

Legislature Avoids Weakening Truth-in-Millage Law

Legislation would have misled taxpayers

This report was originally released to members of the Legislature on April 27, 1995 as HB 343 was nearing a floor vote in the House. The bill was amended to remove the provision that this report cited as misleading to taxpayers and replaced it with a provision that requires taxing districts to issue a Notice of Tax Clarification whenever a taxing district seeks to raise revenue to make up for reductions of its tax roll by value adjustment boards (VABs). The notice will provide the taxpayer with more information by spelling out exactly what the VABs did and what the taxing district wants to do. The bill also requires the Department of Revenue to conduct a study of this issue to evaluate changes needed to improve communication to the public regarding accurate property tax revenue. This includes, as recommended in this report, requiring VABs to complete their work by September 30.

Florida TaxWatch commends Rep. Carlos A. Lacasa for his work in amending HB 343 to make it a more taxpayer friendly bill. Also to be commended is the bill's original sponsor, Rep. Anne Mackenzie, for working with Rep. Lacasa in drafting this more accountable amendment.

A bill currently under consideration by the Florida Legislature would be a blow against truth-in-taxation by circumventing the purpose of Florida's taxpayer-friendly Truth in Millage (TRIM) law. House Bill 343 and Senate Bill 680 would change the way some counties calculate their rolled-back millage rates, thereby resulting in a smaller advertised tax increase than actually required.

Currently, the TRIM law requires all property owners to annually receive a Notice of Proposed Property Taxes that shows their taxes if the proposed budget change is made and also their taxes if no budget change is made. The latter is calculated by determining the millage rate, that if applied to the current year's tax roll (less new construction), will provide the same revenues as levied last year. The Florida Department of Revenue interprets "levied" to mean revenue actually collected, not budgeted. The difference can occur because the value adjustment boards (VABs) make decisions which generally reduce the taxable base.

In some large counties the VABs do not complete their work until after the annual budget is adopted and the tax bills are sent. When the

adopted millage rate is applied to the VAB-reduced tax base, the result is less revenue than projected.

HB 343 and SB 680 would allow local governments to calculate the rolled-back millage rate using the taxable value established at the beginning of the budget year, rather than that which has been reduced by the VABs. This would show a higher tax in the "if no budget change is made" column on Notices of Proposed Property Taxes. So when compared to the proposed taxes on the notice, the proposed tax increase will seem smaller.

This would be misleading to the taxpayer and gives a less accurate impression of the revenues local taxing authorities received in the previous year.

Some local officials argue that it is unfair to them to calculate the rolled-back millage rate on a revenue amount that is less than the budgeted amount. It must be remembered that VABs remove taxable value that the local authority is not entitled to tax. Moreover, new construction is already excluded from the calculation, which also

results in a smaller advertised tax increase than actually needed.

To ensure accountability for the taxpayer and continued integrity and accuracy, Florida TaxWatch recommends that the Legislature uphold the Truth in Millage law as currently

written. This issue would be better addressed with an idea raised in the House Committee on Finance and Taxation's analysis of the bill. The analysis suggested that if VABs are required to complete their work before tax notices are sent in November, all counties could use actual revenue figures in the notices. ■

This report was researched and written by Kurt R. Wenner, Senior Research Analyst, under the direction of Dr. Neil S. Crispo, Senior Vice President, Research and Operations. Catherine M. Haagenon, Communications Director; Gable Abblett, Publications Assistant Byron E. Hodnett, Chairman; Dominic M. Calabro, President and Publisher
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Florida House of Representatives

CARLOS A. LACASA
REPRESENTATIVE, DISTRICT 117

May 5, 1995

Mr. Dominic M. Calabro
President and CEO
Florida TaxWatch
1114 Thomasville Road
Tallahassee, FL 32303

Dear Mr. Calabro:

Just a short note to thank you and your entire office for your quick response and assistance on the fight against the bill regarding tax notices.

As you know, this bill passed the Finance and Taxation Committee with my single dissent. We had less than five days to mobilize our opposition, and to this end your organization functioned like a well-oiled machine. Without your "BRIEFINGS: The Legislature Should Not Weaken the Truth-in-Millage Law," Volume III, No. 6, I could not have threatened the sponsor with credible debate on the issue of hidden taxes by use of deceptive tax notices.

Again, thank you for your swift support. I look forward to working with Florida TaxWatch on future issues.

Sincerely,



Carlos Lacasa
Representative, District 117

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