

# The Florida Times-Union

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## Unions, Curry reach accord

Tentative pension deal includes 401(k)-style plan but many steps ahead

By Nate Monroe  
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Police and firefighter union leaders came to a tentative agreement Saturday with Mayor Lenny Curry that paves the way for Jacksonville to become the first major city in America that offers

only 401(k)-style plans to all future employees, and moves closer toward a plan that seeks to pay off the city's staggering \$2.85 billion pension debt.

The accord represents a major breakthrough and is potentially precedent-setting.

Many steps — and some

uncertainty — remain: Union members must formally vote on the proposal, while city officials have to run a complex financial analysis, write legislation and brief members of the City Council.

And Curry's administration will have to convince the Police and Fire

Pension Fund board of trustees — with whom the mayor has publicly traded barbs — to go along with significant changes to a 2015 pension-reform law.

But the tentative agreements — which cover police, firefighters and cor-

**PENSION** continues on A-4



NATIONAL PARK SERVICE SERIES

### CUMBERLAND ISLAND CONCERNS

Proposed development could encroach on park's pristine land

Mark Woods, B-1

### UF WINS AGAIN, FSU FALLS

Gators beat Texas A&M for 6th win in a row; Seminoles unable to stop Notre Dame

Sports, C-1



Local art exhibits examine questions of diversity and rights

Life, D-1

## Abortion debate sparks protests

Supporters, critics of Planned Parenthood at odds over funding

By Gene Johnson  
Associated Press

SEATTLE | Anti-abortion activists emboldened by the new administration of President Donald Trump staged rallies around the country Saturday calling for the federal government to cut off payments to Planned Parenthood, but in some cities counter-protests dwarfed the demonstrations.

Thousands of Planned Parenthood supporters, many wearing the pointy-eared pink hats popularized by last month's women's marches, turned out for a rally in St. Paul, Minn., separated by barricades from an anti-abortion crowd of a couple hundred people. In Detroit, about 300 people turned up outside a Planned Parent-

**PROTESTS** continues on A-5

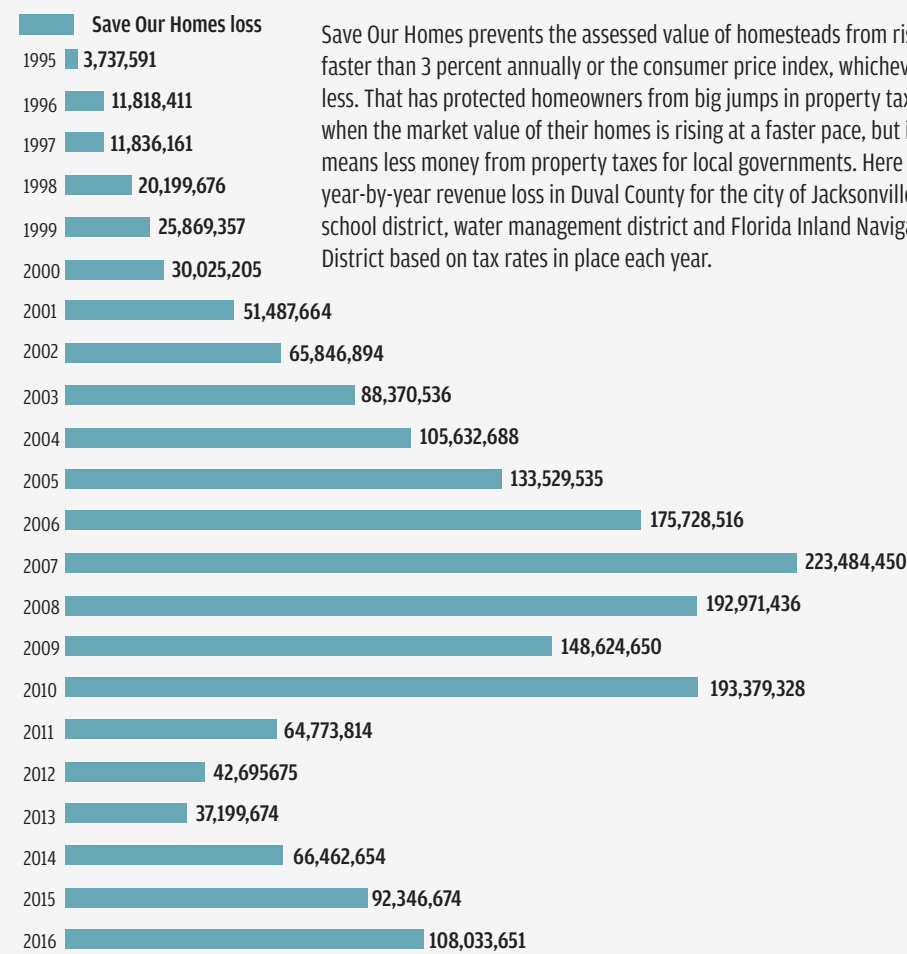


## TAX BREAK, REVENUE LOST

Save Our Homes a benefit for homeowners, but local governments can suffer

Oceanfront homes along Beach Avenue in Atlantic Beach are in a location where Save Our Homes helps shield homeowners from big increases in property tax bills. (Bruce Lipsky/Florida Times-Union)

### Shielding home values from taxes



Source: Florida Department of Revenue data and Times-Union analysis based on tax rates in place each year for city of Jacksonville, Duval County School District, St. Johns River Water Management District, and Florida Inland Navigation District.

Graphic by Steve Nelson@jacksonville.com

Research by David.Bauerlein@jacksonville.com

Save Our Homes prevents the assessed value of homesteads from rising faster than 3 percent annually or the consumer price index, whichever is less. That has protected homeowners from big jumps in property taxes when the market value of their homes is rising at a faster pace, but it also means less money from property taxes for local governments. Here is the year-by-year revenue loss in Duval County for the city of Jacksonville, the school district, water management district and Florida Inland Navigation District based on tax rates in place each year.

By David Bauerlein  
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In the same way hurricane shutters protect a home during powerful storms, Save Our Homes has for two decades sheltered millions of Florida homeowners from turbulent spikes in property taxes, even as it has dealt heavy blows to local government finances.

The real estate recovery means Save Our Homes has swung back into action.

In Duval County alone, Save Our Homes is shielding \$5.8 billion of homestead property value from taxation this year, compared to \$1.9 billion three years ago. The removal of \$5.8 billion in homestead value translates to a \$66 million loss in tax revenue for the city of Jacksonville and almost \$40 million for the school district.

On a home-by-home basis, the biggest tax savings go to homeowners with a view of the water, causing some to call it Save Our Waterfront Homes.

In Duval County, Save Our Homes resulted in 86 homes each having at least \$1 million of their market value walled off from property taxes. Eighty-two of those homes are built on the oceanfront or along the St. Johns River and its tributaries, according to a Times-Union review of property appraisal records.

Two Jacksonville City Council members are in that group of homeowners who got tax bills with at least \$1 million of property value shielded from taxes.

**HOMES** continues on A-4

**Weather**  
Warm breeze  
Forecast on A-2

80 Today's high

59 Monday morning's low

valentinesday.jacksonville.com: Celebrate romance with help from our online special section **Details, A-2**

Classified F-6  
Comics Inside  
Crosswords D-4  
Editorials E-4  
Legals C-9  
Life D  
Money F  
Obituaries B-6

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# JERSEY BOYS

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## PENSION

Continued from A-1

rections officers — are a major victory for Curry. Negotiations with the police and firefighter unions were the highest stakes because of the poor financial health of the pension fund and the burden that has placed on the city's budget. The talks had also become contentious at points, particularly with police union leadership, which felt betrayed by Curry's plan to cut pension plans for future employees.

"This represents another step toward solving Jacksonville's pension crisis once and for all in a way that is good for taxpayers, first responders, and the future of our city," Curry said in a statement. "I want to thank the union leadership for working with me and reaching this historic agreement. I look forward to next steps with union membership."

The American Federation of State, County and Municipal Employees, the city's largest civilian employee union, also indicated this week it had come to

a tentative agreement with Curry.

The deal will come with a hefty price tag. The proposal calls for across-the-board raises to police and firefighters totaling 20 percent over three years, plus a 3 percent lump sum payout when deals are inked. Similar, smaller raises and payouts have been proposed for the city's other unions as well.

The tentative contracts would also restore more costly pension benefits to police and firefighters that were cut under a reform law passed in 2015 that cut retirement benefits. The 401(k)-style accounts proposed for future public-safety workers are also generous and unlike the kind of benefit often found in the private sector. From day one, the city would contribute 25 percent of an employee's pay; employees would contribute 10 percent.

And those benefits will be hard to change. City officials agreed to leave them untouched — and to waive their right under state law to unilaterally impose benefit changes — for up to 10 years, as long as certain

financial benchmarks remain positive for city finances.

"Our main purpose and goal is the safety and security of Jacksonville's firefighters and their families," said Randy Wyse, president of the Jacksonville Association of Firefighters, in a statement. "The (union) has negotiated faithfully and openly a tentative contract that has been long overdue for existing employees."

Union leaders were highly skeptical and initially angered by Curry's 401(k) proposal. They had pushed for the city to enroll future employees into the Florida Retirement System, which offers employees a pension.

The benefits Curry offered to current and future employees were apparently enough to tip the scales, though a statement from Steve Zona, president of the local Fraternal Order of Police, was hardly a glowing endorsement.

"After much deliberation, I feel negotiations have brought us to a point where the voice of the body needs to be heard by way of a vote on the current proposal offered by the city,"

Zona said.

The city also wants to scale back a commitment enshrined in the 2015 pension-reform law to pump \$350 million in accelerated payments toward the pension debt. Curry's negotiating team characterized that commitment as a "placeholder" until a long-term solution was found to the pension debt. But that was not how city leaders characterized it at the time the reforms became law. The requirement to make faster debt payments was deliberately inserted and based on the principle that the faster taxpayers pay down the pension debt, the less it will cost.

The Police and Fire Pension Fund board will have to agree to that change. The board chairman has already expressed skepticism that he would sign off on any change that reduced or eliminated the city's responsibility to pump more money into the pension fund.

The total cost of what Curry has proposed is not clear.

The city has kept those details secret, citing a portion of state law that shields

documents pertaining to collective bargaining from public disclosure. That will change. City officials will have to run formal financial projections and provide those details to the City Council and the public.

The lack of financial data, however, as well as the proposed rollback to the 2015 reform law has garnered criticism, most prominently from several former members of a high-profile city task force that helped create the pension-reform law.

Curry has brushed off the criticism. He has repeatedly insisted his plans are a win-win: Forever leaving behind risky pension plans while offering a competitive benefit for future employees. Critics have questioned the wisdom of using a 401(k) plan, arguing it could come with indirect costs if it proves to be uncompetitive and employee retention becomes difficult.

Voters last year approved a referendum that allows the city to dedicate the future proceeds of a half-penny sales tax toward paying off pension

debt. Unlocking that revenue to pay for the debt on all three of the city's pension plans requires closing them to future hires.

The Police and Fire Pension Fund is the most financially troubled. The annual cost for public-safety retirements has skyrocketed to more than \$200 million per year — a major burden on the city's general fund.

Curry indicated when negotiations began that he would not budge on his 401(k) proposal. He called pensions "dinosaurs" and relics of a bygone era of municipal government that are no longer affordable. Despite strong attempts by union leaders to push him off that position, his negotiating team never considered anything else.

The police union also made a push for the city to include rules surrounding the use of body cameras a negotiable part of its contract with the city (the Sheriff's Office is moving closer to a pilot project for body cameras in the spring). But Curry's team wanted to focus only on pension and wage issues in the current round of collective bargaining.

## HOMES

Continued from A-1

The largest Save Our Homes break in Duval County for the 2016 tax year is for riverfront property at 900 Brookwood Road. The Duval County Property Appraiser's Office pegs the market value at about \$6.8 million, but the assessed value for tax purposes is \$2.8 million. The home sold during 2016 so it will reset to the higher value when next year's tax bills go out.

An upcoming Florida Constitution Revision Commission, which will start meeting later this year, could examine the impact of Save Our Homes by assessing its 20-plus-year track record for its impact on homeowners and local government.

But it is a popular law that helps the vast majority of homeowners to some degree. In Duval County, 166,590 homeowners benefit as they pay this year's tax bills.

Some homeowners might take that protection for granted. But Save Our Homes began as a long-shot, grassroots movement that used a statewide petition drive to get onto the ballot in 1992, winning 54 percent of the vote. Homeowners began seeing savings in 1995.

Lee County Property Appraiser Ken Wilkinson, who spearheaded the petition drive, said the law worked exactly as he intended. "It's been successful beyond my expectations," he said.

Wilkinson recalled driving around Florida on weekends, keeping an ironing board in the trunk that people could use to sign petitions. His pitch was simple: The millions of people moving to Florida were driving up home values and property taxes that were rising at double-digit rates, making it impossible for some homeowners to afford their homes.

Save Our Homes put a hard ceiling on how fast a home's assessed value, which is part of the formula for property taxes, can rise each year. The limit is 3 percent or the general inflation rate, whichever is less.

"I know without a doubt that it's been the largest tax savings in the history of Florida," Wilkinson said. "That's been proven over and over."

In any given year, however, the tax savings vary widely among homeowners.

"Save Our Homes has pluses and minuses," said former Duval County Property Appraiser Jim Overton. "It keeps people in their houses. It works that way. But from the taxpayer side, it creates kind of wrenching inequities in the tax base. You could have neighbors that have the same kind of house you have, and the only difference is that they bought it before you did, and you have an entirely different tax bill."

The inequity stems from the central idea behind Save Our Homes: the 3 percent cap on annual increases



This home on Brookwood Road in San Marco is No. 1 of the 20 top homes for the Save Our Homes tax break in 2016. The market value was \$6,856,731, but the assessed value because of Save Our Homes was \$2,839,162, according to property appraiser records. The home sold in 2016 so it will reset to full market value in 2017 for its assessed value. (Bruce Lipsky/Florida Times-Union)



This home in the 4300 block of Duval Drive in Jacksonville Beach is No. 2 of the top 20 homes for the Save Our Homes tax breaks in 2016. The market value is \$6,659,534, but the assessed value because of Save Our Homes is \$3,056,379. (Bob Mack/Florida Times-Union)

es in assessed value continues each year until there is a change in ownership. Then the cap goes away and the assessed value resets to full market value for the new owner.

Until there is a change in ownership, the benefits of Save Our Homes accumulate year after year. As a result, two neighbors with comparable homes will get vastly different tax bills if one homeowner has lived in his house a long time and the other homeowner recently bought his home.

That gap between market values and assessed values opened wide during the red-hot real estate boom.

In 2007, Save Our Homes kept \$13.4 billion of homestead value from being taxed in Duval County. When the real estate market crashed, the market value of home values plunged, so the benefit of Save Our Home likewise diminished. The market then recovered again, entering its current upswing, so Save Our Homes is back in action.

Save Our Homes doesn't limit how large the benefit can grow for an individual home.

For instance, the market value of talk show host Rush Limbaugh's home in Palm Beach was around \$50.7 million in 2016, but because of Save Our Homes, the assessed value for taxes was \$27.7 million, according to the Palm Beach County Property Appraiser.

### 'A STRAIN ON LOCAL REVENUE'

As is the case with Limbaugh's estate, Save Our Homes and waterfront homes go together like

sand and surf.

In Atlantic Beach, 25 oceanfront homes on Beach Avenue have at least \$1 million of property value shielded from property taxes.

City Councilman Bill Gulliford owns one of those Beach Avenue houses. The property appraiser's office puts the market value of Gulliford's house at about \$1.59 million, but because of Save Our Homes, the property tax bill is calculated with an assessed value of \$530,494.

City Council member Lori Boyer also is in the top tier of Save Our Homes beneficiaries. The property appraiser pegs the market value of her River Road home in San Marco at about \$3.53 million, but Save Our Homes results in an assessed value of \$1.76 million.

Boyer and Gulliford are long-time owners of their homes, located in parts of the city where home prices have gained over the year, so they fit the profile of homeowners whom the law has helped most.

Gulliford and Boyer also have been on the front lines of the city's budget battles. Even though the recovering real estate market value spurs higher home values, Save Our Homes limited the growth in assessed values of homestead properties to the general inflation rate: 1.7 percent in 2013, 1.5 percent in 2014, then 0.8 percent in 2015 and 0.7 percent this year.

"From the city side, there is no question that whether it is Save Our Homes or whether it is one exemption after another that has been passed for good causes, it continues to put

a strain on local revenue," Boyer said.

Boyer said there is logic to the law because new construction, which increases the demand for government services, gets assessed at full market value when it hits the tax rolls, while existing homes that don't boost the need for government services get Save Our Homes protection.

"The fact is that it does work to keep people who purchased homes at a lower cost to be able to stay in them," Boyer said, counting herself in that group.

Boyer said it might be worthwhile for state officials to consider setting a limit for the maximum value of a home that can get Save Our Homes protection.

Gulliford said raising the maximum cap for how much assessed values can rise each year might be reasonable.

But he said it's good that people aren't punished at tax time if they buy a home in neighborhoods that then experience hyper-fast increases in home prices.

He said bought his home for \$75,000 in 1974, years before Atlantic Beach became the cool place to be.

Gulliford said there is a sentimental value in being able to remain in the house where he and his wife raised their children. Without Save Our Homes, he said, "I would have been out of the house a long time ago because of the [home value] appreciation. I could not have afforded the property taxes."

The Save Our Homes protection is for anyone who has a homestead exemption.



This home on Old Grove Manor in the Miramar neighborhood is No. 3 of the 20 top homes for the Save Our Homes tax breaks in 2016. The market value was \$4,291,886, but the assessed value because of Save Our Homes was \$1,377,134. (Bruce Lipsky/Florida Times-Union)

In Duval County, roughly 88 percent of the 189,103 homestead properties got some savings from Save Our Homes in 2016.

### QUESTIONS OF FAIRNESS

Critics of the law have long complained it forces other property owners to pick up the slack at tax time. That criticism picked up steam during the real estate boom when owners of non-homestead properties saw their property tax bills shoot up.

In 2008, voters approved another constitutional amendment that offered similar protection for non-homestead property by setting a 10 percent limit on annual increases in assessed values for second homes, rental property, vacation homes, vacant land and commercial property.

That 10 percent cap on non-homestead property, which applies to non-school taxes, expires Jan. 1, 2019, unless voters support keeping it. State lawmakers are poised to vote in the upcoming session on a bill that would put that choice before voters, probably in November 2018.

State Sen. Rob Bradley, R-Orange Park, said he expects lawmakers will put the measure on the ballot because eliminating the 10 percent cap would amount to a tax increase.

"What you saw over time with the Save Our Homes amendment is that before that 10 percent cap was put in place, there was a disproportionate burden that was shouldered by non-homestead properties," Bradley said. "This is a good tool to create a little more fairness in the system that can sometimes not be

very fair."

In Duval County, the 10 percent cap shields \$1.8 billion in value, which equates to about \$20 million in lost property taxes for Jacksonville.

The 2008 constitutional amendment also adds some property tax changes that have no expiration dates: a new \$25,000 exemption for tangible personal property, doubling the \$25,000 homestead exemption to \$50,000 for non-school taxes, and allowing homeowners to transfer up to \$500,000 of the value of their Save Our Home benefit when they move to another homestead anywhere in Florida.

### STRUGGLING WITH DEMAND

The push for portability came when homeowners complained they couldn't afford to move during the real estate boom because they would lose the advantage of Save Our Homes when they purchased a different home. In Duval County, portability kept \$61 million of home value from being taxed in 2016, and St. Johns County was close behind with almost \$59 million of home value kept off-limits when people took their Save Our Homes benefits with them.

The impact of all the curbs on property taxes have added up for local governments because property taxes are the single biggest source of revenue for providing core services, said Brian Teeple, executive director of the Northeast Florida Regional Council.

"I'm watching most of my local governments now starting to really struggle from a revenue perspective," Teeple said. "You've got a place like St. Johns County that's averaging 300 new single-family building permits a month. That's a lot of demand, and they're struggling."

He said local governments will turn increasingly to other ways to pay the bills, such as sales taxes.

### THE ROLE OF POLITICS

Wilkinson, who has acted as a watchdog against changes to Save Our Homes since getting it on the 1992 ballot, said if local governments want more money from property taxes, Save Our Homes doesn't stop them from raising their property tax rates.

"You know why they don't?" he said. "Politics. Because then they would have to stand the test that they raised taxes."

He said Save Our Homes simply gives peace of mind to homeowners that a spike in the housing market isn't going to slam their tax bills.

"To change the basic writing of Save Our Homes, you would have to go to the constitution, and the people who would see that as negative would be the homeowners," Wilkinson said. "It's just like are we ever going to pass a state income tax. I doubt it because that has to be in the state constitution, just like Save Our Homes has to be in the constitution. You'd be asking homeowners to get rid of it."

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