

Proposed Constitutional Changes

First-time Homebuyers Homestead Plus

- This proposal gives first-time homebuyers an additional \$25,000 homestead exemption that decreases as their SOH differential increases.
- Another way of thinking of this proposal is as a guaranteed \$25,000 minimum SOH differential for first-time homebuyers.

Tangible Personal Property Exemption

- The property tax reform plan includes a \$25,000 exemption for tangible personal property.
- Every business that owns taxable property will get some benefit from this exemption, and the majority of these businesses will be totally exempt from the tax.
- One million Florida businesses with property worth less than \$25,000 will not have to file a return every year after this amendment takes effect.
- For businesses that are not totally exempted by the amendment, the tax benefit will equal approximately \$400 yearly, at 16 mills.

Portability

- The portability proposal allows a homestead property owner to transfer up to \$500,000 on SOH differential to a newly-established homestead. The assessed value of the new homestead will grow by 10 percent a year until it equals the just value of the new homestead at the time it was established, grown by the SOH growth rate for the same period. After that it is grown by the SOH growth rate.
- If a homesteader downsizes he or she may not get to transfer the entire differential, because the assessed value of the new homestead cannot be less than that of the old homestead.

Examples:

- A homeowner with a \$50,000 SOH differential who buys a new home with just value of \$300,000 will get “portability benefits” for 3 years. Total tax savings over that period, at 16 mills, equal approximately \$1,500.
- A homeowner with a \$200,000 SOH differential who buys a new home with just value of \$500,000 will get “portability benefits” for 8 years. Total tax savings over that period, at 16 mills, equal approximately \$15,000.
- A homeowner with a \$500,000 SOH differential who buys a new home with a just value of \$750,000 will get “portability benefits” for 16 years. Total tax savings over that period, at 16 mills, equal approximately \$89,000.

Property Tax Roll-Back and Cap on Property Tax Increases

- The Senate plan rolls back city and county property tax revenues to their 2005-06 levels.
- Based on FY 2005-06 revenues, allowable property tax revenues in FY 07-08 are determined by the combined impact of population growth (new construction in each city and county) and growth in per capita personal income.
- The result is the maximum property tax levy for FY 07-08. However, if the maximum revenues for FY 07-08 are below the actual levy for FY 06-07, the FY 06-07 revenues become the maximum.
- FY 2008-09 revenues are frozen at the FY 07-08 amount, except for population growth determined by new construction. However, if the maximum revenue calculation is more than 15% below what the city or county would receive based on the millage rates from FY 06-07 applied to the FY 08-09 tax base, maximum revenues are set to 85% of what would be received based on FY 06-07 rates.
- Starting in 2009-10, increases in the maximum city and county property tax revenues are limited to growth in population and per-capita income. The limit may be exceeded by a two-thirds vote of the governing body or if approved by referendum of the voters, and the amount so approved becomes the new maximum for purposes of the following fiscal year.

AFFORDABLE HOUSING -PROPERTY TAX RELIEF

- **Protects affordable housing projects from rising property values.**
 - **The property appraiser must use the rental-income approach when determining just value.**
 - **Use of property must be restricted to affordable housing for 20 years.**
- **This requirement protects those affordable housing projects that serve our elderly, and those with extremely-low and very low incomes:**
 - **Under the federal government’s Section 8 housing program, the rental properties can be single-family homes, townhouses, or apartments.**
 - **Under the Florida Housing Finance Corporation, properties that are funded by the corporation and rent-restricted for multiple families, farm workers, and the elderly, and properties under the State Housing Initiatives Partnership Program are protected.**
- **For local government affordable housing projects, rental properties for multiple families with 10 or more units qualify for protection if 100 percent of the units are dedicated to housing persons with extremely-low to moderate incomes.**
- **Florida has over 1 million households that qualify as extremely-low-income.**
- **Median price of a single family home in Florida compared to median income:**

	Homes:	Income
Monroe County:	\$735,000	\$61,000
Nassau County:	\$224,000	\$60,300
Okaloosa County:	\$201,000	\$57,800
Liberty County:	\$66,000	\$41,100
Hamilton County:	\$84,000	\$36,500

- **So, who qualifies for affordable housing using a moderate-income approach:**
 - **Here in Leon County, a family of four earning \$70,000 a year.**
 - **In Palm Beach County, a family of four earning \$77,000 a year.**
 - **In Gilchrist County, a family of four earning \$65,400 a year.**
 - **In Hamilton County, a family of four earning \$43,800 a year.**

- **Families in those areas with median incomes below those amounts, qualify as low-income and very-low income depending on how far below the threshold they fall.**

And the last piece of this proposal:

- **When determining just value for affordable housing projects which have received low-income housing tax credits from the Florida Housing Finance Corporation:**
 - **The rental income approach must be used,**
 - **The tax credits can not be counted as income, and**
 - **The actual rent, and not fair market value rent, must be recognized by the property appraiser.**

 - **Also, extended low-income housing agreements filed in the official public records must be considered land use restrictions and are a limitation on the highest and best use of the property.**

Property Taxpayers' Rights

- **EMINENT DOMAIN**
 - **When homestead property is taken by eminent domain the property owners must be compensated for the loss of their Save Our Homes tax savings, including expected future tax savings.**
- **HIGHEST AND BEST USE**
 - **The bill amends the highest and best use assessment standard to include the criteria used by the Appraisal Standards Board and cited in the DOR Real Property Appraisal Guidelines. These changes are intended to clarify the statute and reflect case law on this issue.**

Transparency

- **TRUTH IN SPENDING**
 - **Local government revenues and expenditures will be reported on the local government's website in a uniform format developed by the Department of Revenue.**
 - **At the end of each fiscal year, the local government will have 3 months to post all expenditures and revenues on the local website.**
 - **By February 1, the local government will post a summary report of all expenditures and revenues on the local website.**
 - **The reporting requirements will take effect beginning in 2009, and are phased in over 3 years so that local governments have time to prepare.**
- **TRANSPARENCY IN BUDGET**
 - **Beginning this year, local governments must post the proposed budget, anticipated revenues, and the tentative millage rate on a local website by the time the TRIM notice is mailed.**
 - **The adopted budget must be posted on the local website within 10 days of adoption.**
 - **All county government official websites must have a link to the websites of local governments within the county's jurisdiction.**

- **TRANSPARENCY IN CONTRACTS**

- **Starting in November of this year, large local governments will begin posting contracts on the local government websites. Medium size local governments and smaller local governments will follow over the next two years.**

- **Exemptions are provided for school district employee contracts, and any exempt or confidential information will remain exempt and confidential.**

- **Larger counties will post contracts of \$25,000 or more, medium counties will post contracts of \$15,000 or more, and small counties will post contracts of \$5,000 or more.**

- **Truth In Millage Notice (TRIM) is amended so that the notice includes the county government's official website.**

- **ASSESSMENT APPEAL PROCESS REVIEW**

- **The bill requires a study of the assessment appeal process, including the Value Adjustment Boards. The study will be completed before the next Legislative session and will include recommendations on improving this process to ensure fair and uniform treatment of taxpayers.**

Senate Property Tax Reform Package

*Preliminary Estimates**

Tax Impact (\$Millions)	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Portability with SOH Limit At 10% for Porters**	\$ -	\$ (128)	\$ (207)	\$ (257)	
Exempt first \$25,000 of TPP for All Business	\$ -	\$ (214)	\$ (216)	\$ (218)	
Rollback and Cap on City & County Increases	\$ (1,136)	\$ (1,820)	\$ (2,014)	\$ (2,246)	\$ (2,576)
Affordable Housing - Income Approach Valuation	\$ -	\$ (85)	\$ (87)	\$ (89)	
1st Time Homebuyers - Homestead Plus - \$25,000	\$ -	\$ (54)	\$ (89)	\$ (91)	
Total	\$ (1,136)	\$ (1,820)	\$ (2,496)	\$ (2,845)	\$ (3,230)

Cummulative Reduction \$ (11,528)

*Estimates assume that current millage rates will be reduced by the property tax rollback and cap and not be increased to offset base reductions.

** Portability 10% limit reverts to traditional SOH limit once assessed value grown at 10% equals initial just value grown by current SOH limit.