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Proposed bills offer tax relief

Annual property assessment caps would drop to 5 percent

BY ANJALI FLUKER

Augie Bylott, like other Central Florida landlords, is caught in a cash quandary. He has had to charge lower rents due to market pressures — while paying higher property taxes every year.

In fact, Bylott, a managing member of Champions Gate-based Homeowner Resource LLC, has seen taxes at some of his properties grow by 20 percent year-over-year, an amount impossible to make up by raising rents due to growing competition for tenants.

Part of the reason for the tax increases is because the assessed value of rental properties, now capped at 10 percent annually, has continued to grow.

Commercial property owners like attorney Matt Englett face the same dilemma. He owns two Class C office towers in Altamonte Springs, where his property taxes went up by \$20,000 to more than \$180,000, or 11 percent, between 2007 and 2008.

Quotable



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would give landlords some relief.

At least it gives you control over expenses from a forecasting perspective."

—Augie Bylott

He also faces stiff competition from Class A office buildings in Maitland trying to lure tenants by leasing space at the same rate as him. Now, said Englett, "I'll have to slash my rates even more."

That's why state lawmakers want to provide some relief to landlords in this year's legislative session, which begins



Credit: Jim Carchidi

March 3. Companion constitutional amendments — House Joint Resolution 97 and Senate Joint Resolution 532 — would limit property assessment increases for rental properties, capping them at 5 percent or the average annual percentage growth in revenue from the property over the last three years.

The proposed change also would lower assessments on homesteads by 50 percent for first-time homeowners for the first year, and then phase the tax break out over three years.

"We've got a big economic disaster going on," said Rep. Carl Domino, R-Juno Beach, who introduced the House bill. "We need to stabilize home prices, and if we do that, all the toxic paper at the commercial banks won't be toxic anymore."

But residential landlord Fred Allen isn't sure this is the way to deal with the problem. Allen, president of Clermont-based Allen Properties Inc., said even if property assessment caps are lowered, local municipalities raise property taxes and fees to make up for that lost revenue. For example, city and county governments have added

licensing fees, while raising fire service fees and other charges, squeezing several landlords.

The bills also further shift the burden of taxes to a smaller population — such as snowbirds and office condo owners, said Kurt Wenner, director of tax research for Tallahassee-based Florida TaxWatch, a nonpartisan, nonprofit government watchdog agency.

The Save Our Homes amendment, which limits residential property tax assessments at 3 percent for homesteaders, shifted the burden to commercial property owners.

Although the 5 percent cap would help owners of rental properties, "it further squeezes the balloon, and all other people not getting breaks from Save Our Homes will be burdened," Wenner said.

However, Bylott said lower property taxes would give landlords some relief. "At least it gives you control over expenses from a forecasting perspective."



Bylott