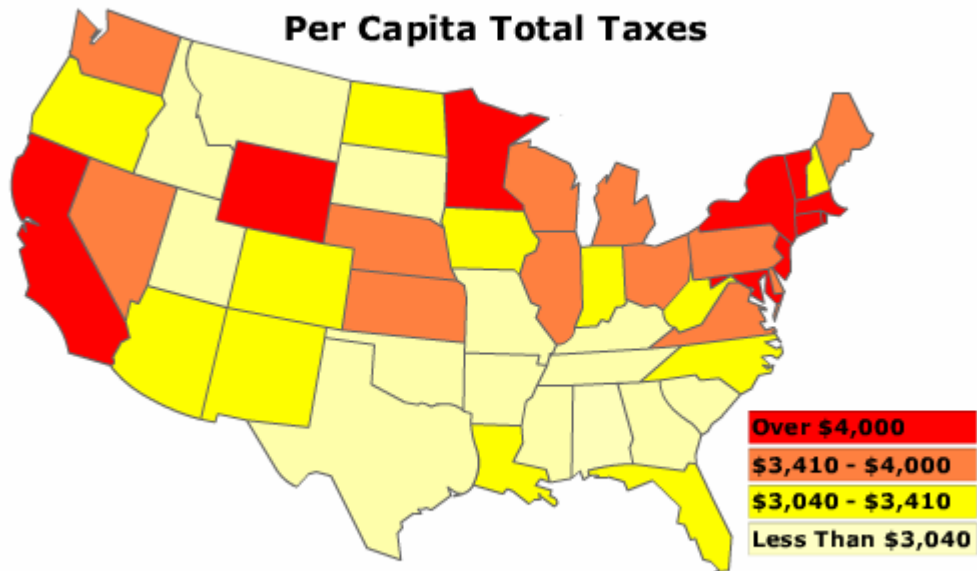


Property Tax Aggregate Millage Rate – Lowering Tax Rates Before Legislatively Mandated (FY2004-FY2008)



PER CAPITA TAXES

	Total Taxes	Property	Sales and Gross Receipts	Individual Income
1 New York	\$ 5,770	1,774	1,453	1,810
2 Connecticut	\$ 5,383	2,038	1,461	1,434
3 Wyoming	\$ 5,246	1,749	1,610	-
4 New Jersey	\$ 4,882	2,202	1,174	943
5 Massachusetts	\$ 4,494	1,616	927	1,514
6 Alaska	\$ 4,441	1,345	603	-
7 Hawaii	\$ 4,332	642	2,270	1,083
8 Maryland	\$ 4,267	999	1,028	1,634
9 Rhode Island	\$ 4,181	1,691	1,288	927
10 Vermont	\$ 4,133	1,695	1,263	803
11 Minnesota	\$ 4,083	1,023	1,331	1,235
12 California	\$ 4,058	943	1,357	1,190
13 Maine	\$ 3,950	1,628	1,032	983
14 Delaware	\$ 3,885	576	481	1,105
15 Wisconsin	\$ 3,866	1,408	1,103	987
16 Illinois	\$ 3,850	1,464	1,308	622
17 Nevada	\$ 3,745	961	2,209	-
18 Nebraska	\$ 3,745	1,195	1,316	793
19 Pennsylvania	\$ 3,702	1,077	1,097	922
20 Virginia	\$ 3,655	1,109	1,010	1,104
21 Washington	\$ 3,654	1,056	2,199	-
22 Ohio	\$ 3,639	1,044	1,112	1,141
23 Michigan	\$ 3,487	1,276	1,164	649
24 Kansas	\$ 3,420	1,126	1,264	747
25 Indiana	\$ 3,402	1,218	1,161	767
26 Florida	\$ 3,365	1,146	1,674	-
27 Colorado	\$ 3,361	1,059	1,221	808
28 North Dakota	\$ 3,332	974	1,243	380
29 New Hampshire	\$ 3,298	2,023	538	52
30 Iowa	\$ 3,272	1,113	1,064	780
31 Louisiana	\$ 3,162	537	1,697	529
32 New Mexico	\$ 3,147	448	1,480	563
33 North Carolina	\$ 3,145	743	1,085	971
34 Arizona	\$ 3,086	863	1,473	480
35 West Virginia	\$ 3,055	555	1,217	645
36 Oregon	\$ 3,050	979	267	1,326
37 Georgia	\$ 3,030	905	1,117	808
38 Texas	\$ 3,024	1,324	1,361	-
39 Missouri	\$ 2,995	810	1,212	745
40 Utah	\$ 2,958	726	1,222	780
41 Kentucky	\$ 2,938	538	1,114	909
42 Idaho	\$ 2,927	807	1,066	728
43 Montana	\$ 2,910	1,066	491	762
44 Arkansas	\$ 2,898	422	1,553	675
45 Oklahoma	\$ 2,839	484	1,097	696
46 South Carolina	\$ 2,773	879	994	633
47 South Dakota	\$ 2,711	941	1,448	-
48 Tennessee	\$ 2,682	653	1,573	26
49 Mississippi	\$ 2,564	674	1,227	402
50 Alabama	\$ 2,564	393	1,258	580



Florida ranks 26th in total taxes per capita

-17th Highest in Property Taxes

- 5th Highest in Sales and Use Taxes

- Last in Individual Income Taxes

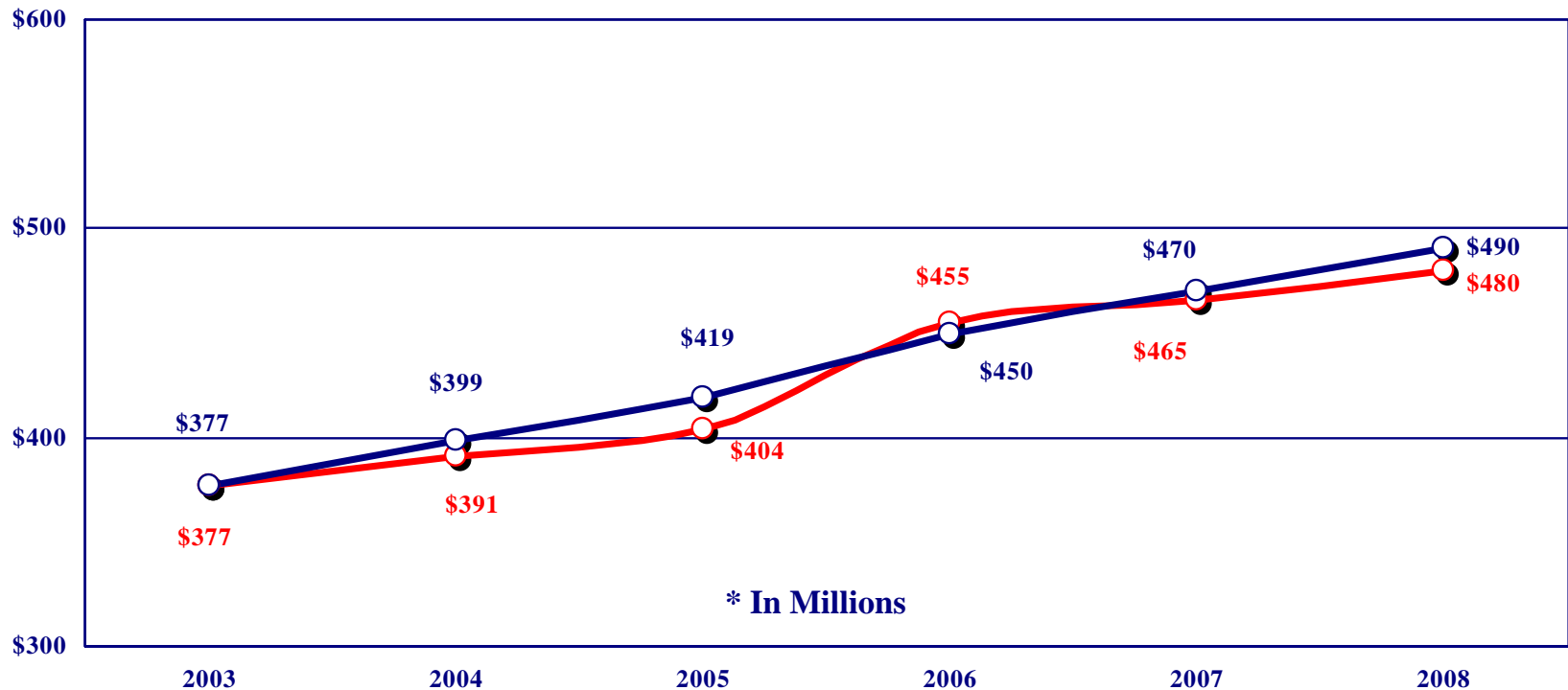
Taxpayers' Bill of Rights

Memorializes commitments as follows:

- **Cost Control** - Control of County General Fund operating revenues and expenditures at a rate at or below the combined rate of population increase and inflation as measured by the consumer price index
- **Tax Rate** - Set County tax rates at their current levels or lower
- **Financial and Rate Stability** - Maintenance of the Budget Stabilization and Economic Uncertainty Reserve and the Contingency/Emergency/Disaster Relief Reserve in the General Fund, and financial reserves in other County funds as described in Resolution No. 2006-130, Re: *The Sarasota County Financial Reserves Policy*
- **Employee Costs** - Merit based personnel system and true market based salaries for County employees comparable to the private sector. Merit increases or bonuses reserved for truly meritorious service and for departments maintaining high service levels while also demonstrating cost-effectiveness. Employees per thousand population flat to decreasing unless required to address voter approved projects.
- **Collaborative Cost Sharing** - Pursuit of opportunities with governmental counterparts to identify potential areas for cost-effective consolidation and sharing of services
- **Facilities Management** - Consolidation of operations and optimization of facilities to reduce the cost of real estate needed by the County, manage life cycle costs by building energy efficient, green and carbon neutral facilities.

Amended Net Operating Growth vs. CPI & Population Growth

○ Amended Net Operating Budget
 ○ Amended Budget if increased @ rate of CPI+ Growth (2003 Base yr)



In June 2007, the State Legislature passed its Tax Relief and Reform bill

- Financial impacts to Sarasota County
 - Legislation limited the FY08 property tax revenues to the FY07 levy, less 7%
 - As a result, the County had to absorb \$17 million in increased costs from FY07 to FY08 (ex. salary & benefits, utility/fuel, insurance increases, etc.)
 - The County then decreased its tax levy an additional \$7 million.
 - Future revenues are capped at growth in personal income plus new construction
 - This cap applies regardless of the passage of the new proposed amendment

Other impacts to Sarasota County

– Reduced Services

- Decreased hours of operation at Libraries, Parks, Community Center and Pools
- Reduced funding for neighborhood grants
- Reduced funding for human services (Health Dept.)
- Several SCAT route additions postponed

– Layoffs

- 37 employees were laid off due to legislation, 27 employees laid off due to decline in housing market/permits; a total of 130 positions eliminated (including vacant positions)

Homestead Savings to the *County-portion* of the Property Tax Bill from Summer Legislative Action

Property Value	FY2007 Tax Bill	FY2008 Tax Bill	Savings
\$100,000	\$326.54	\$311.88	\$14.67
\$200,000	\$761.93	\$723.71	\$38.22
\$300,000	\$1,197.32	\$1,135.55	\$61.78
\$400,000	\$1,632.71	\$1,547.38	\$85.33
\$500,000	\$2,068.10	\$1,959.22	\$108.89

January Referendum - Double Homestead

- The current homestead exemption, which is an exemption allowed on the primary home of permanent residents, is \$25,000 and will be doubled to \$50,000 if amendment passes. Does not apply to school board taxes.
- Example below shows impact on a \$300,000 homestead in unincorporated Sarasota County:

<u>Taxing District:</u>	<u>FY07 Tax Rate</u>	<u>CURRENT SYSTEM</u>		<u>PROPOSED SYSTEM</u>	
		<u>Taxable Value</u>	<u>Tax</u>	<u>Taxable Value</u>	<u>Tax</u>
Public School Board	7.1230	\$275,000	\$1,959	\$275,000	\$1,959
Sarasota County Gov & EMS	3.9984	\$275,000	\$1,100	\$250,000	\$1,000
Other (Hospital, SWFWMD, WCIND)	1.5154	\$275,000	\$417	\$250,000	\$379
			\$3,475		\$3,337

Taxpayer saves \$138

January Referendum - Portability

➤ Save Our Homes

- Protection for homestead properties, caps the assessed value growth at the lesser of 3% or CPI.
- Due to recent appreciation increases, many properties currently have significant differences between the market value and assessed value of their home
 - Average SOH differential in Sarasota County is \$123,056

➤ New Proposed Portability Provisions

- Allow 100% portability of SOH differential if upgrading to a more expensive home (up to \$500,000) and proportional portability if downgrading to a less expensive home. Applies to school board taxes.
- For example, a home with a market value of \$400,000 and assessed value of \$300,000 (\$100,000 Save Our Homes exemption value, or 25%)
 - If upgrading to a \$500,000 home, new assessed value is \$400,000 (from transfer of \$100,000)
 - If downgrading to a \$200,000 home, new assessed value is \$150,000 (from transfer of 25%)

January Referendum - Tangible Personal Property Exemption

- New proposal allows a \$25,000 exemption for tangible personal property (business related assets, not fixed to real estate, like computers, equipment, etc.) Does apply to school board taxes.

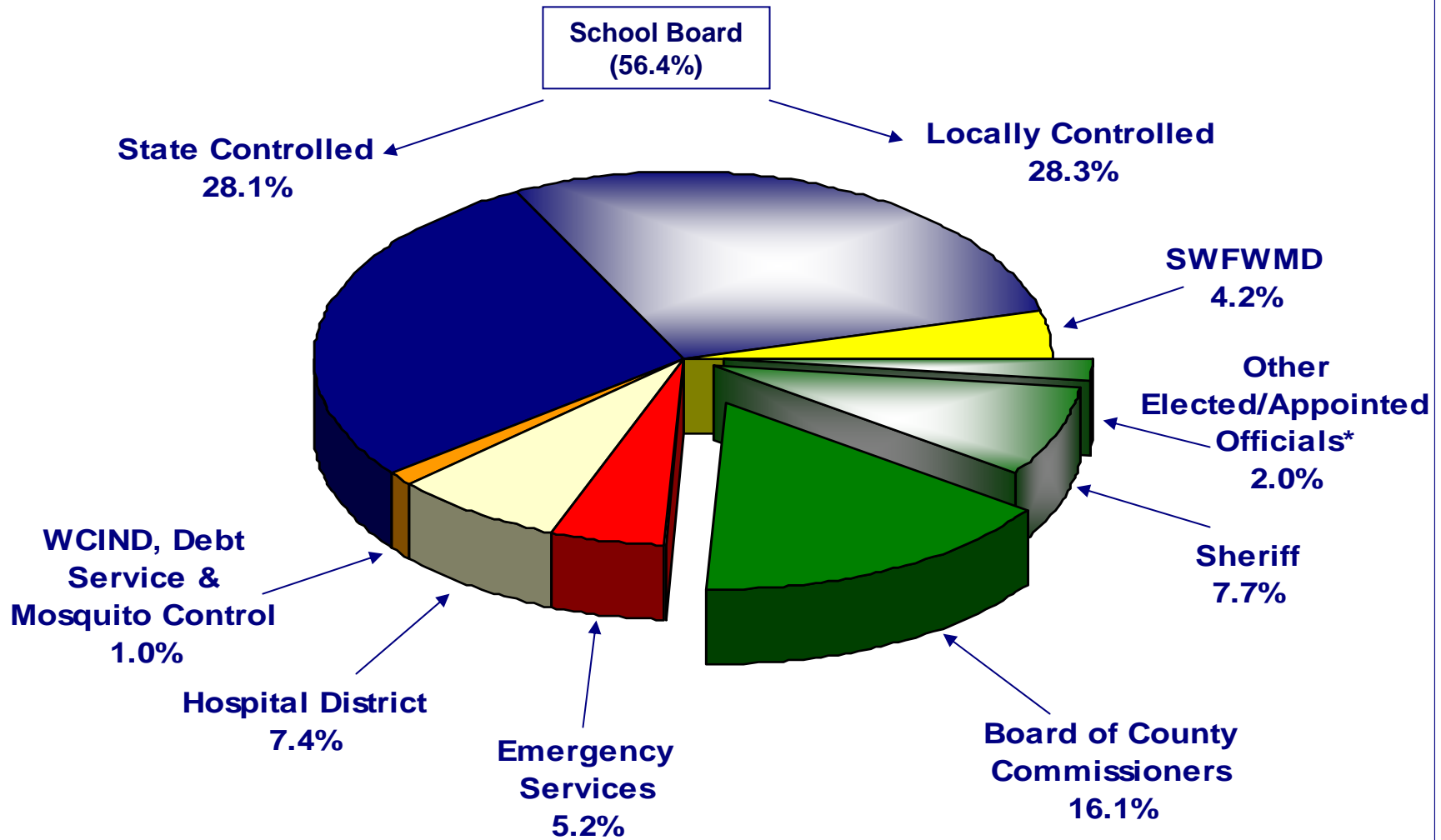
- Completely clears ~85% of tangible properties from paying property taxes, but fiscal impact relatively low
 - Example 1; A \$500 computer used for business would currently be charged \$7 in property taxes. Under new proposal, no taxes would be levied since the value of the computer is less than \$25,000.
 - Example 2; PGT Industries in Venice currently owns tangible property valued at \$24.7 million and pays \$384,138 in taxes. PGT would save \$390 in property taxes under new proposal.

January Referendum - 10% Non-Homestead Cap

- Similar to the Save Our Homes protection for homestead owners, this provision caps the assessed value growth of non-homestead properties (businesses, second homes, rental property, etc.). Does not apply to school board taxes.
- This provision does not become effective until FY10, the other provisions would be effective FY09.



Sarasota County FY2008 Property Tax Bill



*Other Elected/Appt Officials includes Clerk of the Circuit Court, Property Appraiser, Supervisor of Elections, Medical Examiner, Court Administration, Public Defender, State Attorney, Guardian Ad Litem and Charter Review Board

Affected Taxing Districts

Estimated Tax Levy Decreases for FY09:

- Sarasota County Government General Fund - \$10.4 million
- Emergency Medical Services - \$2.1 million
- Environmentally Sensitive Lands Program - \$0.9 million
- Health and Human Services - \$0.5 million
- Mosquito Control - \$0.1 million

Beyond Legislation – Evolving Economic Environment

➤ Housing Market

- Due to dramatic decreases in property values, the overall taxable value in Sarasota County may decrease due to the housing market. This could decrease tax revenues regardless of legislation.

➤ Retail Industry

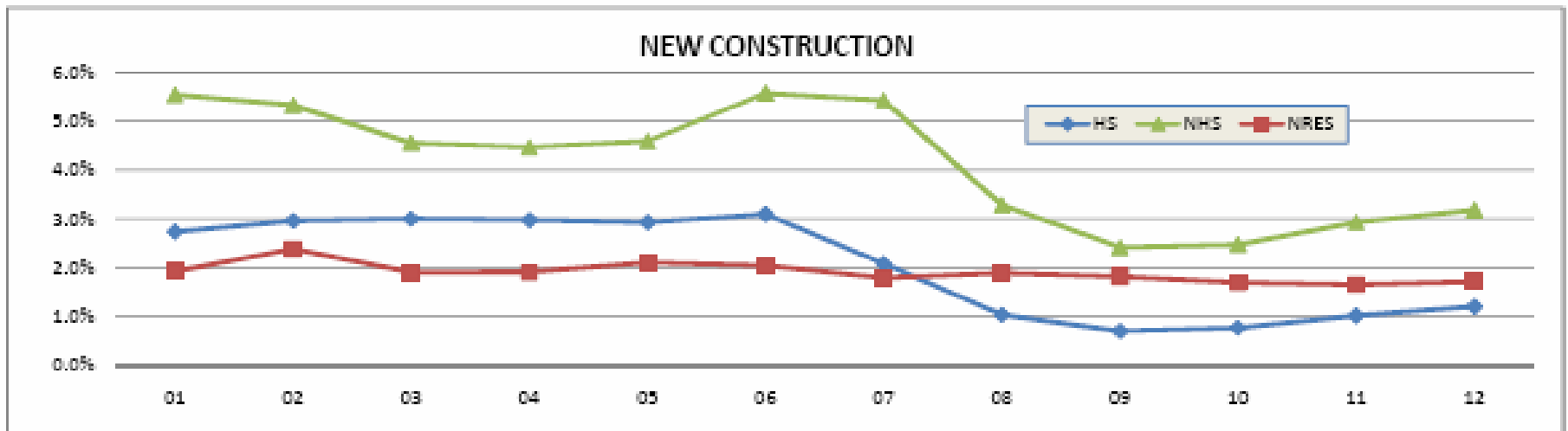
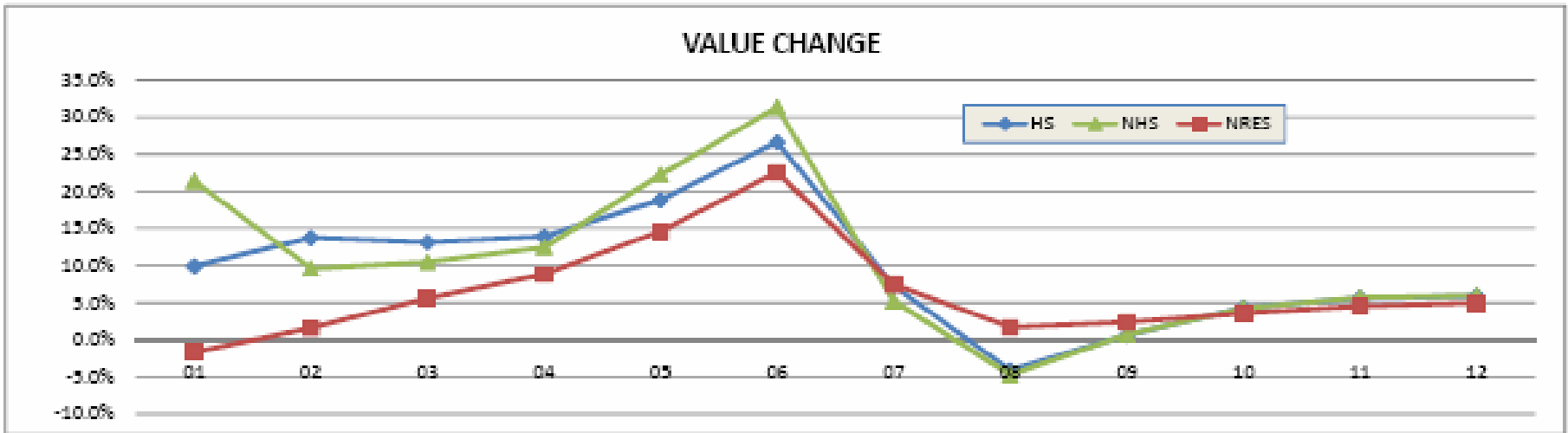
- Sarasota County receives revenues from sales taxes (infrastructure surtax & half-cent sales tax distributed by the State to local governments). Both decreased in FY07 from their FY06 levels.

Just/Taxable Valuation - Actual and Estimated Growth*

Property Type	FY2007	FY2008	FY2009	FY2010
Homestead (Just Value) Statewide	29.6% 26.62%	-1.0% 7.25%	-7.0% -4.12%	0.0% 0.61%
Non-Homestead Residential (Just Value) Statewide	32.7% 31.33%	-2.8% 5.21%	-7.0% -4.72%	0.0% 0.70%
Non-Homestead Non-Residential (Just Value) Statewide	16.8% 22.56%	7.5% 7.43%	3.0% 1.65%	4.0% 2.35%
Combined New Construction Average Statewide	3.43% 3.57%	2.46% 3.10%	1.46% 2.06%	1.06% 1.64%
Certified Taxable Value	26.9% 25.10%	6.2% 10.70	1.1% 3.23%	3.5% 4.44%

* Source: State Office of Economic & Demographic Research Ad Valorem Estimating Conference (11/8/07)

Statewide Ad Valorem Actual and Estimated Growth*



* Source: State Office of Economic & Demographic Research Ad Valorem Estimating Conference (11/8/07)