



FloridaRealtors®

The Voice for Real Estate® in Florida

2018 Legislative Priorities

Assignment of Benefits

Reduce Assignment of Benefits (AOB) abuse that drives up insurance premiums for property owners.

AOB allows policyholders to assign their post-loss insurance benefits to a contractor, such as a water remediation company or roofer, so the contractor can charge the insurance company for its work directly.

But a growing number of contractors have been inflating the cost of repairs. When the insurance company refuses to pay the claim, the contractor files a lawsuit. Insurers typically pay these inflated claims to avoid the high cost of litigation, and pass the cost onto policyholders.

As lawmakers consider legislation to stop AOB abuse and protect consumers from higher insurance rates, they should keep in mind:

- AOB abuse has reached staggering levels. In 2006, there were 405 AOB lawsuits. In 2016, that number rose to 28,200, according to the Florida Office of Insurance Regulation.
- A study of more than 80,000 Florida insurance claims for water damage showed the average AOB claim was approximately \$17,000 — 50 percent more than non-AOB claims.
- Consumers are paying in the form of higher insurance premiums. In 2014, 37.6 percent of insurance companies requested rate increases. In 2017, 90 percent of the companies that submitted their rate requests filed for increases.

It's time to stop the abuse and protect consumers from higher insurance costs.

Vacation Rentals

Enact legislation concerning vacation rentals that treats homeowners equitably.

Homeowners have made their properties available as vacation rentals long before the Internet arrived, but the growth of websites such as Airbnb and VRBO have made it easier. These sites have created new financial opportunities for homeowners and expanded the options available to consumers who live in, or travel to, Florida.

However, many local governments view this exercise of private property rights as an under-regulated disruption to their communities and have responded by attempting to establish new ordinances, inspections and fees that are designed to discourage vacation rentals.

There are several stakeholders in the discussion about vacation rentals, not the least of which are property owners.

As lawmakers consider solutions, they should keep in mind the following:

- Website platforms such as Airbnb, VRBO, HomeAway and others expand lodging options for visitors, who also spend money at restaurants, retail stores and other local businesses.
- The potential for rental income is attractive to individuals who buy a second home for future retirement.
- Since 2014, cities and counties have passed 38 separate ordinances affecting vacation rentals, some with the intent of preventing them altogether. Several of these ordinances — such as requiring a background check for every occupant — make compliance burdensome.

State lawmakers need to take a leadership role on this issue and pass legislation that does not undermine property rights.

Affordable Housing

Increase funding for the housing trust funds.

The state and local government housing trust funds were created in the early 1990s to help Floridians in good times and bad. They are supported entirely by a portion of the doc stamp taxes charged on every real estate transaction.

For thousands of families, these funds are the only way to realize the American dream of homeownership. They also provide housing rehabilitation and rental assistance to Florida's homeless, veterans, seniors and persons with disabilities.

Last year, the Legislature allocated \$270 million for affordable housing projects, the highest funding level in a decade.

We applaud lawmakers for their financial support. But there is still a lot more work to be done. The need for affordable housing is particularly great when you factor in the devastation caused by Hurricane Irma and the influx of Puerto Ricans to Florida following Hurricane Maria.

As lawmakers discuss funding levels for the housing trust funds, they should keep in mind the following:

- State economists estimate that \$314.08 million will be available for the housing trust funds in Fiscal Year 2018-19.
- If all monies collected are fully appropriated for housing, it will create nearly 32,700 jobs and \$4.6 billion in positive economic impact in just one year, while creating homes that will last far into the future.
- In the past 25 years, the housing trust funds have helped more than 200,000 families.

Allow the housing trust funds to help families become homeowners through public-private partnerships that give back to the community.

Business Rent Tax

Continue reducing the business rent tax.

We applaud the 2017 Legislature for lowering the sales tax on commercial leases to 5.8 percent, saving businesses more than \$60 million a year. Florida is the only state in the country that charges a business rent tax. These rents are subject to a local option sales tax as well, which can be as high as 2 percent.

Small businesses — from the local diner and hair salon to boutique retail stores — are disproportionately impacted by the tax. We urge lawmakers to continue lowering the tax to provide businesses with the capital to expand, hire, improve benefits and raise salaries.

As lawmakers discuss the fiscal impact of cutting the business rent tax, they should consider the following:

- Florida's business rent tax can add up to 8 percent to businesses' occupancy costs, making Florida less attractive to companies seeking to relocate.
- Many factors play a role in deciding where to locate or expand a business — labor costs, a skilled workforce, the transportation network and taxes. But taxes are often the tie-breaker, according to a Florida TaxWatch Report.
- All businesses that rent commercial real estate pay a business rent tax, no matter how profitable they are. A lower rent tax would help startups and businesses that are struggling financially.