Floridians not entirely sold on new property tax measure

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The fate of a proposed property tax amendment that would affect the existing Save Our Homes amendment in a January statewide referendum is too close to call, a new University of Florida survey finds.

Fifty-eight percent of Florida voters said they would vote for the new “super exemption” measure, two percentage points shy of the 60 percent super majority needed to make the change to Florida’s constitution, said David Denslow, a UF economics professor who led the research.

“Whether the amendment will pass remains a wide-open question,” he said. “Besides the statistical insignificance of the difference between 58 and 60 percent, there is half a year remaining before the vote.”

The referendum, which goes to voters Jan. 29, would allow homeowners to choose between keeping the 3 percent property tax cap already available under the Save Our Homes provision or a new provision that would increase their homestead exemptions. If the amendment goes into effect, homes bought after that date would not qualify for the Save our Homes cap.

The survey indicates that nearly two-thirds, 65 percent, are inclined to stay with Save our Homes even if the referendum gives them a choice, Denslow said. And few respondents who report owning less expensive homes — a group that would benefit from the new super exemption — said they would switch, he said.

UF's Survey Research Center added questions about the proposed property tax amendment to its monthly consumer confidence telephone survey in July. Of the 287 Florida homeowners who responded, 277 said they had formed an opinion. They were also asked the selling price of their homes. The survey had an error rate of between 3 and 4 percent.

The tax-cutting measure the Legislature is sending to voters allows homeowners to stay with the terms of the current Save Our Homes Amendment, which restricts the increases in their property tax bills to the rate of inflation or 3 percent of the assessment for the prior year, whichever is lower. Or they could take the new super exemption that knocks 75 percent off of the first $200,000 of a home's value and 15 percent off the next $300,000.

Most likely to benefit in the near term would be people planning to buy expensive homes, Denslow said. "Anyone who moves into a new house that is worth $500,000, for instance, would be better off immediately because they would get a $195,000 exemption compared to a $25,000 exemption under the existing system," he said.

However, if house prices were to rise as rapidly over the next five years as they did between 2000 and 2006, homeowners might be better off with Save Our Homes, which would limit annual increases in their assessment, he said.

Another group to gain by making the switch would be those with houses worth less than $200,000 because the taxable value of their house would be no more than 25 percent of its market value, Denslow said. Yet 71 percent of homeowners surveyed who said their houses were worth $200,000 or less said they would remain with Save Our Homes, he said.

Denslow believes they may be reluctant to make the change because it is irrevocable.

“Once you go with the super exemption, you have given up the Save Our Homes exemption forever,” he said.

Survey respondents were more likely to say they would remain with Save Our Homes if they had lived in their current houses for several years and expected to remain there for a long time, Denslow said.

Sixty-four percent of Republicans favored the proposed amendment, as did 58 percent of Independents and 54 percent of Democrats.

Denslow predicts the impact of the proposal would be “substantial” and vary widely by county. Rich, rapidly growing counties, such as Palm Beach, won’t be hurt too badly because a large proportion of its housing stock is worth more than the $200,000 exemption line, while counties such as Levy and Dixie, where growth is much slower and most new homes are much cheaper, will suffer, he said.

Source: University of Florida