



Douglas Mannheimer

Broad and Cassel is pleased to provide you with summaries of legislation passed in the recent 2007 Special Session. It has been my pleasure to represent many business clients before the Legislature over the past 25 years. As you know, government impacts all of us in many ways, and it is critical for you to understand the issues and changes which

may affect your business.

The summary of legislation passed in the Special Session is a collection of reports submitted to the Secretary of the Senate by the Senate Committees. In order to help you review summaries of legislation, we have compiled them and provided links to more information on the Senate's Web site.

The summaries were compiled by staff at the Legislature. Many of these bills still must be acted on by the Governor or voters. It is important to read the actual language of any bill, not just a summary, before making any decision based on a new law.

Our Broad and Cassel attorneys will be glad to help you determine how any new law may affect your interests. Please let me know if I can be of help to you in providing more information regarding these changes in Florida law.

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Special Summary Sections

Property Tax Reform

The Property Tax Reform bill, SJR 4-B, provides property tax relief to Florida taxpayers. Specifically, the SJR:

- Increases the homestead exemption to 75 percent of the first \$200,000 in just value, plus 15 percent of the next \$300,000 in just value; adjusts the upper limit by growth in per capita Florida personal income and allows it to be increased by a 2/3 vote of the Legislature; provides a minimum exemption of \$50,000, which is increased to \$100,000 for low-income seniors;
- Provides that all homesteads established after the effective date of the amendment will be eligible for the higher homestead exemption but will not be subject to the

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Save Our Homes limitation;

- Continues the existing Save Our Homes assessment limitation for any person entitled to a homestead exemption as of January 1, 2008, for that person's current homestead, and allows any existing homestead property owner as of that date to convert to the higher homestead exemption without the Save Our Homes assessment cap in any year after the amendment is adopted;
- Allows a statutory exemption from ad valorem taxes for tangible personal property no less than a value of \$25,000;
- Allows affordable housing subject to rent restrictions imposed by a governmental agency to be assessed as provided by general law;
- Allows working waterfronts to be assessed as provided by general law; and
- Requires the Legislature to limit the authority of local governments, with the exception of school districts, to increase property taxes.

SJR 4-B takes effect if approved by the voters, and will operate retroactively to January 1, 2008. SJR 4-B substantially amends sections 3, 4, 6, and 9 of Article VII, State Constitution, and creates section 27 of Article XII in the State Constitution.

Vote: Senate 25-12; House 74-43

- Property Tax Reform SJR 4-B

Property Tax Reduction and Reform

This bill reduces county, city, and special district property taxes in fiscal year 2007-2008 and limits growth in these taxes in future years to the growth in Florida's economy. It also implements the provisions of SJR 4-B, if approved in a special election held on January 29, 2008.

The bill requires property tax reductions in fiscal year 2007-2008 for all counties, municipalities, and special districts, except for municipalities of special financial concern, and a small number of counties and other municipalities. All others must reduce by three, five, seven, or nine percent, depending on their past five years' per capita tax increases compared to statewide averages. All independent districts, counties of special financial concern that are not in the no-reduction group, and municipal services taxing units and dependent special districts whose primary function is to provide medical emergency and fire rescue services are in the 3 percent tier for reductions. These mandatory reductions are expected to lower property tax revenue by \$2.2 billion.

In future years, growth in county, municipality, and independent special district property tax revenue is limited. The maximum allowed tax levy in any year is the rolled-back rate plus per capita Florida personal income, unless a higher rate is approved by an extraordinary vote of the governing body or a referendum. In every year, the maximum that a county or municipality may levy in aggregate is the sum of the maximum levies by each jurisdiction within it, which means that a given jurisdiction could exceed its maximum if it is offset by another jurisdiction levying less than its maximum. This allows revenue to be shifted among various uses, so that funding for more important functions can be

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preserved, although at the expense of funding for lower priority functions.

In fiscal year 2008-2009, if SJR 4-B is approved by the voters, there will be larger cuts for homestead property because of the reformed homestead exemption. HB 1-B includes new statutory language pertaining to the homestead exemption and the Save Our Homes limitation, which will be needed to reflect any approved constitutional changes. It is expected that 75 percent of homesteads will benefit from the larger exemption, if approved.

All homesteads existing on January 1, 2008 will have the option of remaining under the Save Our Homes assessment limitation and the current homestead exemption or switching to the new homestead exemption; however, once the new homestead exemption has been chosen, the property owner may not revert to the Save Our Homes limitation. All new homesteads will receive the new homestead exemption and will not be covered by the Save Our Homes limitation.

The new homestead exemption is 75 percent of the first \$200,000 of a home's value, plus 15 percent of the value between \$200,000 and \$500,000. The \$500,000 limit will be adjusted every year by the change in per capita Florida income. The minimum exemption is \$50,000, but for low-income seniors it is \$100,000. The bill provides for adjusting the calculation of the rollback rate in fiscal year 2008-2009, if the amendment is adopted, to prevent shifting the tax burden onto non-homestead property through millage rate increases.

The bill implements other provisions of SJR 4-B. It provides a \$25,000 exemption for tangible personal property and waives the requirement that annual returns be filed for tangible personal property valued no more than \$25,000. It also provides for assessing property used to provide affordable housing based on its actual rents.

If approved by the Governor, some provisions take effect upon becoming law, others take effect only upon the effective date of amendments to the State Constitution contained in SJR 4-B and shall apply retroactively to the 2008 tax roll if the amendments are approved in a special election held on January 29, 2008.

Vote: Senate 37-0; House 117-1

- Property Tax Reduction and Reform

Special Session Summary

It should be noted that at the time of publication of this report, some acts have not been presented to the Governor or acted on by voters and the time allotted for the Governor to approve or veto an act has not expired. Therefore, some acts identified as "passed" by both chambers may not become law. To verify the status of acts passed by the Legislature, talk to a Broad and Cassel attorney, visit the Legislature's Web site, or call the Division of Legislative Information at 1-800-342-1827. To look at the actual text of each bill from this year's session, please click [here](#). However, it is important to find the engrossed and enrolled final version of the bill. To be sure, please contact Broad and

Cassel.

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