

## FINAL SPECIAL SESSION PROPERTY TAX ACTION

Issue	Action	Comments
<p><b><i>Statutory Millage Rate Rollback</i></b></p>	<p>Millage rollbacks will be required of cities, counties and special districts for FY 2007-08 taxes (November 2008 tax bills). Rollbacks will not be required for school taxes.</p> <p>Rollback required will be to 2006-07 revenue levels, plus an additional cut based upon a local government's 5-year history of property taxes on a per capita basis compared to statewide average taxes on a per capita basis. Statewide average will be calculated separately for cities and counties. Cities and counties will be required to rollback 0% to 9% (0, 3, 5 or 9%).</p> <p>Special districts will be required to rollback and cut 3%.</p> <p>Local governments can override the rollback by extraordinary vote. Vote required is:</p> <ul style="list-style-type: none"> <li>(a) 2/3 to exceed reduced level + tax on new construction up to 2007-08 revenues;</li> <li>(b) unanimous to exceed 2007-08 "rolled back rate" and go up to 2006-07 actual millage rate;</li> <li>(c) voter referendum to exceed the 2006-07 actual millage rates.</li> </ul>	<p>Provides potential for across-the-board tax relief in estimated amount of \$15.6 billion over 5 years.</p> <p>Does not apply to school taxes (approximately 40% of the property tax bill).</p> <p>Requires greater reductions from those cities and counties who increased taxes the most on per capita basis between FY 2001-02 and 2006-06.</p> <p>Not applicable to debt service millage, so tends to favor local governments that relied upon bonding over those who paid cash.</p> <p>Municipal service taxing units and dependent districts, the predominant purpose of which is emergency medical or fire rescue services, are treated like independent special districts.</p> <p>Cities and counties of "special financial concern" receive preferential treatment.</p> <p>Revenues used to fund public hospitals in counties that levy hospital surtax receive preferential treatment.</p>

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<p><i>Statutory Caps on Millage</i></p>	<p>Future millage increases after FY 2007-08 for cities, counties and special districts will be limited to the “rolled-back rate,” (rate that produces same taxes as prior year, exclusive of taxes from new construction) plus growth in personal income.</p> <p>Local governments can override the cap by extraordinary vote. (a) 2/3 vote of board for up to 10% increase over rolled back rate; (b) unanimous vote of board for increase in excess of 10%, unless board exceeds 9 members, in which case required vote is 3/4.</p>	<p>School taxes will not be capped.</p> <p>Fees, assessments and other revenue sources are not capped.</p>
<p><i>Increased Millage Rates to Offset Constitutional Tax Base Reductions</i></p>	<p>If the constitutional amendment passes, cities, counties and special districts in FY 2008-09 can override caps in order to make up the loss in tax base from the homestead exemption and other exemptions/reductions.</p> <p>Local governments can override the cap by extraordinary vote. (a) by a 2/3 vote, the rate can be increased to restore 67% of the difference between the rate that would apply absent the base reduction and the true rolled-back rate; and (b) by a unanimous vote, or 3/4 vote for board with 9 members or more, any rate can be imposed.</p>	<p>Substantial tax base reductions—particularly from the new super homestead exemption—will put pressure on local governments to utilize these override mechanisms to raise millage rates to make up for taxes lost to base reductions.</p>

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<i>Constitutional Relief</i>	Place on ballot for January 29, 2008 presidential preference primary election.	If approved by the voters in January 2008, the constitutional relief would be applicable retroactively to January 1, 2008. Constitutional changes must be approved by at least 60% of the voters, and some have suggested that elimination of SOH triggers 66% vote.
<i>Super Homestead Exemption</i>	Homeowners can opt out of current Save Our Homes cap and \$25,000 homestead exemption and opt into a new, 2-tiered "super homestead exemption." Tier 1 will exempt 75% of first \$200,000, with a minimum exemption of \$50,000. Tier 2 will exempt 15% of next \$300,000. Opt-out of Save Our Homes is irrevocable. 1st-time homebuyers and those who move will not have option for SOH cap.	Applies to all tax bases including schools, but legislature stated intent to hold schools harmless from cuts. However, public promises by House leadership not to increase required local efforts rates suggests the Legislature will need to look elsewhere for the up to \$1.5 to \$2 billion per year in school property tax reductions anticipated as a result of reductions to the base.  Unknown. No revenue impact analysis done on amendment giving homeowners option.
<i>Future Homestead Increases</i>	Constitutional amendment annually increases \$500,000 maximum value against which 15% exemption is applied by growth in personal income. Also authorizes Legislature, by 2/3 vote, to increase the homestead exemption.	Super homestead exemption is repealed if constitution amended to provide for assessing homestead property at less than just value.
<i>Minimum Homestead Exemptions</i>	Constitutional amendment guarantees a minimum homestead exemption of \$50,000, (\$100,000 to low income seniors).	Low income seniors exemption applies to those 65 and older whose household income is \$20,000 or less.

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<b><i>Non-Homestead Residential Property Exemption</i></b>	No specific relief. Rate rollbacks, caps and special assessment rules for specified affordable housing properties subject to government-imposed rent restrictions.	Non-homestead residential property constitutes 1/3 of value of all properties.
<b><i>Commercial Property Exemption</i></b>	No specific relief. Rate rollback, caps, and potential for working waterfront relief.	This category of property constitutes 1/3 of value of all properties.
<b><i>Tangible Personal Property Exemption</i></b>	\$25,000 exemption per return, with limits on the number of returns that can be filed within a county. One return per business location is authorized with freestanding property at multiple sites included on single return per county.	77% of all current tangible personal property accounts are less than \$25,000.  Constitutional language mandates <i>minimum</i> exemption of \$25,000; implementing legislation provides for \$25,000  \$854 million 5 year fiscal impact.
<b><i>Working Waterfronts</i></b>	Proposed constitutional amendment to authorize legislature to enact a future statute providing that “land that is used exclusively for commercial fishing purposes or that is open to the public and used predominantly for commercial ‘water-dependent’ activities or for public access to waters that are navigable may be assessed as provided by general law, subject to conditions and limitations specified therein.”	Definition of “water-dependent activity” is provided and limits to “activity that can be conducted only on, in, over, or adjacent to waters that are navigable and that requires direct access to water and involves the use of water as an integral part of such activity.”  \$312 million 5 year fiscal impact.

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<i>Affordable Housing</i>	Proposed constitutional amendment to authorize special rules for assessing affordable housing that is subject to rent restrictions imposed by a governmental agency. Implementing legislation specifies properties entitled to special treatment.	\$328 million 5 year fiscal impact.
<i>Valuation—Highest and Best Use</i>	None. Suggestion was to await regular session.	Provisions approved by House during Regular Session would have addressed issue where problem is not with existing law re highest and best use but with differing interpretations of existing law by clarifying statute to comport with court rulings that state that an assessment based upon highest and best use must consider only legally permissible uses that account for existing zoning and permitting of property.
<i>Valuation—Deed Restrictions</i>	None. Suggestion was to await regular session.	Provisions approved by House during Regular Session would have allowed for voluntary deed restrictions on a property as one approach to dealing with problems associated with extraordinary assessments resulting from using a property for something other than its highest and best use.

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<i>Valuation—Condition of Property</i>	None. Suggestion was to await regular session.	Provisions approved by House during Regular Session would have inserted into statutes requirement to consider obsolescence when valuing property.
<i>Assessment Appeals Process—Presumption of Correctness and Burden of Proof</i>	None. Suggestion was to await regular session.	Provisions approved by House during regular session would have allowed property appraiser to retain presumption of correctness, but would have lowered taxpayer’s burden of proof to “preponderance of the evidence” which is standard in most civil cases.
<i>Attorneys Fees and Interest in Assessment Challenges</i>	None. Suggestion was to await regular session.	Provisions approved by House during regular session would have provided for interest at 12% on overpayments of tax (comparable to 12% interest on underpayments) and would have awarded attorneys fees to taxpayer who showed was over-assessed by more than 10%.

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<p><b><i>Value Adjustment Board Processes</i></b>—Independence of Board and Special Magistrates, Uniformity of Rules, Exchange of Evidence</p>	<p>None. Suggestion is to await regular session.</p>	<p>Provisions approved by House during regular session would have reconstituted VAB to render independent, and would have provided clear rules re exchange of evidence in assessment challenges.</p>

*Compiled by Vicki Weber, Hopping Green & Sams P.A., 6-14-07*

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