



Florida Constitution Revision Commission **PROPOSAL 63** Florida Chamber of Commerce **STAFF ANALYSIS**

Proposal 63 has been introduced by Commissioner Darryl Rouson for consideration by the full Constitution Revision Commission. This proposal requires new and expanded tax exemptions in the constitution to be revisited 8 years after the exemption's initial enactment on the general election ballot and be extended by a vote of the electorate. This proposal only applies to new tax exemptions or expansions of existing tax exemptions that take effect on or after January 8, 2019. If the voters fail to retain the tax exemption, the exemption is repealed on the January 1 following the election and the text of the constitution reverts back to the text in existence before the tax amendment.

The proposal creates uncertainty surrounding Florida's constitutionally granted tax exemptions. While many of the exemptions in the constitution are related to ad valorem property taxes, Article VII also includes exemptions related to tangible personal property tax, estate and inheritance taxes, and personal income tax. The relevant portion of the proposal is as follows: "A new tax exemption or the expansion of an existing tax exemption herein which takes effect on or after January 8, 2019, shall be repealed not more than eight years after the effective date of the new exemption or the expansion of an existing exemption. Such an exemption or an expansion must include a provision requiring that the chief election officer of the state place on the ballot at the general election immediately preceding the scheduled repeal date a measure as to whether the electors of this state wish to retain the new tax exemption or the expansion of an existing exemption or to let it stand repealed."

The Florida Chamber of Commerce opposes the proposal for the following reasons:

1. The proposal places a greater burden on tax decreases than tax increases. The Florida Constitution has historically protected citizens from estate and inheritance taxes, a personal income tax, property taxes on vehicles and has included various exemptions and caps related to ad valorem taxation for homesteaded and non-homesteaded property. While it is unclear what exemptions might be added or expanded upon in the future, it is also unclear which taxes may potentially be increased through the removal of exemptions or through additional amendments. Proposal 63 only requires the electorate to review tax exemptions and does not contemplate the same extension process for tax increases. This one-sided proposal would require the retention of tax exemptions 8 years after the exemption's initial enactment, but would allow tax increases to remain in the constitution in perpetuity without further review.

2. The proposal would result in immediate tax increases if a proposal fails to be retained by voters. Any time an exemption fails to be extended by the voters, per the proposal, the exemption expires January 1 the following year and the text of the constitution reverts back to the previous text in existence prior to the exemption's existence. This would force immediate tax increases for the population currently receiving the exemption, many of which are in place to help the population it impacts. Current exemptions are in place for low income seniors, disabled veterans, surviving spouses of veterans and first responders who have died in the line of duty. While these exemptions would not be subject to future review by voters, similar future exemptions that might impact these populations would be subject to retention votes.

3. The proposal creates uncertainty for a document that is intended to provide certainty. The Florida Constitution is the governing document for the state and should be consistent and not easily changed. Requiring regular review of tax exemptions creates uncertainty for businesses and citizens of the state. Additionally, the proposal fails to define "exemption." It's unclear if other provisions in the constitution, such as assessment caps, are also considered exemptions for the purposes of this proposal.

While this proposal is well intended, the Florida Chamber of Commerce believes that taxpayers should have certainty and this places additional burdens on voters and taxpayers. Therefore, the Florida Chamber opposes Proposal 63.

"This proposal would add a burdensome review of tax exemptions, but not tax increases, in the Florida Constitution that could result in immediate tax increases for some taxpayers. Additionally, it will create economic uncertainty for all those who utilize exemptions and plan their lives around the extra dollars returning to their pockets rather than government coffers."

MARK WILSON, President and CEO
Florida Chamber of Commerce



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