

Florida Legislature passes property tax reform in time for January ballot

TALLAHASSEE, Fla. – Oct. 30, 2007 – It's voters' turn: The Florida Legislature passed property tax reform and a proposed amendment will appear on the January ballot. The amendment offers moderate relief for homeowners and slight relief for commercial property, but it does not go as far as an earlier House proposal. To become law, the proposal must still receive 60 percent of the votes in the Jan. 29, 2008, election.

The vote went down to the wire. Had the House and Senate not agreed by today, it would have been too late to get it on the January ballot, postponing any kind of tax relief.

"We are pleased the Legislature understood that missing the deadline for a January vote of the people was not an option," says the Florida Association of Realtors (FAR) President Nancy Riley. "Tax reform is necessary to stimulate our economy. To put tax relief off to November 2008 would have been devastating to our state."

The discussion included a number of considerations and not all made it into the final version. A complete breakdown of the individual considerations and how they fared in the final tax proposal is available in chart format at www.floridarealtors.org under "What's New." Highlights of the passed legislation include:

- Double the homestead exemption, but only for homes valued at more than \$75,000 and not for school taxes
- Allow owners of homestead property to transfer up to \$500,000 in Save Our Homes benefits, including school taxes, to a new home
- Impose a 10 percent assessment cap on non-homestead property for the next 10 years. The cap does not apply to school taxes. After 10 years, voters will have the option to restore the 10 percent cap
- Allow businesses to exempt \$25,000 in taxes paid on computers, office equipment and other personal property

With the deadline at hand, lawmakers had to quickly agree, and the final package represents a product that everyone could accept. The House, however, emphasized repeatedly that it would continue to work on property tax reform during the Legislature's regular session next year, an opinion echoed by FAR.

While in favor of portability, FAR worries about including a portability provision without also adding some kind of relief for first-time homebuyers, a move promoted heavily but one that did not make it into the final version. Without any kind of first-time homebuyer protection, the U.S. constitution's "right to travel" provision could be the basis of a court challenge.

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