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Prop Tax

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**Florida Cities Are Bracing for Property Tax Cut**



BY ARIAN CAMPO-FLORES

Vincent Long, the administrator for Leon County in Florida, is in a race to slow the county's spending. So far, he has frozen hiring, cut travel and other expenses, and begun a yearlong analysis for commissioners on how best to restructure the county's finances and organization.

Leon County, which includes Tallahassee, has cast a closer eye on its coffers under a new measure to slash property taxes in the state. This is where things get strange: The measure isn't even law—yet.

Florida residents will vote on the proposal in November. If it passes, it will dramatically reduce property taxes for many homeowners. The initiative could prove popular in a state where the cost of owning a home has spiraled. So city and county managers across the state are making their plans now for a massive drop in revenue.

Note

"It's not a haircut, it's an amputation," Long said. "You can't make a historic change to our primary revenue source without also making a historic change to the very role and function of government."

The proposal is spurring urgent responses from local governments faced with the prospect of plummeting tax revenue. Cities and counties are scrambling to prepare for a potential overhaul of how they pay for all sorts of services, from policing to pothole repairs.

Local officials say the issue is dominating discussion in commission meetings and budget workshops. Among the measures they have taken so far: freezing hiring and capital projects, planning possible service cuts and floating proposals to increase other fees and taxes to offset the shortfall.

In June, Florida's Republican- led legislature approved a proposed constitut i o n a l amendment for the November ballot that had been promoted by GOP Gov. Ron DeSantis. The amendment would expand the so-called homestead exemption—a reduction in the taxable value of a homeowner's primary residence— which typically results in a lower property-tax payment. It would increase the exemption from the current \$50,000 to \$150,000 in 2027 and \$250,000 in 2028, with additional adjustments thereafter for inflation.

The measure, whose original version lawmakers revised to protect funding for schools, requires the backing of 60% of voters to pass. A recent poll pegged support among the state's voters at 64%.

Supporters of the amendment, including DeSantis, argue that growing property-tax collections have led to irresponsible spending by local governments. Opponents say the sharp reduction of property taxes would gut funding for key areas, including infrastructure, parks and libraries. The Florida e x e m p t i o n s would be the largest in the U.S., said Jared Walczak, senior fellow at the Tax Foundation, which favors a tax system that is simple and transparent.

In the 2027-28 fiscal year, the Florida changes would reduce property tax revenue in the state overall by nearly \$5 billion, according to the Office of Economic and Demographic Research, a research arm of the legislature. That would increase to \$8.8 billion in 2028-29 and \$10.8 billion in 2030-31.

The amounts would vary widely for individual counties, with a large one like Miami-Dade projected to lose \$304 million in the first year and a small one like Okeechobee expected to lose \$3.7 million, according to an analysis by the Florida Association of Counties. Suburban counties with high proportions of homestead properties would face the sharpest exposure, and economically distressed small counties would be the least equipped to respond.

In Hillsborough County, which includes Tampa, the chief financial administrator presented a report to county commissioners last month detailing the anticipated effects of the ballot measure. A lengthy list of possible responses included eliminating or reducing county services such as parks and aging services, closing underused facilities and increasing or adding new assessments, such as a higher fuel tax.

In Panama City, in the Florida Panhandle, Mayor Allan Branch sent a letter to other mayors in Bay County last month suggesting they convene a summit to discuss how they might share equipment and services, such as fire patrol and public-works fleet maintenance, thereby reducing costs.

In Pensacola, Mayor D.C. Reeves said the city already is dealing with repercussions. Financial institutions have called city officials to ask how the city plans to repay bonds backed by property-tax revenue. He said he is entering negotiations with the fire union on its next three-year agreement, but is uncertain how to proceed given that the city's revenue stream could change dramatically over that time.

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