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Final deal on property tax cuts gets closer

BY MARY ELLEN KLAS AND MARC CAPUTO

From new homeowners and buyers to poor seniors and business owners, many Florida taxpayers would get a break under a revamped plan by Democrats in the House of Representatives that seeks to trim nearly \$4 billion from next year's tax rolls.

The plan creates a system of so-called "super" tax exemptions to give relief to those who need it most, but it excludes one taxpayer group: longtime homeowners who have no plans to move and have seen their tax bills freeze -- or even drop -- because of the state's tax cap.

House Democrats first proposed the idea during the regular lawmaking session, only to see it go nowhere until Republican House Speaker Marco Rubio recently embraced a version of it in preparation for a June special session on taxes.

Under the Democrats' plan, homeowners who benefit from the Save Our Homes tax cap wouldn't lose their exemption. New homeowners who haven't saved much under the Save Our Homes cap would see a maximum savings of \$2,325 in Broward County, \$2,143 in Monroe and \$2,288 in Miami-Dade.

"It delivers tax relief to people who need it the most. It's fairer than Save Our Homes and gives Floridians a better deal than they currently have," said House Minority Leader Dan Gelber, a Miami Beach Democrat. "Nobody can deny there's a tax crisis. This is the most efficient use of tax dollars to relieve the crisis."

The plan hits school districts' pocketbooks as hard as local governments', unlike plans from Rubio and senators that would not hurt school districts. Hospital districts also would face deep cuts -- an issue Gelber concedes could be fixed in negotiations.

Gov. Charlie Crist called the Democratic plan "very meritorious" and said "there's a strong likelihood it could be part of the final plan." Crist has said legislators are "moving faster to a consensus than we otherwise would have been" because they've agreed on a framework.

Almost all the proposals must be approved by voters.

The Democrats' plan would peg tax exemptions to a percentage of the median value of homes in each county. The median value -- in which exactly half the properties are worth more and half less -- varies from county to county, as would the break on the taxes.

Homesteaded property owners would get their existing \$25,000 exemption plus a write-off that's equivalent to half the median value of a home in their county. That would mean an exemption of about \$130,000 in Broward and Miami-Dade counties and \$274,000 in Monroe County.

Poor seniors would get their existing exemption plus the full median "just" value of homes in their county.

"Just value" is what lawmakers call the government-set market worth of a property.

OTHER MEASURES

Democrats also propose a tax exemption on non-homesteaded residences and commercial property. Owners of condominiums, cooperatives, single-family homes or mobile homes would get an exemption based on a quarter of the median value of similar properties in their counties. Affordable-housing providers would be assessed at a lower rate. And commercial property owners would get a flat write-off of one quarter of the value of the property.

The plan would force local governments to scale back the tax rates they levy on properties. Homesteaded property values would still only grow by a maximum 3 percent under the Save Our Homes cap, while all others would get a first-ever assessment cap of 8 percent. It's unclear whether Speaker Rubio, a West Miami Republican, will endorse the Democrats' plan. It's not his idea, it excludes longtime homeowners and it doesn't give tax cuts to those who pay the most property taxes -- the wealthy.

Rubio, who clung to a failed plan to swap property taxes for higher sales taxes during the lawmaking session, shifted his focus last week by concentrating on how properties are valued.

His latest proposal embraces a similar super exemption, though based on each home's value, not a county's median value. So owners of \$300,000 homes would pay taxes on 20 percent of the just value. Owners of more expensive homes would pay 30 percent on the portion between \$301,000 and \$1 million, and 70 percent on the portion beyond \$1 million.

Rubio said his plan would cut the average tax bill by half. But while it would cut \$3,100 from the bill of a \$325,000 Broward homeowner, it would save nearly \$12,000 for the owner of a \$1.5 million home there. Under the House Democrats' plan, the owner of a \$325,000 home or a \$1.5 million home would save \$2,325.

Senate Republican Leader Dan Webster said the Democratic plan "is worth talking about." But he wants to leave school district taxes alone.

While lawmakers seem to be agreeing on the super-exemption approach, the question remains: How much?

Senate Democratic Leader Steve Geller said the House Democrats' plan is more nearly complete than Rubio's but still fails to outline the impact on local government. After all, the latest plan trims about 13 percent in annual statewide property-tax collections of \$30.5 billion.

WHAT'S THE COST?

"How much is it going to cost? Most reasonable people would want to know what that amount is before we start discussing it," he said. "If you cut local government too much and they have to lay off animal-control workers, people shouldn't be too surprised if they start having wild animals roaming their neighborhoods."

Miami Herald staff writers Gary Fineout and Rob Barry contributed to this report.

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