



Florida Legislature 2018 Wins: Business Rent Tax

Despite a very tight state budget, Realtors® and their communities throughout Florida are walking away from the 2018 session of the Florida Legislature with several key victories: a \$31 million cut to the Business Rent Tax, \$110 million for affordable housing projects and more than \$400 million for Florida's natural resources.

"Great job, Realtors, for making the 2018 legislative session a big success," says Christine Hansen, 2018 president of Florida Realtors. "We knew this was going to be a tough session to work through given the status of the state budget. With the help of our members, we managed to keep the momentum going to further reduce the Business Rent Tax. We also scored victories on a number of other issues that will benefit Realtors and property owners alike."

"I'm so proud of our membership for responding to our Call for Action to cut the Business Rent Tax," says Bill Martin, chief executive officer of Florida Realtors. "They sent in thousands of letters to their legislators urging them to support a cut to the tax, and they stayed engaged throughout the process on this and many other of our key issues. Realtors absolutely rock!"

This end-of-session report covers key real estate legislation filed for the 62-day session that ended minutes ago. The governor will consider all bills passed by both chambers in the coming weeks.

"We continue to chip away at the Business Rent Tax, and we successfully pushed for funding for the environment, housing trust funds and other Realtor priority issues, all the while working under a constricted budget and many competing priorities in the Legislature," says Carrie O'Rourke, vice

president of Public Policy for Florida Realtors. "But none of this would have been possible without the voices of our members who spoke loudly and frequently in defense of property owners and Florida's thriving real estate market."

Let's start with a recap of some of Florida Realtors more significant legislative victories:

- Additional reduction in the Business Rent Tax – HB 7087 included a cut to the Business Rent Tax, and businesses throughout Florida will save an additional \$31 million each year due to the second reduction in the tax rate in as many years. The new state tax rate businesses will pay on their commercial leases will be 5.7 percent. Effective: Jan. 1, 2019.
- Tax credits for businesses that pay the Business Rent Tax – HB 7055 is a broad education bill that addresses several education-related matters. Included is a measure that allows businesses to receive tax credits for a portion of the Business Rent Tax they pay, which will go toward certain scholarship funds. Effective: July 1, 2018.
- More than \$400 million for Florida's natural resources – Everglades restoration, beach renourishment and springs protection received significant amounts of funding this year. A large amount of funding was also allocated to expedite repairs to the Herbert Hoover Dike around the southern boundary of Lake Okeechobee. Effective: July 1, 2018.
- Nearly \$110 million for affordable housing projects – Affordable housing programs will receive close to \$110 million from the state and local government housing trust funds. These funds go a long way in helping Floridians achieve the dream of homeownership with down payment assistance. They also provide rental assistance and housing rehabilitation to Florida's homeless population, veterans and persons with disabilities.
- Strengthening flood insurance notices to protect homeowners – Many property owners forgo flood insurance because they mistakenly believe their standard homeowner policies include flood damage coverage. HB 1011 strengthens the current flood insurance notice included in their property insurance policy. Insurers must include the notice in the initial policy and when the policy is renewed. Effective: Jan. 1, 2019.
- Creating an accurate 3D map of Florida – Included in the state budget is \$15 million to fund LIDAR (light detection and ranging) mapping that would produce a complete and accurate 3D map of Florida for use in emergency

management, infrastructure planning and other purposes. LIDAR is a next-generation mapping technique and has the potential to lower flood insurance rates throughout Florida.

- Preventing unlicensed real estate activity – The Legislature allocated up to \$500,000 from the Professional Regulation Trust Fund to the Department of Business and Professional Regulation to combat unlicensed real estate activity.
- Key appointments/reappointments to real estate boards/commissions – The Florida Senate officially confirmed several Realtors and a former Florida Realtors staff member to the Florida Real Estate Appraisal Board (FREAB) and the Florida Real Estate Commission (FREC). Armando del Valle was confirmed to serve on FREAB, and Dick Fryer, Guy Sanchez and Randy Schwartz, former Florida Realtors General Counsel, were confirmed to serve on FREC.

The Legislature also passed several other bills of interest to Realtors.

- Creation and increase of state taxes and fees – House Joint Resolution 7001, which will appear on the November 2018 ballot, raises the bar on legislative support required for state tax or fee increases. Specifically, it requires a two-thirds majority vote of both chambers to approve a tax increase. It also requires that proposed changes to taxes or fees be part of a separate bill that contains no other subjects. If voters approve the amendment, it will take effect in 2019.
- Regulating mortgage lenders – Currently, lenders that make residential mortgage loans for personal, family or household purposes are regulated by the Florida Office of Financial Regulation (OFR). HB 935 extends this licensure requirement to lenders making residential mortgage loans for business purposes. These loans are most often offered to purchasers who are renovating or remodeling a home for resale. Effective: Jan. 1, 2019.
- Allowing apartment doorstep garbage pickup to continue – Apartment renters with doorstep waste collection services continue to be hamstrung by broad-ranging fire code restrictions. HB 529 resolves this issue in a safe manner by providing limitations on the placement of waste containers in hallways until Florida's Fire Prevention Code is revised. Effective: July 1, 2018.

Issues up for consideration in 2019 and beyond

Although Assignment of Benefits (AOB) reform did not happen this year, the momentum is building for a successful outcome to this escalating problem.

AOB reform remains a serious issue for Florida's property owners. The business community and the Legislature will continue to work to find the right path forward.

Vacation rentals is another issue that will be addressed in subsequent legislative sessions. This session, an incredible amount of discussion occurred among stakeholders on the issue, and several bills made it very close to passage. The progress made this year will provide a good starting place for continued discussions during the 2019 legislative session.

A new issue brought up at the Florida Realtors Board of Directors meeting in January concerned open and expired permits. These permits often interfere with the closing of real estate transactions. Florida Realtors will be working with stakeholders to push for a bill that will help solve the problem in 2019.

The issue of remote notaries will resurface next session. The goal is to allow documents to be notarized even when the notary and the person signing the documents are not physically in the same room.

Visit Florida Realtors website for more details on these and other issues.