

**PROPERTY TAX REFORM
SJR 2D & SB 4D
BALLOT AMENDMENT JANUARY 29, 2008**

The Board of Directors of the Jupiter-Tequesta-Hobe Sound Association of Realtors supports the Property Tax Reform Plan to be voted upon by the citizens of Florida on January 29, 2008. The following summary highlights the details of the Amendment. We encourage every member to educate themselves fully on the details of this reform plan, and to further educate clients and peers.

Realtors® acknowledge that this amendment does not go far enough in granting relief to Florida property owners. We see this as one step towards reform. We are committed to continuing the fight for first time home buyers, ensuring greater relief for commercial and non-homestead property owners and numerous other reforms. We pledge to continue the fight for even more meaningful property tax reform for the people of Florida and we will carry that message to the 2008 legislature.

The five components of the Property Tax Reform Plan are:

- 1 –Allows “portability” of accumulated Save Our Homes benefits from one homestead to another;
- 2 – Provides an additional \$25,000 homestead exemption;
- 3 – Creates a 10% cap on annual assessments increased valuations for business and non-homesteaded properties.
- 4 – Creates a new Tangible Personal Property Tax Exemption of \$25,000 for business properties, and
- 5 – Requires that the legislature provide relief to fiscally constrained counties revenue streams as to any negative effects of the above relief/reform amendment components.

1. ***Eliminates the “lock-in effect” of Save Our Homes (SOH)*** by allowing statewide portability ***for up to two years*** after selling/leaving the homesteaded property. This provision is retroactive to any homestead sold in 2007 if they establish a new homestead by January 1, 2009. This transferred SOH benefit ***will*** apply to school tax levies. This allows homestead owners with an accumulated SOH benefit to transfer up to \$500,000 to a new homestead if they “upsize” to one with equal or greater just value. If downsizing to a lower just value, the benefit changes to a percent. As an example, if the original SOH benefit were 25% of the former home; then the benefit to the downsized home would be 25%.

See chart on next page for example.

There are implementing rules that apply. If two or more people own multiple homesteads and move into one, they can only transfer the benefit of one of the former homesteads. Likewise, if two or more own a home and are moving out into more than one home, this necessitates a division of the value of their benefit. The transferred combined benefit is capped at the \$500,000 level.

2. ***Expansion of the Homestead Exemption worth up to \$50,000.*** This provision would become active in 2008. This provides savings for every homestead owner by creating a new, additional \$25,000 homestead exemption on a separate tier (3rd tier of \$25,000 - between \$50,000 and \$75,000 value of home) excluding school taxes.

3. ***Creation of a 10 percent annual assessment cap for non-homestead and business properties.*** (i.e. business properties, apartments and second homes). This assessment cap would expire in 10 years and would

need voters' reauthorization. **The base year for this cap would be 2008, thus shielding would begin with properties from taxation in 2009.** This would benefit anyone with business and/or residential properties such as vacation homes, second homes, and investment properties in the state. This segment of the community provides affordable rental housing that may not otherwise exist. While we recognize this measure does not bring enough relief to the businesses and investment owners contributing to local and state economies, this measure will provide some immediate relief.

There are certain limitations for non-homesteaded properties at transfer of ownership regarding the valuation of property. These limitations generally refer to multi-unit properties.

4. Creation of new Tangible Personal Property (TPP) Exemption on \$25,000 on taxable value of business assets. For the average business, the statewide average of 17 mills would save each business \$450 in commercial tax on office furnishings, improvements, and equipment. Other savings would include the human resources devoted to tracking and filing these detailed returns, reducing administrative burden on small to medium size businesses. This provision does apply to school taxes, thus affecting funds for education coming from the state level back to local districts. It is estimated that 77% of Florida's 1.3 million businesses would be exempt from filing this TPP form.

5. Requires the Legislature to appropriate money in FY2008-09 to fiscally constrained counties that lose revenue as a result of passage of this constitutional amendment. Each county in this category would be reimbursed in proportion to its share of the overall statewide revenue reduction. The definition of "fiscally constrained county" is already defined in statute, which is also used for distribution of sales tax monies. (These are low levied mills for ad valorem or rural area of critical concern as defined by the Governor.)

The Florida State Constitution mandates a Tax and Budget Reform Commission be formed every 20 years. This commission has the authority to place constitutional amendments on the ballot. The Florida Association of Realtors is working with state legislators as well as the 2007 Tax and Budget Reform Commission to seek further relief for Florida's property taxpayers. Nancy Riley, the 2007 FAR President, is a member of the 2007 Tax and Budget Reform Commission.

Example: Current homeowner with homesteaded property with provision that 1/29 amendment passes

Mary's current status:	Just Value	- Assessed	- Avail to Port	- Homestead	- Taxable Value	- Millage	-----	Est. Tax '08	-----
	Value		exemption	with passage	rate***		If passed	not passed	
1. Owned home for 12+ years -	\$500,000	- \$200,000	- \$300,000	\$25,000	\$175,000	20	\$3,500	\$3,500	
2. Buys up in price same county-	\$700,000	- \$700,000-	\$(300,000)	\$50,000	\$350,000	20	\$7,000	\$14,000	
3. Buys down in same county -	\$300,000	- \$300,000 -	\$(180,000)	\$50,000	\$ 70,000	20	\$1,400	\$ 5,500	
4. Buys down in NEW county -	\$300,000	\$300,000	\$(180,000)	\$50,000	\$ 70,000	15	\$1,050	\$4,125	

Est Tax if not passed would be Assessed value less current homestead exemption at mills per thousand in value...

Portability would be retroactive to 1/1/07; thus anyone buying in 2007 would be able to "port" their savings for next year - as tax values are based on ownership as of 1/1/ each year. This year's tax bill would not be changed; since they've already been calculated prior to October 31. The savings would apply to 2008 tax bills.

*** Individual would need to review TRIM notice to adjust these estimated millage rates to actual per notice with presumption that is only for current owner at 12/31/07 and does not consider any valuation increase/decrease in assessment for future year(s) - all entities (county plus incorporated municipal/town) maxed at 10 mills each; not including special taxing districts.