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# BERGER SINGERMAN

attorneys at law

## GOVERNMENT & REGULATORY ALERT

June 2008

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## 2008 Legislative Follow-up

### Property Tax Transfer Bill Becomes Law

One of the many bills impacting our clients that the Tallahassee Office followed during the recent legislative session was a major property tax proposal, SB 1588. This bill has become law and has recently received media attention with more to come. Among many other changes, the bill prevents owners from using entity transfers to avoid property tax increases.

As this bill is covered in the news, it will be imperative you become aware of the significant changes in the law this legislation achieves. Below is what was covered in our Final Legislative Summary regarding the additional changes for this bill:

#### CS/SB 1588 - Property Taxation

In 2007, the Legislature enacted two laws governing the taxation of property. Ch. 2007-321, L.O.F., limited local governments' property tax revenue growth by imposing maximum millage rates based upon growth in state-wide per capita

personal income and growth in the tax base due to new construction and additions within each jurisdiction. Ch. 2007-339, L.O.F., implemented the provisions of Amendment 1 to the Florida constitution that was approved by the voters January 29, 2008. This amendment increased the homestead exemption by \$25,000, except for school district taxes; allowed homestead property owners to transfer up to \$500,000 of the Save-Our-Homes benefits to their next homestead (portability); provided a \$25,000 exemption for tangible personal property; and limited annual assessment increases for specified non-homestead real property to 10%, except for school district taxes. Ch. 2007-339, L.O.F., also directed the Department of Revenue (department) to report, by March 1, 2008, the results of the implementation of the millage rate limitations, including issues that may have needed to

be addressed by the legislature and improvements in the information required to be provided by local governments, property appraisers, and tax collectors. This bill addresses the issues identified in the department's report. Issues include special provisions for determining the maximum millage rates for the 2008-2009 Fiscal Year. Amendment 1 to the Florida Constitution, adopted on January 29, 2008, contained provisions that reduced the property tax base. Under current law, local governments will be allowed to levy a millage rate to recover the tax loss due to the loss of tax base by a majority vote of the governing body. This bill will require a two-thirds vote to recover the loss.

#### Affected parties

- Tax Payers
- Local Governments

#### Status

Enrolled 05/07/08

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