

Part II: What is “Portability” Really About?

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Note: “Portability,” in tax reform context, means being able to take the Save Our Homes (SOH) benefit when moving to a new home. Some taxpayers have been accruing this benefit (*constitutional right*) since 1994. This feature was not part of the original SOH amendment and is the pivotal part of the January 29th Amendment.

“Portability is going to cost local governments a lot of money.”

“Portability is going to shift a lot of taxes from homesteaded property to non-homesteaded property (business, etc.).”

How can portability *cost* governments anything? Unless you cut spending you haven’t lost any funding or cost anyone a dime. So portability can’t *cost local governments money* because it doesn’t take anything away from them. Portability allows *people* to keep what they’ve rightfully accrued through Save Our Homes without losing it if they decide to move.

What may well *cost local governments money* is the new law (passed last spring, FS200.065) restricting the rate of spending increases by local governments from year to year. Florida’s new law dictates that increases in property tax spending will be limited to the Per Capita Income (PCI) levels of it’s citizens each year (plus new construction). What may well *cost taxpayers money* is the way funding may be shifted from property taxes to other “non-ad valorem” funding sources. That’s not happening because of the January amendment, it’s happening because local governments are trying to preserve additional funding sources. The January Amendment is designed to *save people money* by allowing them to keep Save Our Homes through portability. Portability saves taxpayers money and doesn’t take away anything government currently has.

Does portability cause a dramatic “shift” of taxes from homeowners to non-homeowners (business, etc.)? Portability doesn’t create a decrease in anyone’s value that would need to be made up by a tax increase on anyone else. It does allow homeowners to keep what they already have. It encourages people to move into new homes without penalty. There is a tremendous amount of economic activity in Florida directly tied to the real estate market. Do opponents want to see people continue to be bound in their homes, faced with no possibility of buying again in Florida?

At the present time we have virtually no new residential construction because the real estate market is frozen due to the lack of portability. Having portability will enable people to move and more new homes will be built as the market returns to normal. New homes created through people having portability will create additional taxable value and additional taxes. Portability will have a positive impact on tax rolls, not a negative one. Any new value on the tax roll means more money for local governments, not less. The only time a real *shift in existing taxes-paid* will occur is when a Floridian who had

homestead in another county moves into a home in Volusia County where the new taxable value is less than that of the preceding Volusia occupant.

So what's the bottom line? Portability may well create additional taxes, not less taxes as new homes are constructed and occupied. Taxable values on existing homesteaded properties will not go down, they will continue to rise at 3% or the CPI (Consumer Price Index), whichever is less. The real estate market will be released from the stranglehold of property taxes keeping people from moving within the state of Florida. Additional taxes will be generated from the new homes sold to those people now free to move without property tax penalty.

With the already enacted *spending-cap* in place and the amendment's *value-cap* for non-homesteaded properties, local governments will not be able to receive additional revenues through *millage-magic* (keeping the rate the same and claiming to have no additional revenues). Portability, simply put, allows Floridians to be able to move to new homes. It has potential for kick-starting a severely depressed real estate market and enabling all Floridians to safely remain homeowners in existing or new homes. It is a positive move in negative times.