

**Building Owners & Managers Association
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Federated with



Amendment 2 Raises Taxes for Everybody

Sometimes a misguided solution can be worse than the problem it's supposed to fix. Sadly, that's the case with Amendment 2, a proposed amendment to the state constitution that offers to make permanent the assessment limitations on non-homestead property. While at first glance it may be enticing to cap assessments, this proposal does nothing to prevent ongoing increases in tax rates and the resulting tax burden paid by all Florida taxpayers. Data from across the state verifies that this policy actually reinforces the inequities that it's intended to alleviate. Simply put, assessed value caps cause more harm than good.

As the Executive Director of our local BOMA association and member of BOMA Florida, I write on behalf of our members across the commercial real estate sector. Given our perspective, we might be expected to welcome a cap on assessments. But recent experience with this policy has revealed exactly what effects would result from such a cap, and the outlook should be troubling for all Floridians. As stakeholders who are deeply committed to the success of the state -- financially and otherwise -- we feel it is our responsibility to take a stand and speak out against this policy.

The tax limitation on assessed values that has been in place in Florida for nearly a decade has benefited a very limited number of properties including theme parks, large hotels, high-end shopping malls, and a few luxury apartments. This legislation has provided these owners with a significant property tax break; at the same time, taxes continue to increase for every other type of property owner.

This policy does nothing to prevent tax rates and overall bills from going higher. Orange County is a clear example of the tax inequity resulting from the cap on non-homestead property. Less than 40% of the parcels in the county benefited from the assessment cap last year and of that, less than 6% of the parcels received over 84% of the total benefit. The results are similar even in a bedroom community like Seminole County, where fewer than 40% of the total real estate parcels benefitted from the limitations on assessments and just 2.4% received over 55% of the benefit; this means that owners of over 60% of the non-homestead parcels in the county paid higher taxes than in the prior year.

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Florida assessors report two values for all non-homestead property: a market value used for school board rates and an assessed value for non-school board rates. The market value can increase annually as determined by the assessor. Under current legislation, the annual increases in the assessed value are capped at 10% with the exception of the sale or significant improvement of a particular building. In both of these cases the 10% cap is lifted and the assessed value set equal to market value.

Since the assessment cap was enacted school tax rates have dropped significantly while non-school rates have stayed the same or increased. As shown in the examples presented above, this “split-roll” system, and the fact that the cap is lifted for newly purchased or improved property, leads to serious tax inequities.

It's not good for everybody if only a limited number of properties benefit from this policy. It's not good for everybody if the policy produces massive disparities between the property tax burdens of essentially identical properties. It's not good for everybody if this policy does nothing to prevent increases in the tax rate and the resulting tax liability paid by all Florida taxpayers.

There are other, better solutions that deserve further consideration. Instead of an assessed value cap, let's place a limit on the annual percentage revenue increase that can be generated by taxing authorities. Let's also ensure that property owners across the state have the right to a fair assessment. BOMA Florida will continue to push for sensible solutions that result in fair taxation for all Floridians. Amendment 2 would only make that goal more difficult to reach. For that reason, we urge Floridians to vote No on Amendment 2 on November 6.

Thank you,

Melanie Schrul



Executive Director - BOMA Ft. Lauderdale & The Palm Beaches