

SPECIAL EDITION

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PROPERTY TAX CUT GETS OK TO GO TO VOTERS



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We are pleased to provide you with our online informational newsletter which we believe you will find of interest.

Proposed Amendment Highlights

The following provides an overview of the proposed property tax relief passed on Monday, October 29th by the Florida Legislature.

- Additional \$25,000 homestead exemption (does not apply to public-school property taxes).
- Homestead property owners can transfer Save Our Homes tax cap benefit up to \$500,000 to a new homestead.
- \$25,000 exemption for personal property such as business computers and furniture.
- Cap annual assessment increases for businesses and second homes at 10 percent. The 10 percent cap ends after 10 years, when it will be presented to the voters for reapproval. Commercial and residential properties with 10 or more units will be reassessed after a significant improvement or a sale (does not apply to public-school property taxes).

Tax cut gets ok to go to voters (The Daytona Beach News Journal – October 30, 2007)

House members reluctantly sign

Tallahassee – When it came to property-tax relief, the Florida Senate gave the House of Representatives an all-or-nothing choice Monday.

A reluctant House went along.

On the final day of a special legislative session, lawmakers passed a pared-back property tax plan that would boost the state's homestead exemption, give some breaks to businesses, and let homeowners transfer tax savings when they move.

But the plan, which now will go to voters January 29, 2008, drew criticism in the House for not providing more relief to businesses, first-time home buyers, and low-income seniors.

Senate leaders released the plan Sunday after weeks of negotiations and refused to budge. That angered House members, but most ended up supporting it. The House vote was 97-18 for the amendment and 112-3 to put it on the ballot.

“This is very mediocre,” said Rep. Garrett Richter, R-Naples. “But it is better than nothing.”

But Gov. Charlie Crist, surrounded by Senate leaders at a news conference Monday night, hailed the plan, saying the “people have won.”

“What happened today was historic and extremely important to our people,” Crist said.

The plan is estimated to save taxpayers \$12.4 billion over five years. Senators said they think voters will support ideas such as increasing the \$25,000 homestead exemption and allowing homeowners to keep benefits from the 3 percent Save Our Homes assessment cap when they move – an idea known as “portability.”

“People said, ‘I understand doubling the homestead exemption, I like it. I want portability,’ ” said Sen. Jim King, a Jacksonville Republican whose district includes parts of Volusia and Flagler counties. “I think this is a simple bill. I don’t think anyone is going to have any confusion.”

Lawmakers passed the plan on the eve of a deadline to put the measure on the January 29th ballot. The Senate vote was 35-4 for the plan and 37-2 to place it on the ballot. Voters must ultimately approve the plan, because it involves changing the state constitution.

The plan is similar to a proposal that Crist used to double the \$25,000 homestead exemption and to provide portability.

Under the proposed constitutional amendment, most homeowners would receive an additional \$25,000 exemption. But the additional exemption wouldn’t apply to public school taxes, which means the value will be closer to \$15,000.

On average, the additional exemption would save homeowners about \$240 a year, said Rep. Dean Cannon, a Winter Park Republican who was the House’s lead negotiator.

Both the House and Senate long supported the idea of portability, which lawmakers hope will help jump-start the troubled housing market by making it easier for Floridians to move.

But some House Democrats questioned the Senate plan because of the possibility it could cause huge cuts in the school’s tax base – an estimated \$2.4 billion over five years – after earlier versions would have shielded education from cuts. If schools had been exempted, relocating homeowners would have only gotten partial benefits.

Most Senate Democrats, however, backed the measure, saying a rejuvenated housing market would lead to increased money from sales taxes and real-estate transactions for schools.

“If I thought this bill had the impact on education that this (fiscal analysis) is showing, I wouldn’t be able to vote for the bill,” said Senate Minority Leader Steve Geller, D-Cooper City. “I simply don’t believe it.”

The Senate plan also eliminated earlier proposals that would have given larger tax exemptions to first-time home buyers and to low-income seniors. Both proposals would have been costly, and polls showed relatively little voter support for giving a tax break to first-time home buyers.

But perhaps the Senate’s most controversial decision would cap annual assessment increases on businesses, second homes, and other nonhomesteaded properties at 10 percent a year. The cap also would exclude school taxes.

The House had pushed a 5 percent assessment cap, which would be closer to the Save Our Homes limit for homesteaded properties. Senate leaders said a 10 percent cap would impact local-government taxes by about 30 percent less than the House proposal.

But some lawmakers and business officials said the new plan would not do enough to help nonhomesteaded properties that, in many cases, have seen large tax increases in recent years.

“I do want to stress the fact that 10 percent for business is really not enough to get them started and excited,” said Sen. Evelyn Lynn, R-Ormond Beach. “I know it’s a good step, so certainly I want to support it.”

Allen Douglas, a lobbyist for the National Federation of Independent Business, sent a letter to House Speaker Marco Rubio criticizing the measure before it went to the House floor.

“We believe the 10 percent cap provides little to no relief for small businesses struggling to keep up with taxes and insurance,” Douglas wrote.

- Information from the Associated Press was used in this report.