

For Immediate Release

Friday, October 12, 2007

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FLORIDA SHOULD CONSIDER "CIRCUIT BREAKER" TO PROVIDE WELL-TARGETED PROPERTY TAX RELIEF

As Florida's legislature prepares to once again consider property tax relief measures next week, a new report from the Center on Budget and Policy Priorities outlines a simple, well-targeted approach that is not being considered. Called a "circuit breaker," it could provide substantial relief to up to 2.5 million Floridians at a very modest cost.

"The main problem with Florida's property tax system is that it's unfair: a typical family earning less than \$20,000 pays almost three times as much of its income in property taxes as a typical family earning more than \$200,000," said Iris Lav, deputy director of the Center and co-author of the report.

"A circuit breaker would address this problem much more efficiently than various other recent proposals from the governor and legislative leaders," Lav added. A plethora of proposals have been put forth in reaction to a judge's recent decision to remove from the January ballot a key part of the property tax relief measure the legislature approved in June.

Circuit breakers prevent property taxes from overloading a family's budget by shutting off the family's property tax liability once it exceeds a certain share of the family's income. Families whose property tax bills exceed this limit receive part or all of the difference as a refund from the state.

A circuit breaker is more efficient than other relief mechanisms because it focuses relief on the households that would have the most difficulty paying their property taxes. And because a circuit breaker is generally paid for by the state, it doesn't undermine the public services local governments provide. Tax caps, in contrast, are usually paid for by localities. A circuit breaker can be used in combination with other tax relief mechanisms.

The Center's report outlines a circuit breaker that, for an annual cost of well below \$1 billion, would make relief widely available. About half of all households earning less than \$60,000 would be eligible, as would roughly one-tenth of households earning between \$60,000 and \$100,000 and one-twentieth of households earning between \$100,000 and \$150,000. Renters as well as homeowners would be protected.

The Center's report, "Targeted Property Tax Reform: Designing a Circuit Breaker for Florida," is available at www.cbpp.org/10-12-07sfp.htm.

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