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For a more detailed summary of the reform, or to answer questions about how it will affect you and your business, please contact your Foley attorney or either of the following Tax, Valuation & Fiduciary Litigation attorneys:

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What Florida Property Tax Reform Could Mean for You and Your Business

Last week, the Florida Legislature passed legislation proposing a constitutional amendment changing the homestead exemption and Florida's Save Our Homes program as well as the tangible personal property tax imposed on small businesses. Portions of the measures are predicated on a Florida constitutional amendment, which under Florida law must be approved by 60 percent of the electorate to become law. The referendum will be placed on the ballot for the January 29, 2008 presidential preference primary.

The primary impact of the proposed constitutional amendment would be to modify the state's tax structure to allow homeowners to exchange a three percent cap on property tax increases for higher homestead exemptions. Currently, the homestead exemption is \$25,000, coupled with a three percent annual cap on increases under the Save Our Homes program. The Save Our Homes program is not portable, so homeowners relocating to other property in Florida receive only the \$25,000 exemption, and are taxed at the current assessed value of the new property. If the constitutional amendment passes, homeowners would have the option of switching to a "super homestead exemption," under which 75 percent of the first \$200,000 and 15 percent of the next \$300,000 of assessed value would be exempt from taxes.

Also included in the legislation, subject to approval of a constitutional amendment, is a \$25,000 tax exemption for businesses on the tax

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imposed by the State of Florida on tangible personal property (which currently includes computers, phones, and other office equipment). It is estimated that this exemption, if passed, would eliminate the need to file tangible personal property tax returns for nearly 75 percent of Florida's businesses.

The legislation passed last week also includes the following immediate changes (not predicated

on passage of a constitutional amendment) to Florida's property tax structure:

- A mandatory rollback of current property tax rates, estimated to reduce property taxes for both individuals and businesses by sixto seven percent
- Tying of future property tax revenue growth to increases in population and personal income