

## **SPECIAL BULLETIN:**

# **Lawmakers Pass Property Tax Reform**

After intense wrangling, the Florida Legislature passed a \$12 billion property tax relief plan late Monday night that lawmakers say will gain public support and help jumpstart the state's economy. Lawmakers set aside their nearly week-long standoff to pass a less ambitious tax relief plan.

While the plan isn't as strong as the Florida House of Representatives pushed for, it does provide key economic boosting factors that will aid Florida's home building industry.

Specifically, the just-passed property tax relief package will provide portability - allowing primary home owners (homestead properties) to transfer benefits from the Save Our Homes three percent assessment cap on their properties when they move, a doubling of the existing \$25,000 homestead exemption for homes valued at more than \$50,000, and a 10 percent annual assessment cap for non-homestead properties such as businesses and second homes.

All of this will appear as a proposed constitutional amendment on the January 29, 2008 presidential primary ballot.

"FHBA members should be encouraged that we will have an opportunity to vote on needed property tax relief this January," said David Hart, FHBA's Vice President of Legislative and Governmental Affairs. "However, this package is only a first step toward real reform and our industry recognizes that much more work is needed."

Below are additional details on the just-passed relief package:

- **Portability - Homestead property owners** will be able to transfer their Save Our Homes benefit (up to \$500,000) to a new homestead within two years of giving up their previous homestead. If the just value of the new homestead is more than the previous home's just value, the entire differential can be transferred; if the new homestead has a lower just value, the amount of the accumulated benefit that may be transferred is proportional to the value of the new homestead. (For those who gave up their homestead in 2007 before the amendment was passed, the differential may be transferred if they apply for a new homestead January 1, 2008 or January 1, 2009.) This provision applies to all taxes, including school taxes.
- **Double Homestead Exemption** -An additional \$25,000 homestead exemption is provided for the value of homestead property above \$50,000. This exemption does not apply to school taxes.
- **Tangible Personal Property Exemption** - A \$25,000 exemption is provided for each tangible personal property return. This provision applies to all taxes.
- **Assessment Cap for Non-Homestead Property** - Non-homestead property will have a 10% assessment cap (similar to Save Our Homes) but the cap will apply only to non-school levies. The 10% cap will sunset after 10 years, when it will be presented to the voters for re-approval. Most residential property will be reassessed at just value when it is sold; commercial property and residential properties with 10 or more units will be reassessed after a significant improvement or a sale. This provision will not take effect until the 2009 tax roll, or 2010 if the amendment is approved in November. This provision does not apply to school taxes.
- **Fiscally Constrained Counties** - The bill requires an annual appropriation to fiscally constrained counties to make up for revenue reductions resulting from the adoption of the constitutional amendment by the voters.