

BRIEFINGS



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The Legislature Should Act to Provide Tax Relief for Property Severely Damaged by the Hurricanes

Florida's "Truth in Millage" (TRIM) notices were mailed out last month, informing taxpayers of their homes' property values for this tax year. Unfortunately, many of those notices will be going to property owners whose homes and businesses were severely damaged or, in some cases, no longer exist.

Hurricanes Charley and Frances put thousands of Floridians out of their homes, and so could Hurricane Ivan should it rake further havoc on Florida. According to the Red Cross, Charlie alone destroyed 12,000 homes and left more than 19,000 others uninhabitable without major repairs. Another 50,000 homes received "minor" damage. Frances will add thousands more to that toll.

Florida law has no provision to adjust these property values for tax purposes. All real and tangible personal property that is substantially complete is assessed for ad valorem tax purposes on the first of January each year. The TRIM notice informs taxpayers of their value, and they are billed for taxes in November. There is no mechanism for adjusting property taxes due on property damaged by natural or manmade disasters. Consequently, even owners of homes and businesses that were completely destroyed by the hurricane are liable for taxes based on the buildings' value as of last January 1.

Florida should take steps to help mitigate these people's devastating loss. Because current law does not allow for the value on the TRIM notice to be changed, the Florida Legislature is going to have to take action.

A coalition of property appraisers in the affected counties are calling on the Governor and the Legislature to grant them the authority to adjust property values in the wake of the storms. Florida TaxWatch recommends that the Legislature convene in a special session to accomplish property tax abatement for taxpayers whose homes and businesses have been rendered uninhabitable.

There is a precedent for doing this. The Legislature passed several laws providing property tax relief for residential buildings damaged by disasters. The most recent case was a 1998 law that provided relief for homeowners in seven counties in South and Central Florida that were damaged by a series of tornadoes. Under that law, residential property owners had to file an application with the property appraiser for tax abatement. To qualify, the building had to be incapable of being used and occupied. The property appraiser would then determine if the property qualified and then calculate a partial tax abatement based on the number of months the building was uninhabitable.

"Improving taxpayer value, citizen understanding and government accountability."

Although the Florida Department of Revenue cannot provide for tax relief, it is taking steps to ease the burden of complying with current law for all taxes. DOR will waive penalties and interest during the period of emergency for taxpayers who are unable to file returns or make payments on time due to the hurricanes. Taxpayers who are required to file returns or pay taxes electronically may do so using alternative methods without penalties. Under the authority of the Governor's Executive Order, the state extended the deadline for mailing TRIM notices, and, in counties where notices have gone out, millage and budget hearings can be rescheduled. Also, the hurricanes will be considered good cause for failing to meet the deadline for petitioning value adjustment boards. Even the IRS has extended the late filing deadline for people in affected counties.

The Governor also has stated that he is considering asking the legislature to establish a special sales tax fund, similar to the one established after Hurricane Andrew in 1992. Under such a plan, extra sales tax revenues generated by the post-storm rebuilding effort would be put in a special fund and earmarked for storm-damaged counties. This is a sound idea, but steps need to be taken to ensure that a repeat of the Hurricane Andrew experience does not occur. Back in 1992, that fund turned into a "turkey-pot," as legislators grabbed money for pet projects that had little to do with the hurricane. Governor Bush has noted this, and TaxWatch will work to see that such a fund has reasonable checks and balances and transparent accountability.

It is only fair to not tax someone on their home or business for the period of time it is uninhabitable due to being damaged by a hurricane. Although this will impact local government revenues, some of the impact will be offset with increased millage rates. Government will be impacted by disasters just like its citizens are. While there are many issues to address regarding Hurricanes Charley and Frances, Florida TaxWatch urges the Legislature to move quickly to provide some tax relief to property owners and allow local governments time to assess and plan for the impact.

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www.floridataxwatch.org where this *Briefings* was
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About Florida TaxWatch

Florida TaxWatch is the only statewide organization entirely devoted to protecting and promoting the political and economic freedoms of Floridians as well as the economic prosperity of our state. Since its inception in 1979, Florida TaxWatch has become widely recognized as the watchdog of citizens' hard-earned tax dollars. The nationally distributed *City and State* magazine (now *Governing* magazine) published a poll of the nation's statewide taxpayer research centers. Based on this poll, the publication cited Florida TaxWatch as one of the six most influential and respected government watchdogs and taxpayer research institutes in the nation.

In recent years, news stories about Florida TaxWatch have run in all Florida newspapers, *The Wall Street Journal*, *The New York Times* and *The Washington Post* and *Fortune* magazine. In addition, Florida TaxWatch has been featured on the prestigious *MacNeil/Lehrer Newshour*.

Florida TaxWatch is a private, non-profit, non-partisan research institute supported by voluntary, tax-deductible membership contributions and philanthropic foundation grants. Membership is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, corporations, professional firms, labor unions, associations, individuals and philanthropic foundations -- representing a wide spectrum of Florida's citizens.

Florida TaxWatch's empirically sound research products recommend productivity enhancements and explain statewide impact of economic and tax and spend policies and practices. Without lobbying, Florida TaxWatch has worked diligently and effectively to build government efficiency and promote responsible, cost-effective improvements that add value and benefit taxpayers. This diligence has yielded impressive results: through the years, three-fourths of TaxWatch's cost-saving recommendations have been implemented, saving taxpayers over \$6.2 billion (according to an independent assessment by Florida State University). That translates to approximately \$1,067 in added value for every Florida family.

With your help, we will continue our diligence to make certain your tax investments are fair and beneficial to you, the taxpaying customer who supports Florida's government. Florida TaxWatch is ever present to ensure that taxes are equitable, not excessive, that their public benefits and costs are weighed, and that government agencies are more responsive and productive in the use of your hard-earned tax dollars.

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications and selecting the professional staff. As an independent research institute and taxpayer watchdog, the research findings, conclusions and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff or distinguished Board of Trustees.

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