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GUEST OPINION: BURT SAUNDERS - Board member

Burt - good on it!

# Amendment will bring needed relief to taxpayers

John Adams said "Property is surely a right of mankind as real as liberty." His words reflect the principles that have guided the Florida Legislature through the process of bringing property tax relief to the people of our state.

The right to property is essential to the American dream, and when that right is threatened by unexpected, unbearable spikes in property taxes, relief must be provided. Recently, the Legislature passed a comprehensive constitutional amendment that, if approved by voters, will provide that relief.

One of the key provisions in our relief package allows homeowners to transfer their Save Our Homes tax benefit to a new home. This policy, called portability, will spark Florida's economy with only a minimal impact on local government. When one family downsizes into a smaller home that better meets their needs, thanks to portability, another family can afford to move into that home. This policy eliminates the "lock-in effect," which has prevented homeowners — often seniors or empty nesters — from moving into smaller homes as their needs or lifestyles changed. Portability gives Floridians the freedom to choose where to live and what sort of home to buy based on the needs of their families, not on a failed tax policy.

The amendment also doubles the homestead exemption, providing an additional \$25,000 exemption for the value of homestead property above

## TOWN HALL MEETINGS

Sen. Saunders will host two public town hall meetings in December to discuss the proposed constitutional amendment regarding property tax reform: 2-4 p.m. Wednesday, Dec. 5, in the Cape Coral City Council Chambers at 1015 Cultural Park Blvd., and 6:30-8:30 p.m. Thursday, Dec. 6 at Hodges University, 4501 Colonial Blvd., Fort Myers, Room 364.

\$50,000 (excluding school taxes). This will allow the tax benefit to keep pace with the increased price of housing; more than 94 percent of Florida homeowners will enjoy tax relief under the increased exemption. Once approved by the voters, this benefit will provide relief on your next tax bill.

The proposed constitutional amendment creates a new exemption from taxes on Tangible Personal Property (TPP) of \$25,000 and eliminates the need for businesses to file a return if they have less than \$25,000 in tangible personal property. This change will exempt over 1 million Floridians from this tax, out of a total of 1.2 million who currently pay it. Many Floridians actually spent more money complying with related paperwork than they owed in TPP taxes. This proposed amendment will cut away that red tape.

Small-business owners, second-home owners, renters, and others will benefit from the fourth component of the Legislature's tax relief plan, which places a 10 percent cap on assessments of non-homestead

properties. Most non-homestead property owners have experienced "sticker shock" when looking at their tax bills in recent years. This cap provides predictability for all properties in Florida: No longer will property owners have to fear unexpected, large assessment spikes. This assessment cap does not apply to the portion of tax bills for public education, honoring the legislature's commitment to maintain public school funding.

This legislation reflects the testimony and ideas of so many concerned voters across Florida. Now the choice is exactly where it should be — in your hands. On Jan. 29, 2008, you the voter will have the opportunity to approve this proposed amendment and provide much-needed property tax relief in our state. The American dream is alive and well in Florida, and this constitutional amendment will ensure that Floridians can continue making that dream a reality in their own lives.

This proposed amendment is not the final step in property tax reform. The Florida Legislature and the constitutionally mandated Budget and Taxation Reform Commission will continue to look for ways to bring fairness and certainty to Florida's property tax system.

*Burt Saunders represents Lee and Collier counties in the Florida Senate.*

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## South Florida Sun-Sentinel.com

### Portability is the way to go

November 26, 2007

By *Donald Kerr*

I am a Realtor and, therefore, I do have a bias. However, my customers are both permanent residents and snowbirds and I worked as a commercial broker, so I might have at least some perspective. First, let me summarize some facets of the problem:

Florida is a pretty great place to live. The wonderful weather and, to some extent, the freedom from state income tax, has attracted a large number of people who are retired or who are willing to work for less than they would be able to receive in less hospitable climates. Wage scales here are, therefore, generally more modest than most other areas of the country .

In the early 1990s, the Save Our Homes constitutional amendment was passed, which has prevented many permanent residents — particularly those on fixed incomes — from having to move to inadequate housing or even leave the state because of sharply escalating property taxes.

Snowbirds, who do not have a vote, and business owners, whose taxable property is frequently much greater than their voting power, are unprotected. This has resulted in staggering tax liabilities for them and for first-time home buyers.

Since the Save Our Homes act offers protection for permanent residents only until they move, vast numbers of them have been "locked in," with disastrous tax consequences if they upgraded or, in many cases, even if they downsized significantly.

During the last five years, house prices have gone through the roof. This generated a huge increase in tax revenue to all tiers of government. Cities, counties, school boards and the state emulated the spending of the much maligned drunken sailors. Much of this spending, for increased wages, retirement programs and capital expenditures is difficult to trim.

The state Legislature was faced with a monumental problem. If they addressed all segments of the population burdened by high taxes, the problem would have been impossibly exacerbated.

Since legislative bodies are not known for their wise decisions, it may have been accidental that the amendment now offered to the voters might be the only one that could be a positive step toward a comprehensive solution. Why is that?

The proposed portability of the Save Our Homes provision will unleash a desperately needed floodgate of prospects into a stagnant housing market. Growing families will be able to buy a larger home without an impossibly disproportional increase in their property taxes, and empty nesters will be able to downsize to lower their housing costs without seeing much of the needed savings wiped out by an actual tax increase.

How does that help solve the problem for other disadvantaged groups? Each sale of property generates large taxes in the form of documentary stamps and the intangible property tax. Sale of homes will increase because of the large pent-up demand of those previously thwarted in their desire to move. Since the sick housing market has been waiting for a "bottom," this increased activity will kick start home sales, further generating more closings tax revenue.

The bleeding in the home construction industry and all the other professions adversely affected by the housing slump will abate. The loss of jobs will subside and, in time, be reversed.

Voila! With the sharply increased tax revenue from the closing of home sales, the Legislature will have the funds to do something for the snowbirds, business property owners and first-time home buyers. If the lawmakers could just figure out a way to keep local governments (and themselves) from overspending!

No, the constitutional amendment being offered might not be perfect — it might not even be the best possible solution, but I submit that it is the best solution possible. If the voters don't pass it, they will miss the only step that can be taken to something that is really comprehensive. We need to pass this amendment!

Donald Kerr is a resident of Pompano Beach.

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MONDAY, NOVEMBER 26, 2007

- HOME
  - NEWS
  - BUSINESS
  - SPORTS
  - RACING
  - ENTERTAINMENT
  - LIFESTYLE
  - OPINION
- EDITORIALS LETTERS CARTOONS COLUMNS BLOGS PODCASTS

**OPINION: Editorial**

November 26, 2007

**Toward tax reform**

**Repeal state's special-interest exemptions**

Florida's tax system teeters on a shoddy foundation. The sales tax, which provides roughly 80 percent of the state's general revenue, fluctuates widely as the general economy ebbs and flows. It's regressive, meaning it takes the biggest proportional bite from the incomes of families who earn the least. And it's riddled with exemptions.

Some of those exemptions make sense. Florida's low-income families would suffer much more, for example, if food and medicine were taxed. But others were clearly crafted to benefit powerful business interests, with little documented payoff to Floridians in jobs or economic growth.

During his term as president of the Florida Senate, Bradenton developer John McKay targeted more than 200 of those special-interest exemptions, sparking a nasty backlash from business leaders. He tried again after leaving the Senate, but the issue was blocked from the ballot. The Florida Taxation and Budget Reform Commission, however, could revive McKay's plan and send it to the ballot.

That's what the commission should do. McKay's proposal would kill the exemptions (except those for food, medicine, residential rent and health care) and require a three-fifths vote of the Legislature to add any more exemptions. He proposes to shift those savings to Florida's property owners by giving an across-the-board break on property taxes levied by school boards. Exchanging a motley assortment of special-interest tax breaks for one rollback that benefits almost every Floridian would be sound reform. But the numbers should balance and schools shouldn't lose revenue.

Others have offered a compromise proposal that would force the Legislature to take a periodic look at gaps in the sales-tax revenue and determine, by a compelling margin, that those exemptions still serve Floridians' best interests.

Under either scheme, many of the exemptions probably won't pass muster, including a \$42 million annual break on bottled water; \$74 million lost on sales of boats and aircraft bought in Florida and taken out of state; \$21 million in tax breaks for professional sports teams. McKay also would revive sales taxes on services, a move that could produce additional billions.

Neither would be easy to push past the powerful business interests that dominate state politics. But both target unfairness in Florida's least just tax. The commission should put the question to voters -- preferably in the form of McKay's stronger proposal.

**ALSO ON THE COMMISSION'S PLATE:** State coffers lose roughly \$2 billion a year in sales tax that goes uncollected on sales made over the Internet. That provides a compelling motive for Florida to join 22 other states, pushing for an easy-to-administer system that ensures Internet purchases are taxed fairly.

From a political standpoint, this issue should be a no-brainer. Florida's powerful retail lobbies have long complained that they suffer from Internet competition. And although consumers may grumble, they can't legitimately argue that levying a tax on Internet purchases is unfair.

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