



Florida Realtors notches big wins this session, helps property owners save \$2 billion

TALLAHASSEE, Fla. -- May 8, 2017 -- This is what a winning legislative session looks like: A cap on estoppel certificate fees, a \$61 million cut to the business rent tax, the passage of a joint resolution that would shield non-homestead property owners from \$725.7 million in property tax increases and \$1.2 billion in additional tax relief for homeowners.

"Congratulations to Realtors throughout Florida for a triumphant legislative session," says Maria Wells, 2017 president of Florida Realtors. "Your investment in the Florida Realtors PAC ensured Realtor-friendly legislators were elected. During committee weeks and session, you made your voices heard in the public policy process, making the difference for Realtors to celebrate a victorious year on our key issues in Tallahassee. Thank you Gov. Scott, members of the Legislature and our incredible Tallahassee staff for listening to our concerns and turning our feedback into action."

This end-of-session report covers key real estate legislation filed for the 60-day session that ended minutes ago. Bills passed head to the governor for approval. Remember that the governor has line item veto authority for the state budget, or can veto the budget as a whole.

"Realtors conquered some big policy mountains this session and laid a solid foundation for future advocacy efforts," says Carrie O'Rourke, vice president of Public Policy for Florida Realtors. "We successfully passed bills that will save money for sellers at the closing table, potentially lower property taxes for businesses and second homeowners and provide much-needed funds for affordable housing. There is much to celebrate, and I can't thank our members enough for making it all possible."

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

- **Cap on estoppel certificate fees** -- Sellers of properties who live in an HOA, condo association or co-op will be happy to learn that there will be a limit to the amount they'll pay for an estoppel certificate, a document that informs a buyer if the seller is current with their dues and assessments. [SB 398](#) (Sen. Passidomo, R-Naples) caps estoppel certificate fees at \$250 for unit owners who are current in their assessments. Associations may charge an additional \$100 for expedited estoppel certificates (delivered within three business days) and another \$150 to owners who are delinquent in their assessments. The bill sets the price of estoppel certificates for multiple units owned by the same person, and establishes a uniform, statewide format that ensures buyers and closing agents receive the appropriate information needed to close the real estate transaction. This bill also requires certificates to be valid for 30 days if delivered electronically or 35 days if delivered by mail. Effective: July 1, 2017.
- **The first-ever reduction of the business rent tax** -- Businesses throughout Florida will save more than \$60 million each year due to a reduction of the business rent tax. The new state tax rate businesses will pay on their commercial leases will be 5.8 percent. Although the cut is modest, it represents a big first step in long-term efforts to eliminate the tax. Effective: Jan. 1, 2018.
- **10 percent tax cap on non-homestead property taxes** -- In 2008, voters approved Amendment 1, which created a 10 percent cap on the annual increase of property taxes for all non-homestead properties. The 2008 amendment sunsets on Jan. 1, 2019, unless renewed in the 2018 general election. [HJR 21](#) (Rep. Colleen Burton, R-Lakeland) puts the question before voters

again in November 2018. Unlike the 2008 referendum, which had a 10-year lifespan, HJR 21 would make the cap permanent.

- **More than \$270 million for affordable housing projects** -- The affordable housing programs received their highest funding level in a decade, with \$137 million coming from the state and local government housing trust funds and \$113 million from the Florida Housing Guarantee Fund. There is also more than \$22 million in additional funds for housing projects/services around the state, such as programs for individuals who are homeless. These funds will 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, veterans and persons with disabilities.
- **More than \$500 million for Florida's natural resources** -- Everglades restoration, beach renourishment and springs restoration are budget highlights regarding environmental issues. During session, [SB 10](#) (Sen. Bradley, R-Orange Park) served as the primary piece of policy legislation for Everglades restoration and establishes how the funding will be used for these projects. A key provision of SB 10 is the construction of a reservoir south of Lake Okeechobee that is designed to curb nutrient and salinity levels that are harmful to Florida's valuable natural resources. Effective: July 1, 2017.

The Legislature also passed several bills designed to hold down property taxes:

- **Additional homestead tax exemption** -- Representing \$645 million (and then increasing in subsequent years) in property tax savings, [HJR 7105](#) (Rep. Mike La Rosa, R-St. Cloud) puts a constitutional amendment on the 2018 ballot that would allow homeowners to shield an additional \$25,000 of the value of their home from non-school property taxes. This additional \$25,000 would apply the exemption to the portion of values between \$100,000 and \$125,000. Effective Jan. 1, 2019, if approved by 60 percent of voters.
- **Tax exemptions for disabled first responders** -- [HB 455](#) (Rep. Larry Metz, R-Groveland) implements a constitutional amendment approved by voters in November 2016. It provides a 100 percent homestead tax exemption to first responders who become totally and permanently disabled in the line of duty. The bill also extends the 100 percent exemption to the surviving spouse under certain conditions. The estimated tax savings for these property owners is \$4.5 million. Effective: Upon becoming law.
- **Tax break for businesses that use solar devices** -- [SB 90](#) (Sen. Jeff Brandes, R-St. Petersburg) implements Amendment 4, a solar amendment voters approved during the August 2016 primary election. It exempts renewable energy devices, such as rooftop solar, installed by businesses and commercial entities from the tangible personal property tax. Taxing authorities may not include solar systems for assessment purposes, an exemption residential property owners already enjoy. The tax exemption, estimated at \$54.5 million, will begin Jan. 1, 2018, and extend for 20 years.
- **\$600 million in tax relief for property owners** -- To protect homeowners from higher property taxes resulting from increased education funding, the Legislature agreed to inject \$600 million from general revenue into the K-12 education budget. This infusion of funds effectively shields property owners from an increase in local taxes that occurs when property values increase.

Additionally, the Legislature passed bills concerning condominiums, flood insurance, property rights and more:

- **Fine-tune condominium termination law** -- Legislation passed in 2015 to protect condo owners from being forced to sell -- possibly at a loss -- has several loopholes that real estate investors and bulk buyers have exploited. [SB 1520](#) (Sen. Jack Latvala, R-Clearwater) modifies the condo termination process by reducing the percentage of owners required to reject the termination -- from 10 percent to 5 percent. Effective: July 1, 2017.
- **Condominium oversight** -- A South Florida news report of fraud in condo board elections, misappropriation of funds and rigged bids resulted in a Miami-Dade grand jury recommending changes to Florida's Condominium Act. [HB 1237](#) (Rep. Jose Felix Diaz, R-Miami) provides

several new condo oversight rules: (1) a condo association with more than 150 units must publish its financial reports and other documents (bylaws, articles of incorporation, condo rules) on a password-protected web page; (2) if an owner is denied documents and fraud is proven, persons responsible for fraudulent activity could face felony charges; (3) the term of a condo board director is limited to eight years, with some exceptions. Effective: July 1, 2017.

- **Grow the private flood insurance market** -- As Realtors petition Congress to reauthorize the National Flood Insurance Program (NFIP), lawmakers continue to work to attract private flood insurance capital to Florida. [HB 813](#) (Rep. Larry Lee Jr., D-Fort Pierce) accomplishes two primary goals: (1) Rating flexibility for flood insurers is extended from 2019 until 2025 before they must follow guidelines similar to other lines of coverage. Not extending this provision could discourage private insurers from entering the Florida market; (2) insurance agents can place flood policies with surplus lines insurers for two more years -- until 2019 -- before they must make a "diligent effort" to place the coverage with carriers regulated by the state. Diligent effort requires an agent to seek coverage and be rejected by at least three regulated carriers writing the same type of coverage. Effective: July 1, 2017.
- **Affordable housing workgroup gets funding** -- Up to \$100,000 is provided for expenses for the Affordable Housing Workgroup, a 14-member board (that includes one Realtor) charged with developing recommendations for addressing the state's affordable housing needs by Jan. 1, 2018. The Florida Housing Finance Corporation will approve the recommendations.
- **Appraisers remaining in compliance with federal guidelines** -- [HB 927](#) (Rep. Bob Rommel, R-Naples) is a Department of Business and Professional Regulation bill that ensures appraisal management companies (AMCs) remain in compliance with the Dodd-Frank Act. Additionally, AMCs may not require lenders to hold them harmless from claims over an appraiser's performance. The bill also authorizes the Florida Real Estate Appraisal Board to consider other standards of practice in non-federally related transactions. Effective: Oct. 1, 2017.
- **Unlicensed real estate activity fund** -- Up to \$500,000 from the Professional Regulation Trust Fund is provided to the Department of Business and Professional Regulation to combat unlicensed real estate activity.
- **Local governments preempted from drone regulation** -- [HB 1027](#) (Clay Yarborough, R-Jacksonville) preempts the regulation of unmanned aircraft systems (drones) to the state of Florida. This will prevent drone operators from having to potentially comply with ordinances adopted by 400+ local governments. Effective: July 1, 2017.
- **Crack down on Sober home corruption** -- Sober homes provide alcohol- and drug-free residential environments to individuals who are in recovery. In some Florida communities, kickback schemes, patient brokering and other criminal activities are creating problems. [HB 807](#) (Rep. Bill Hager, R-Boca Raton) cracks down on patient brokering by requiring Sober home telemarketers to register with the state. It also clarifies laws that make kickbacks illegal and requires background screenings for owners, directors and clinical supervisors of treatment centers. Effective: July 1, 2017.
- **Pollution notification** -- [SB 1018](#) (Sen. Denise Grimsley, R-Lake Placid) sets a threshold for when an operator is required to notify the Division of Emergency Management and the Department of Environmental Protection about a pollution event. It also provides a timeframe for the notification and gives a definition as to what a reportable event means. This legislation is the result of pollution from a sinkhole at the Mosaic fertilizer facility in Mulberry, Fla., last summer. The Scott administration created an emergency rule that shifted the burden of pollution notification from the state to the owner of the property where the spill occurred. Florida Realtors was part of a coalition that successfully challenged the legal authority for this rule, creating an opportunity for the passage of this friendly legislation. Effective: July 1, 2017.

Bills that failed

While numerous real estate-related bills passed this year, a few did not cross the finish line. In at least one case, that's a good thing:

- **Assignment of Benefits reform** -- The Legislature failed to enact Assignment of Benefits (AOB) reforms to curtail abuses of non-storm related water and roof insurance claims. The Office of Insurance Regulation, the governor and a broad coalition of business organizations, including Florida Realtors, supported these reforms. The House passed its version of AOB reform, [HB 1421](#), but the Senate failed to support its companion, [SB 1038](#).
- **Restrict local regulation of vacation rentals** -- In 2014, the Florida Legislature gave local governments the ability to regulate vacation rentals. While municipalities can't prohibit vacation rentals, or regulate the duration or frequency, they are free to impose new ordinances. In cities and counties around the state, these ordinances have resulted in unreasonable burdens on vacation homeowners. [HB 425](#) (Rep. Mike La Rosa, R-St. Cloud) would have provided that if a restrictive ordinance is adopted, it must apply to all residential properties; vacation rentals could not be singled out. The measure passed the House but died on the Senate floor.
- **Septic Tank Inspections** -- [HB 285](#) (Rep. Randy Fine, R-Palm Bay) and [SB 1748](#) (Sen. Linda Stewart, D-Orlando) would have initially established a mandatory time-of-sale septic tank inspection. The bill was amended to require a septic tank disclosure instead of an inspection, and later amended to shorten the disclosure language. The bill ultimately failed to garner enough support prior to the close of session.