

Senate passes part of property tax cut plan

TALLAHASSEE, Fla. (AP) – Oct. 18, 2007 – The Senate decided Wednesday to ask voters to lower property taxes, but still has to work out differences with the House over details of the plan.

The measure was approved narrowly. Backers of the proposal needed 24 votes to pass it; the vote was 26-11.

The plan would ask voters to amend the constitution to change how property taxes are calculated. A separate bill on when the proposal will go before voters hasn't been passed yet. Lawmakers are hoping to get the issue on the Jan. 29 ballot.

The House still hasn't voted on the idea at all yet – and is considering a plan with significant differences from the Senate. The variations in the two proposals must still be worked out before the proposal can go to the voters.

The bill approved by the Senate would double the current homestead exemption, which makes the first \$25,000 of a home's value tax free. The proposal would call for taxing the second \$25,000 worth of value, but making the third \$25,000 exempt.

It would also limit how much taxes can go up when people move, give first-time homebuyers a tax break and give businesses a large new exemption from paying taxes on equipment.

Despite Senate passage, final agreement on the plan was far from certain, with big differences between the path the Senate is taking the plan that could be voted on in the House as early as today.

Gov. Charlie Crist campaigned on trying to reduce property taxes. But how far to go and how to do it, without dramatically hurting schools and other basic services provided by local governments, has proved thorny.

Sen. Ken Pruitt said he was optimistic, however, that lawmakers would get something passed for voters to consider.

"There are two extremes: it's not enough and it's too much," said Pruitt, R-Port St. Lucie. "What I have found in life is, somewhere in the middle is usually where you end up."

A major issue still to be worked out involves a House plan to limit tax increases for owners of property other than primary homes. That plan would cap taxable value increases at 3 percent for businesses, and vacation, rental and other non-homestead properties. That proposal wasn't in the Senate bill and faces strong opposition there.

The chambers also differ over how to give low-income seniors a tax break. The Senate-passed proposal would ask voters to give poor, elderly homeowners a break by exempting the first \$100,000 of their home's value. The House plan eliminates property taxes entirely for low-income seniors.

In another major division between the two plans, the House wants to cut the amount of state property tax collections that go to school spending, and replace it with a 1 cent sales tax increase. The Senate didn't include that idea in the measure it passed.

And exactly what will be in the House bill isn't finalized yet anyway. Members have until Thursday to file amendments, and several possible additions or changes have already been floated. House Democrats, for example, have proposed their own entire plan, parts of which will likely be considered.

The Democratic House plan differs from the GOP plan in the House on how much to expand the homestead exemption. Like Republicans, Democrats are also suggesting limiting tax increases on non-homestead property, such as vacation homes, but their proposal would allow those taxes to go up more than Republicans would like to see.

In all, Republican leaders in the House are pushing for a 4-year \$11 billion tax cut, while the Democrat cut would be just under \$8 billion over the same time. That, Democrats say, would spare schools the bulk of the estimated \$1.9 billion they would lose under the Republican plan.

Compare property tax reform proposals

The House adjourned until 3 p.m. Monday to work through a number of issues, and while the Senate has not adjourned, its next move is unclear. With broad proposals in play, the atmosphere is tense as negotiations get underway. So far, the Senate has pretty much adhered to Gov. Crist's original proposal, but the House has strayed from that script. Two specific House proposals don't play well in the Senate: An assessment cap on commercial and non-homestead properties of 3 percent per year, and a one cent increase in the sales tax to buy down the school portion of property taxes. "We are very pleased that the House is willing to offer much-needed relief to (non-homestead and commercial owners) whose tax bills have increased the most over the past five years," says John Sebree, FAR vice-president of public policy. "Negotiations will continue and we'll keep you posted."

To download FAR's chart comparing the House and Senate bills, click [here](#).

Schools are a major part of the debate – and a hit of more than \$1 billion to education under the Senate proposal cost the measure votes there.

“It has some of the things that I would like in it,” Sen. Nan Rich, D-Weston, said of the proposed constitutional amendment. “But it unfortunately has too big of a hit on public education.”

Lawmakers have until Oct. 28 to finish their work. That would allow them time to get a proposal on the Jan. 29 ballot.

Earlier it appeared both chambers agreed on the major elements of the proposal and had hoped to finish their work by Wednesday. But as proposals expanded, House leaders said the process should slow down so members would know what they were voting for.

“We are going to take our time and get this done right,” said Rep. Dean Cannon, R-Winter Park.

Both Senate and House plans contain a break for first-time homebuyers, giving them a larger exemption on the taxes on their new home than they would otherwise get. They also both would eliminate property taxes on up to \$25,000 on their equipment.

Both plans also require the Legislature to put limits on the authority of counties, cities and special taxing districts to increase property tax rates in the future.



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