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New Florida Case Facilitates Public-Private Partnerships.

The Florida First District Court of Appeal recently decided [*Crapo v. Provident Group-Continuum Properties, LLC*](#), which sets forth a rule that should result in more favorable property-tax treatment for [P3s in Florida](#). In general, an economic disadvantage facing privately-owned projects, as compared to publicly owned projects, is the imposition of real estate taxes, which are often around two percent of the property value per year. Although there are many exceptions, in general, privately owned and operated developments are subject to property tax, while government-owned and operated developments are not. P3s, which have elements of both public and private developments, often operate in a legally gray area.

In *Provident Group*, the court analyzed the applicability of a P3 structure where the private partner was tasked with developing and operating [student dormitories for the University of Florida](#) (UF), pursuant to the University's standards. The P3 contract provided that the private partner would own the dorms until the end of the contract term, at which point the dorms would be transferred to UF at no cost. Even though the private developer owned the dorms during the period of the agreement, the appeals court ruled that UF was the equitable owner for purposes of property taxes, and the dorms therefore were immune from property taxes. Although P3s are often [less costly to the public](#) than a traditional public project even without favorable tax treatment, this ruling will, in many cases, make P3s an even more attractive alternative to state and local governments in Florida that are in need of new public infrastructure and services.

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