



## **Florida House Passes Bipartisan Property Tax Relief Plan 108-2**

An Overview of the House's Revised Bipartisan Property Tax Plan  
Property tax clock may work against House's 'better mousetrap' - AP News Story 10/23

## **Another Step In The Right Direction But Still More Work To Do...**

As you know, our work continues in Tallahassee.

I am pleased to report that last evening the Florida House of Representatives passed a revised comprehensive property tax relief plan by an overwhelming bipartisan vote of 108-2.

This plan incorporates good ideas from both sides of the aisle that address many of the concerns that were raised about the original proposal such as impacts to education funding and disproportionate impacts to small rural counties. Republicans and Democrats in the Florida House joined together to: preserve Save Our Homes; provide additional homestead exemption relief to those who need it most; allow for the "portability" of accumulated Save Our Homes benefits; and add vital protections to commercial and non-homesteaded property that are fully exposed to substantial assessment increases.

The result of the entire proposal would be an \$11 billion total savings to taxpayers over the next four years.

While this plan does not provide as much relief as I would like - and have voted for previously - such as rolling back taxes to 2000-2001; it is yet another attempt at a positive step forward to provide the

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relief that Floridians need and deserve. Our current property tax system is unsustainable and has been having an adverse impact on our local and state economy. Without these reforms, our property tax system will continue to drag our economy into the slow lane. We simply can't allow this to happen.

The current political climate in Tallahassee dictates that only certain elements of relief are - as Governor Crist says - "doable" during this special session. While I don't like this fact any more than you do, it is a reality that we must find a consensus among Democrats and Republicans in the House and Senate in order to place a ballot measure before the voters on January 29th.

I know how critical this issue is to the people of Florida and to the future of our state's economy and that is why I have been fighting hard every single day to deliver on the meaningful relief that we all need. This effort is not - and can not be - the end, but only another step of many that are needed to make Florida affordable again.

In order to make a difference, I need your help. Your voice must be heard by those forces who continue to oppose property tax relief.

I have included an overview of the bipartisan plan that passed the House 108-2; as well as an article from today that sheds some insight on this critical issue.

All my best,

A handwritten signature in blue ink that reads "Adam".

### An Overview of the House's Revised Bipartisan Property Tax Plan

The House property tax plan will: **preserve Save Our Homes**, provide **additional homestead exemption relief** to those who need tax relief the most

such as recent homebuyers, allow for the **"portability"** of accumulated Save Our Homes benefits; add vital **protections to business and non-homesteaded properties** that are currently unshielded from unexpected and substantial assessment increases.

**The result of these provisions is a total tax reduction over the next four years of \$11 billion.**

The refined property tax plan includes three key additions: portability of accumulated Save Our Homes (SOH) benefits, a guaranteed SOH benefit for all homestead properties, and a 5% assessment cap for all business, commercial and non-homestead property.

## **PORTABILITY**

First, the plan eliminates the "lock-in effect" of Save Our Homes by allowing portability of accumulated Save Our Homes (SOH) benefits.

- Homeowners can transfer their SOH benefit to a new homestead anywhere in Florida within 2 years of leaving their former homestead. Portability is not limited within a county or any other jurisdiction.
- If "upsizing" to a home of equal or greater just value, the homestead owner can transfer 100 percent of the SOH benefit to the new homestead, up to a \$1 million transferred benefit.
- If "downsizing" to a home with a lower just value, the homestead owner can transfer a SOH benefit that protects the same percentage of value as it did the former homestead, up to a \$1 million benefit.
- The provision is retroactive to 2007, so those who sold and established a new homestead in 2007 will be eligible to transfer their benefit from the former homestead.

## **ENHANCED HOMESTEAD EXEMPTION RELIEF**

Second, the plan accelerates "Save Our Homes" savings to those who need it by providing a "Guaranteed Save Our Homes" Benefit - an enhanced homestead

exemption - so all homestead owners can enjoy meaningful SOH savings without having to wait years to accrue them. In fact, 54 percent of homestead properties will immediately save more money by opting for the Guaranteed SOH Benefit. Under this plan, Save Our Homes protections and preferences are preserved - no homeowner will ever lose their Save Our Homes.

- The guaranteed exemption is equal to 40 percent (or 100 percent for low-income seniors) of the county's median just value for homesteads. (In Palm Beach and Broward County that equates to \$101,000). This benefit targets greater relief for those homestead owners who currently have the least tax protection - such as new homebuyers that are paying two to three times their neighbors for the same value home.
- By basing the benefit on median county home values, the Guaranteed Save Our Homes Benefit is tailored to minimize the impact on rural counties with low property values. A one size fits all approach in our diverse state is not the best approach.
- A homeowner will continue to accumulate the Save Our Homes Benefit. Once the accumulated benefit is greater than the Guaranteed Save Our Homes Benefit, the homeowner will receive the accumulated Save Our Homes Benefit.
- The guaranteed SOH protection does not apply to school tax levies in order to protect funding for Florida's education system.

## **FAIRNESS AND PREDICTABILITY FOR ALL PROPERTY OWNERS**

Third, the plan creates a new 5 percent assessment cap for all business, commercial and non-homestead properties. For the first time, all property owners in Florida will have guaranteed protections against unexpected and substantial assessment hikes similar to those that homesteaders have with Save Our Homes. This will help to reign in out of control government spending that has created many of the problems we are experiencing today while providing the fairness and predictability in taxation that is desperately needed.

- Business and Commercial Properties benefiting from the proposed 5 percent assessment cap include small businesses, apartment buildings,

second homes, and rental housing. The assessment cap ensures that many taxpayers who are currently overburdened receive protections including predictability into the future. Many of these taxpayers have experienced 50, 100 and 200% property tax increases in recent years which have simply been unsustainable.

- Non Homesteaded Residential properties will be reassessed at change of ownership (just as homesteaded properties are), while business properties will be reassessed when the property undergoes a substantial modification or change of use.

### **ADDITIONAL MEASURES**

In addition to the above, the House property tax plan includes:

- A Tangible Personal Property exemption of \$25,000 for businesses. Approximately 1 million of Florida's 1.3 million businesses will receive a total exemption from the tangible personal property tax in addition to the alleviation of the requirement of filing cumbersome returns.
- Tax protection for properties used for affordable housing. Property appraisers will be directed to assess properties based on actual net income rather than the fair market value of the property, thereby lowering the tax bills to make home ownership more affordable. Property owners will then be able to pass those savings on to tenants.
- Tax protection for Florida's working waterfronts. The property tax plan creates more flexibility for the Legislature to limit assessments for working waterfront properties.

### **PROJECTED PROPERTY TAX SAVINGS OVER 4 YEARS - \$ 11 BILLION**

**Property tax clock may work against House's 'better mousetrap' - AP News Story 10/23**

**Property tax clock may work against House's 'better mousetrap'**

By: BILL KACZOR

Associated Press Writer

TALLAHASSEE, Fla. (AP) — House members think they have built a "better mousetrap," but time may be on the Senate's side in a showdown over property tax relief.

Lawmakers must settle their differences by Monday, or it will be too late to put a proposed state constitutional amendment on the Jan. 29 presidential primary ballot.

That looming deadline may overshadow the House's rare bipartisan unity, passing its tax-cutting plan 108-2 late Monday as lawmakers met in their fourth special session of the year.

The Senate split 26-11 largely on party lines on its version last week. All but two Republicans voted for the Senate plan while all except two Democrats opposed it.

"Our mousetrap, so to speak, is better than the one across the hall," said House Democratic Leader Dan Gelber, of Miami Beach. "I think it's a lot closer to something the citizens of this state will embrace."

Whether they get a chance to embrace either plan — or a compromise — in January could hinge on behind-the-scenes talks among House and Senate leaders over the next day or two.

The House is set to resume formal action Thursday. Senate President Ken Pruitt, R-Port St. Lucie, has advised his members there may be no need to return if an agreement cannot be reached.

Senators thought they had a deal with House leaders and Gov. Charlie Crist when they went into special session Oct. 12. That plan is essentially what the Senate passed last week, but the House made changes — "improvements" representatives say — that could sink everything.

The ever-optimistic Crist, though, remained hopeful of a resolution.

"I think they're 95 percent of the way there," Crist said Tuesday. "I am really encouraged."

The House plan is expected to save taxpayers about \$11 billion in the first four years compared to nearly \$10 billion for the Senate plan, but the differences lie mainly in the details.

Foremost is a House provision — not in the Senate version — that would give businesses, snowbirds and landlords protection against rapid rises in property

values. It's similar to the existing Save Our Homes Amendment that shields primary homes, or homesteads, from such increases.

Save Our Homes caps annual assessment increases at 3 percent. The House plan has a 5 percent cap for non-homestead properties, helping it win support from business interests including the Florida Chamber of Commerce and Florida Retail Federation.

House Democrats don't like that provision even though they voted for the overall proposal. They moved to increase the cap to 7 percent or exclude school taxes but lost on voice votes.

Gelber said he was worried any amendment the Legislature proposes will fail if it is opposed by teachers, firefighters and others. Sixty percent voter approval is required to put an amendment in the constitution.

House sponsors, though, say their bill would cut school taxes by less than \$1 billion over the first four years compared to about \$2 billion for the Senate amendment.

That may not be enough, though, to staunch campaigns against the proposal after legislative leaders earlier had promised education would be "held harmless" from tax cuts.

"It may be more harmless, but we still are being harmed," said Mark Pudlow, spokesman for the Florida Education Association. He added the statewide teachers union, though, has not yet taken a formal position.

"We expect to be held harmless," said Wayne Blanton, executive director of the Florida School Boards Association.

Another key difference is tax relief for homesteads. Primary homeowners now get a \$25,000 exemption plus Save Our Homes benefits.

The Senate plan would allow an additional \$25,000 exemption - except for school taxes - for homes valued at more than \$50,000. The average first-year saving is expected to be about \$240.

The House proposal, instead, would give homesteads an exemption equal to 40 percent of the median home value in each county. It also would not apply to school taxes.

Many longtime homeowners already in effect have an exemption exceeding 40 percent due to Save Our Homes. They would keep that benefit but gain nothing

from the 40 percent provision.

Linking the exemption to median value is an idea that originated with the House Democrats and helped win their support for the plan. It is designed to limit tax cuts in small, rural counties already in a financial pinch due to low property values.

Savings, though, could vary greatly from county to county, ranging from \$82 in Liberty to \$588 in Broward.

The chambers also have different proposals for low- income seniors.

The Senate plan would give those 65 and older with household incomes of \$23,604 or less a \$100,000 exemption. The House version would exempt 100 percent of the median value in each county.

In an issue closely watched by local officials, the House agreed to remove a provision that would require the Legislature to set local property tax caps, but it's still in the Senate proposal.

Florida League of Cities legislative director Rebecca O'Hara said she is encouraged by the House action but that her organization is still trying to analyze the affects of both plans.

Political advertisement paid for and approved by Adam Hasner, Republican for State Representative - District 87.

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