

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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JUNE 14, 2007

The Florida Legislature ended its Special Session on Property Tax Reform at 6:28 pm today with a property tax relief and reform package that gave the citizens of Florida a historic and unprecedented \$32 billion property tax relief statewide over the next five years.

There were three bills passed during the Special Session to accomplish this goal.

SJR 4B by Senator Mike Haridopolos (R-Melbourne) – this Joint Resolution contains language for a constitutional amendment that authorizes exemptions from ad valorem taxation for a businesses' tangible personal property up to \$25,000; revises limitations in the difference between just value & assessed value for homestead property; provides for assessing rent-restricted affordable housing & commercial & public-access waterfront property by general law; and increases the homestead exemption for homestead property owners through a "super homestead exemption." If approved by the voters the new "super homestead exemption" would exempt 75 percent of the first \$200,000 of value and then another 15 percent of the next \$300,000.

A significant amendment by Senator Dan Webster (R-Winter Garden) to this proposal was adopted by the Senate early this morning, which allows homestead property owners to make their own determination as to which property tax saving they can use. Everyone who has the benefits of the current "Save Our Homes" (SOH) cap can remain under this system if they chose to. However, if a homestead property owner decides they would be better off with the super exemption they have a one-time choice to switch to this new plan. There are no deadlines as to when they would need to make the choice between the current SOH cap and the new super exemption. Before being amended, local tax collectors would have been the ones to make this determination based on which produced the greatest savings.

The vote on the proposed constitutional amendment in both Chambers was strictly down party lines and each chamber was able to muster the required 3/5 vote to put a proposed constitutional amendment on the ballot. If approved by the voters in January 2008, the average homestead property who decides to take advantage of the super exemption should save 44% (\$1,306); the average non-homestead residential – 8% savings (\$245); average commercial/industrial savings – 8% (\$1,240) and the average tangible personal property tax savings would be 17% (\$262). Most believe that the constitutional amendment has a better chance of passing in January as amended today.

Senate and House Democrats strongly opposed the constitutional amendment on the grounds that these tax savings would result in a loss of funding for education adding up to \$7 billion over 5 years. GOP members countered by stating that the Legislature has always found a way to fund education and that this would not change in the future. During one of the tensest moments of the day, Representative Ray Sansom (R-Ft. Walton Beach) used a little known procedural move to prevent a vote on an amendment by Representative Shelley Vana (D-West Palm Beach) that would have added language to the constitutional amendment protecting funding for education. Minority Leader Dan Gelber (D-Miami Beach) chastised Republican members for using this move to hide from a vote.

The second part of the property tax reform package is HB 1B by Representative Frank Attkisson (R-Kissimmee). This bill contains the statutory changes needed for property tax relief and reform. It will immediately cut taxes and cap future tax increases for all property owners and limit local governments' ability to raise taxes in the future without a certain percentage vote, which will provide immediate savings to homeowners, second homeowners and commercial property owners. Capping the amount local governments can increase property taxes and tying it to the growth of per capital Florida personal income will provide a degree of predictability to an employer that has never been experienced before. In recent years, businesses across Florida experienced huge increases in their property tax bills. Under this new plan, employers will be able to do a much better job of budgeting because they will have a much better feel as to what their property tax increases will be. The bill passed unanimously in the Senate and received only one negative vote in the House – Representative Jim Waldman (D-Coconut Creek).

Finally, there was HB 5B by Representative David Rivera (R-Miami). This legislation designates January 29, 2008 as the date for a special election to consider SJR 4B, the constitutional amendment that would create the “super homestead exemption.” The date of this special election would coincide with the Presidential Preference Primary, which was moved up during this year's regular session. The bill was unanimously passed in both chambers. Both parties felt it was essential not to delay the vote on this issue and that Floridians should be the ultimate decision makers as to what type of property tax reform is enacted.

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. While the tax reform package passed today is not perfect, it does begin to address some of the inequities in the system. We were disappointed that legislators were not able to come to an agreement on the issue of “highest and best use” and how property is appraised. AIF will work to pass legislation next session that addresses this important issue for Florida's employers.

Please send your comments or suggestions to us at 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>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.