Florida Homeowners
for
Fair Treatment
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Managing Submerged Lands

Why Additional Legislation Is Necessary

2013 Session Information Presentation

2012 Legislation was a ***START*** not a ***SOLUTION***

The gross inequities and over-regulation of the submerged land lease program, in particular as it affects private multi-family residences, still exists and must be remedied now.

Original Intent

(It all made sense in the beginning)

- Single Family Residences on sovereign submerged lands are **EXEMPT** from all lease fees, taxes on the lease fees, renewal fees, taxes on the renewal fees, 6% requirement when their residence is sold, 6% of dock maintenance fees, rental reporting requirements, etc.

- Rule 18-21.005 (1)(b), F.A.C. which sites to Section 403.813 (1), F.S., specifically exempts single family docking facilities up to 1000 square feet.

HB 13 From 2012 Session

- New Law Effective July 1, 2012
- Exempted Homesteaded MFRs From 6% Fee on Sale
- Extended Lease Term from 5 Years to Ten Years
- Nominally Reduced Annual Lease Fee Payments

What This Campaign Is NOT

- This is NOT an Environmental Issue
  - It is an Economic Issue
  - DEP Controls Size & Location of docks via permitting
- This is NOT a Pinellas County Only Issue
  - These requested actions impact EVERY waterfront MFR in the State
- This is NOT a vendetta against the DEP
  - It is about state regulation treating residential facilities with fairness and equality.

DEP "Interpretations"

- Multi-family dwellings are private non-profit residences yet the Department of Environmental Protection (DEP) has labeled them as "commercial" and is charging the same rates as commercial properties even though there is <u>no income</u> generated.

Devastating Results

- During the summer of 2008 the DEP tried to increase the fees by 350% despite the fact that there was an annual 10% cap on any increases.
  - Our organization was able to defeat this increase.

- Then during the 2009 Legislative Session the DEP tried to increase the fees again by over 425%. In terms of a dollar value this type of increase meant one association would go from its current fee of $16,000, to over $72,000 annually, an increase most could not afford.
  - Once again, this was defeated.

Current Status of Multi-Family Residences

- MFRs have to pay an annual lease fee plus 7% sales tax. (Somewhat reduced by HB13 passed 7/1/12)
- MFRs have to pay a renewal fee every 10 years plus 7% sales tax.
- Some MFRs have to pay 6% of their budgeted maintenance fees that they collect to maintain their docks, cleats, pilings, etc. as the DEP views it as income generated.

Additional Inequities

- MFRs have to pay a 6% fee when a non-homesteaded residence is sold based on the value of the assigned slip which is on the property tax deed. The DEP views the sale of one’s home as income generated.

- MFRs have to submit detailed & notarized documentation of any rental income of the slips. Most associations are prohibited from renting their slips due to their by-laws, but the DEP still demands this paperwork.

Fee Fairness?

(200’ apart)

- Exempt
- Exempt
- Exempt
- Exempt

- Pays Annual Fee at <u>COMMERCIAL</u> Rates
- Pays Renewal Fee
- Pays 6% of Dock Maintenance Fee
- Notarized Reporting Requirements

Tax Fairness?

(200’ apart)

- Exempt
- Exempt
- Exempt

- Pays 7% Tax on Lease Fee
- Pays 7% Tax on Renewal Fee
- Pays 6% of Slip Value on Sale of Non-Homesteaded Residence

Proposed Solution

- All residential homes, whether single or multi-family, must be put on a level playing field

- Easily accomplished with your support of:
  - **SB-XX** sponsored by Senator Brandes
  - **HB-XX** sponsored by Representative Peters

SB-XX & HB-XX

- Allow private multi-family residences to also be eligible for exemption from the state's Submerged Land Lease Fee which is currently only available to private single family residents.
- If granted said exemption, private multi-family residences would also therefore not have to pay the Renewal fee every 10 years.
- If granted said exemption, private multi-family residences would also therefore not have to pay the 6% Transfer fee on non-homesteaded sales.
- If granted said exemption, private multi family residences would also therefore not have to pay the 6% rental income amount to the state.

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