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TAXES IMPACTING COMMERCIAL REAL ESTATE

BOMA'S POSITION

- (1) Revise tax regulations to create fair and equitable participation among business and residential properties, thereby eliminating disproportionate burden currently imposed on commercial properties
- (2) Place limits on local government spending
- (3) Mandate the *Income Approach* as the basis for commercial appraisals; Reasonable guidelines for challenging valuations should include open access to appraisal documentation and payment of litigation costs by the prevailing party
- (4) Presumption of proof should be placed on the State, not the taxpayer
- (5) Taxes added to previously untaxed services severely impair the value and viability of commercial properties
- (6) Maintain a clear tie between property values and property taxes

BACKGROUND

A vibrant Commercial Real Estate Industry is a key contributor to economic and employment opportunities for individuals, families, communities, businesses and institutions. BOMA members recognize the prominent role their industry plays in the economic well-being of our communities and the quality of life that has become synonymous with the State of Florida. A major source of revenue to the State of Florida is sales tax from occupied commercial properties and property taxes from commercial property owners. Increased occupancy equates to increased State revenue. Additionally, permit fees, license fees, concurrency fees, and impact fees fund a multitude of public improvement projects including buildings, utilities, and transportation.

Operating expenses continue to increase in the categories of materials, insurance, utilities, and environmentally protective programs. In a typical commercial building, the single highest component in operating expense is property tax, which has been publicly recognized as excessive. As operating expenses, including taxes, have accelerated, vacancy has increased, resulting in reduced revenues for building upkeep, and reduced tax revenue to the State. Economically effective operation of commercial facilities is becoming increasingly difficult. Further increases in tax or other expense components will preclude entrepreneurial consideration of Florida as a future location for office development or employer relocation.

The past three years have witnessed local government increases in license, impact, inspection, affordable housing, and concurrency fees for commercial developers and investors. These increases are based on the faulty assumption that commercial property owners have access to a "bottomless pool of funds". Failure to recognize the negative impact on employment opportunity, personal income, and overall quality-of-life due to an overburdened commercial real estate industry could result in further economic decline in the commercial real estate industry.

ACTION REQUESTED

BOMA Florida is committed to the preservation of Florida's outstanding quality of life for all citizens. BOMA Florida is prepared to volunteer time and talent to work with other concerned citizens in evaluating needs, identifying resources, and developing proposed courses of action that will ensure economic strength and growth for our communities and State.

Exhibit A to this paper details BOMA Florida's stance on 2012 bills of impact to the commercial real estate industry pertaining to Taxes. We encourage our members to contact their elected officials regarding these stances.

**EXHIBIT A: 2012 FLORIDA SESSION BILLS
IMPACTING COMMERCIAL REAL ESTATE AND TAXES**

BILL #	TOPIC	AUTHOR	BOMA Position
HB 89	Ad Valorem Tax Exemptions	Caldwell	Monitoring
HB 107	Special Districts Appear at Meeting	Caldwell	Monitoring
HB 133	Assessment of Residential and Nonhomestead Real Property	Frishe	Opposed
CS/SB 156	Assessment of Residential and Nonhomestead Real Property	Community Affairs, Latvala	Opposed
SB 168	Ad Valorem Tax Exemptions	Richter	Monitoring
SB 192	Special Districts	Bennett	Monitoring
HB 251	Property Assessments	Workman	Support
SB 280	County Government Funding	Fasano	Monitoring
SJR 312	Rescinding and Withdrawing House Joint Resolution 381 (2011)	Simmons	Support
SJR 314	Ad Valorem Taxation	Simmons	Opposed
HB 361	Exemptions from Local Business Taxes	Roberson, K.	Support
SB 444	Laws Requiring Counties or Municipalities to Spend Funds/Limiting Ability to Raise Revenue or Receive State Tax Revenue	Community Affairs	Monitoring
HB 581	Tax Deeds	Mayfield	Monitoring
SB 588	Enterprise Zones	Garcia	Monitoring
SB 734	Tax Deeds	Bogdanoff	Monitoring
SB 770	Exemptions from Local Business Taxes	Hays	Support
SB 928	Property Assessments	Altman	Support
HB 4099	Tax on Sales, Use, and Other Transactions	O'Toole	Monitoring