



THE COMMERCE GROUP

2007 B

Special Session

Summary

Pamela Burch Fort, President

Finance and Tax

HB 1B, Property Tax Reduction and Reform

- Reduces county, city, and special district property taxes in fiscal year 2007-2008.
- Limits growth in these taxes in future years to the growth in Florida's economy.
- Implements the provisions of SJR 4-B, if approved in a special election held on January 29, 2008.
- Requires property tax reductions in fiscal year 2007-2008 for all but a small number of counties and municipalities whose property tax growth over the past five years has been very slow or who face particular financial constraints.
- Specifies that all others must reduce by three, five, seven, or nine percent, depending on their past five years' per capita tax increases compared to statewide averages.
- States that all independent districts, fiscally challenged counties and municipalities, and municipal services taxing units and dependent special districts whose primary function is to provide medical emergency and fire rescue services are in the 3 percent tier for reductions.
- Clarifies that these mandatory reductions are expected to lower property tax revenue by \$2.2 billion.
- Limits in future years, growth in county, municipality, and independent special district property tax revenue.
- States that the maximum allowed tax levy in any year is the rolled-back rate plus per capita Florida personal income, unless a higher rate is approved by an extraordinary vote of the governing body or a referendum.
- States that in every year, the maximum that a county or municipality may levy in aggregate is the sum of the maximum levies by each jurisdiction within it, which means that a given jurisdiction could exceed its maximum if it is offset by another jurisdiction levying less than its maximum.
- Allows revenue to be shifted among various uses, so that funding for more important functions can be preserved, although at the expense of funding for lower priority functions.
- States that in fiscal year 2008-2009, if SJR 4-B is approved by the voters, there will be larger cuts for homestead property because of the reformed homestead exemption.

- Includes new statutory language pertaining to the homestead exemption and the Save Our Homes limitation, which will be needed to reflect any approved constitutional changes.
- Expects that 75 percent of homesteads will benefit from the larger exemption, if approved.
- Specifies that all homesteads existing on January 1, 2008 will have the option of remaining under the Save Our Homes assessment limitation and the current homestead exemption or switching to the new homestead exemption.
- States that once the new homestead exemption has been chosen, the property owner may not revert to the Save Our Homes limitation.
- Clarifies that all new homesteads will receive the new homestead exemption and will not be covered by the Save Our Homes limitation.
- Explains that the new homestead exemption is 75 percent of the first \$200,000 of a home's value, plus 15 percent of the value between \$200,000 and \$500,000. T
- States that the \$500,000 limit will be adjusted every year by the change in per capita Florida income.
- Clarifies that the minimum exemption is \$50,000, but for low-income seniors it is \$100,000.
- Provides for adjusting the calculation of the rollback rate in fiscal year 2008-2009, if the amendment is adopted, to prevent shifting the tax burden onto non-homestead property through millage rate increases.
- Implements other provisions of SJR 4-B.
- Provides a \$25,000 exemption for tangible personal property and waives the requirement that annual returns be filed for tangible personal property valued no more than \$25,000.
- Provides for assessing property used to provide affordable housing based on its actual rents.
- Effective Date: Upon becoming law.

SJR 4B, Property Tax Reform

- Provides property tax relief to Florida taxpayers.
- Increases the homestead exemption to 75 percent of the first \$200,000 in just value, plus 15 percent of the next \$300,000 in just value; adjusts the upper limit by growth in per

capita Florida personal income and allows it to be increased by a 2/3 vote of the Legislature; provides a minimum exemption of \$50,000, which is increased to \$100,000 for low-income seniors.

- Provides that all homesteads established after the effective date of the amendment will be eligible for the higher homestead exemption but will not be subject to the Save Our Homes limitation.
- Continues the existing Save Our Homes assessment limitation for any person entitled to a homestead exemption as of January 1, 2008, for that person's current homestead, and allows any existing homestead property owner as of that date to convert to the higher homestead exemption without the Save Our Homes assessment cap in any year after the amendment is adopted.
- Allows a statutory exemption from ad valorem taxes for tangible personal property no less than a value of \$25,000.
- Allows affordable housing subject to rent restrictions imposed by a governmental agency to be assessed as provided by general law.
- Allows working waterfronts to be assessed as provided by general law.
- Requires the Legislature to limit the authority of local governments, with the exception of school districts, to increase property taxes.
- SJR 4-B takes effect if approved by the voters, and will operate retroactively to January 1, 2008.
- Effective Date: January 29, 2008

HB 5B, Special Election

- Provides that, pursuant to section 5, Article XI, State Constitution, a special election will be held on January 29, 2008, concurrently with Florida's presidential preference primary.
- Specifies that in the special election, the electors of this state will vote on an amendment to the State Constitution.
- States that the amendment is to be proposed by joint resolution.
- Explains that the resolution is to relate to tangible personal property tax exemptions, assessment of rent-restricted affordable housing and commercial and public-access waterfront property.

- Increases homestead exemptions with a grandfather provision available for homesteads currently under Save Our Homes.
- Limits local government authority to increase ad valorem taxes.
- Appropriates \$60,000 in nonrecurring funds from the General Revenue Fund to the Department of State for fiscal year 2007-2008 for the purpose of advertising the constitutional amendments being submitted to the electors of Florida at the special election called by this act.
- Effective Date: Upon becoming a law if enacted by a vote of at least three-fourths of the membership of each house of the Legislature and if HJR 3-B or SJR 4-B, 2007-B Special Session, is adopted by both houses of the Legislature.