

Florida Realtors® Legislature 2009

“Scrap the Cap” on Sadowski Trust Funds in 2009

The William E. Sadowski Affordable Housing Act, enacted in 1992, created a dedicated revenue source for affordable housing by increasing the documentary stamp tax paid on all real estate transactions and applying the monies to State and Local Housing Trust Funds.

This increase in doc stamp taxes was supported by a diverse coalition, including the Florida Association of Realtors® and the Florida Home Builders Association, because the funds were to be used exclusively for housing.

The documentary stamp tax was chosen as the revenue generating vehicle because of the nexus between the cost of housing and the need for housing assistance for very low, low, and moderate income Floridians.

When the Florida real estate market was on the rise, the collection in doc stamps also rose. But instead of using the increase in trust fund dollars to fill the housing gap, not all monies were appropriated. So legislators “capped” the fund at approximately \$243 million annually beginning in 2007.

The Florida Association of Realtors® supports restoring the Sadowski Act to its original structure by repealing the cap.

Why Now?

- Repealing the cap on the Sadowski state and local housing trust funds will have NO revenue impact on the state of Florida. Because real estate transactions and the cost of housing are down, the collections projected for FY 2009-10 and FY 2010-2011 are less than the amount of the cap.
- Repealing the cap will restore the “trust” in the state and local housing trust funds.
- With the cap lifted, the Sadowski Act can return to its intended function—to generate revenues from a rise in property sales. As Florida’s economy recovers, we can get back to fueling Florida’s economic engine—the housing industry.