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Dear Property Tax Reform Supporter:

Over the last few days you may have read media accounts regarding an agreement reached between Senate President Ken Pruitt and myself. This agreement is with regards to how we will cut property taxes. I wanted to take a moment and explain how it would work.

Roll-back & Cap

The plan envisions a statutory roll-back of property taxes and a cap on future revenue growth. Instead of rolling-back to a specific year, we will require that cities, counties and special districts roll-back revenue from property taxes in proportion to how much they increased it. The more they raised taxes, the more they will have to cut them. The savings will apply across the board to all property tax revenue, so every property in the state will benefit.

Some of you have expressed concern that these governments will be able to exceed the cap on future revenue growth by a super majority vote. Let me try to alleviate your concerns by pointing out three things.

First, while it is true that most local government budgets pass with a unanimous vote, it is usually hard to get a fee increase or a millage increase passed. One of the reasons the system is broken is because with the massive escalation of valuations, local governments have been able to brag about cutting your millage, yet you are still paying more in property taxes. This measure will end that practice. It will require them to roll back their millage to be under the revenue cap. If they want to exceed the cap, they must vote to increase the millage!

Second, it takes away the argument that cuts will impact essential services. If that is truly the case, now local government will have the opportunity to make their case to the people for a millage increase to help protect these essential services.

Finally, please note that this opt-out applies only to the statutory part of the plan. It does not apply to the constitutional amendment portion of the cut.

Percentage-Based Exemptions

We have also agreed to change the way we tax property in the state. It will be based on the following methodology:

Homestead Property: We will do away with the \$25,000 Homestead Exemption and replace it with a new super-exemption based on a percentage of the value of your home. It will be tiered on at least three tiers of value. For the

small minority of properties whose taxes are lower under the current Save-Our-Homes system than under the new system, they will be allowed to keep that benefit until they sell their house. We have also agreed to try and deliver additional relief for low income seniors. I would personally like to see seniors with very low incomes pay no property taxes at all.

Non-Homestead Residential: These property owners will receive a flat percentage exemption on the value of the property (i.e. a 25% exemption on a \$1million property would mean they would pay taxes on \$750,000 instead of \$1 million). We have also agreed to try and provide a larger percentage exemption for affordable housing.

Commercial Industrial: Commercial property owners would receive a flat percentage exemption on the value of the property. We have also agreed to try and provide an even larger exemption for working waterfront properties.

Some of you have expressed a concern that local government could wipe out the benefits of these new exemptions by simply raising the value of the property. Don't forget that in addition to restrictions that exist on increasing value, you will now also have a statutory revenue cap in place. Every increase in value will be met with a decrease in millage unless they are willing, by a super majority vote, to increase the millage.

So we have agreed on how to cut the taxes. Now comes the hard part, how much to cut them? How much do we have to cut taxes in order to make them affordable again?

That is the hardest and most important part of the plan to put in place. We need your help and suggestions. How much do you think property taxes must be cut in order for them to be affordable?

It is through your involvement on this issue that we have come this far. Now we need your help to get us over the finish line! Please visit our website at <http://www.nomorepropetytax.com/> or e-mail us at info@nomorepropertytax.com to tell us how low your property taxes should go. Thank you for your continued support.

Sincerely,

Marco Rubio
Speaker, Florida House of Representatives