

ASSOCIATED INDUSTRIES OF FLORIDA  
**LEGISLATIVE  
DAILY BRIEF**



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**JUNE 13, 2007**

The House adjourned around 10:00 pm this evening after four hours of intense and heated questions on the property tax reform package. At one point, Speaker Marco Rubio (R-Miami) cut off a series of questions by Representative Carl Domino (R-Juno Beach) who grilled Representative Dean Cannon (R-Winter Park), sponsor of the House Joint Resolution that would create among other things a “super homestead exemption” on the issue of portability.

Questions mainly originated from Democratic members who questioned the package’s potential cuts to education funding. Debate also centered around the “Save Our Homes” savings currently being experienced by millions of Floridians. The proposed plan would eventually phase out this constitutionally created cap on property taxes.

Tomorrow’s schedule is as follows: the Senate will be in session starting at 9:00 am. It has been announced that they will not meet past 6:00 pm. The House will come back in at Noon tomorrow and depending on what the Senate has accomplished, it is possible that they may vote on the bills.

Amendments to the bill, which were not allowed to be considered during today’s meeting, will be debated on the floor.

### **Committee Reports**

Earlier this morning the House Policy and Budget Council met to discuss the three bills that make up the proposed property tax reform package. HB 1B Relating to Ad Valorem Taxation by Representative Frank Attkisson (R-Kissimmee) requires local governments and special districts to reduce their property taxes. First beginning for the fiscal year 2007-08, tax rates must be rolled back to the 2006-07 level minus a specified percentage factor based on the past behavior of the taxing jurisdiction. According to the rate their per capita property tax has grown over the past five years, cities and counties have been grouped into tiers and given a certain percentage amount they need to reduce property taxes. They will have to give further reductions of either 3%; 5%; 7% or 9% according to their tier. There is a mechanism that would allow the taxing body to override the roll back and cap included in the bill.

If the constitutional amendment (HB 3B) is passed by the voters in January 2008, there will be further tax cut and cap adjustment in fiscal year 2008-09. For the taxing body to make any adjustments an extraordinary vote will be necessary. Also contained in this bill is the

implementing language for the areas addressed in the constitutional amendment such as the super homestead exemption; exemption from ad valorem for tangible personal property; changes in how working waterfront property and affordable housing are assessed; and limits certain taxing authority's authority to increase ad valorem taxes.

The bill passed with only one no vote that of Representative Curtis Richardson (D-Tallahassee). He was concerned about how the fiscally constrained counties were being treated and there are several of them in his District.

HJR 3B Relating to Ad Val Tax/Tax Assessments/Homestead Exemption by Representative Dean Cannon (R-Winter Park) is a House Joint Resolution that establishes language for a constitutional amendment to change the amount of the homestead exemption; provides for an exemption from ad valorem for tangible personal property; allows the Florida Legislature to provide for assessments of working waterfront property and affordable housing; and limits the authority of counties, cities and special districts to increase ad valorem taxes.

The new "super exemption" as it is being called would increase homestead exemption to 75% of the first \$200,000 in just value, with a minimum exemption of \$50,000 per homestead. The current homestead exemption is \$25,000. For low-income seniors the minimum exemption would be \$100,000. There will be an additional exemption for homestead property of 15% on the next \$300,000 in just value. The new super exemption would replace the current Save Our Homes benefit. This should positively affect approximately 73% of the homestead property. Those who would benefit more with the current Save Our Homes benefit, they will be able to continue that benefit.

The Joint Resolution gives an exemption from ad valorem taxes to tangible personal property up to a value of \$25,000. In 2006, 1,293,043 returns were filed with a taxable value of \$103.7 billion. However, 997,109 returns had taxable amounts less than \$25,000 – a total taxable value of \$4.5 billion. It cost more to complete the form than most taxpayer actual submit in taxes.

The Joint Resolution takes the first step in addressing how property is assessed. The proposed language would give the Legislature the authority to provide for assessments of real property used for affordable housing and working waterfront properties. With regards to affordable housing, the property must be subjected to rent restrictions imposed by a governmental agency. The working waterfront property that can qualify for the new assessment method is defined as land used exclusively for commercial fishing and land that is open to the public and used for public access to water. A definition for "water-dependent activity" is given as any activity that can be conducted only on, in, over, or adjacent to waters that are navigable and that requires direct access to water and involves the use of water as an integral part of such activity.

Finally, the Joint Resolution limits the authority of local governments and special districts to increase ad valorem taxes.

The bill passed even though every Democratic member voted against the Joint Resolution.

Finally, the Council considered HB 5B Relating to a Special Election by Representative David Rivera(R-Miami). This proposed bill provides for a special election to be held on January 29, 2008 for voters to consider HJR 3B. The special election will be held in conjunction with the Presidential Preference Primary Election established during the Regular Session.

HB 5B was unanimously approved.

In the Senate, the game plan was much the same. The Senate Finance and Tax committee met at the same time as the House council to pass out their versions of the property tax reform package (SB 2, 4, and 6). In addition, the Committee also heard testimony from the public since they had not had a chance to on Tuesday. Several amendments (from both sides of the aisle) were offered but in time each was withdrawn.

In the end each bill was passed.

**AIF supports rolling back property tax rates and capping millage rates in order to provide homeowners and businesses with some much needed property tax relief. However, any change to Florida’s constitution should be well-thought out before being voted on – there are no “glitch” bills for constitutional amendments. We urge the Legislature to proceed with caution when considering any change to our state’s top document.**

Please send your comments or suggestions to us at [aif@aif.com](mailto:aif@aif.com) or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our “members only” Florida Business Network web site at <http://fbnet.com>
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