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IRS GRANTS CFO SINK'S REQUEST THAT MSFH GRANTS NOT BE SUBJECT TO FEDERAL INCOME TAX

TALLAHASSEE –Florida Chief Financial Officer Alex Sink today announced grants awarded to homeowners through the My Safe Florida Home (MSFH) program will not be reported as taxable income to the federal government.

CFO Sink made the announcement after receiving a Letter Ruling from the Internal Revenue Service (IRS) stating that MSFH grants will be excluded from “gross incomes for federal income tax purposes.”

“Floridians taking personal responsibility to harden their homes and receive a grant from the My Safe Florida Home program shouldn’t be hit with an additional tax bill in January 2008,” said CFO Sink, who runs the Department of Financial Services and the MSFH program. “I commend the IRS for granting our request that mitigation grants should not be considered part of a homeowner’s income.”

Following a June 2007 request from CFO Sink, the IRS issued a Letter Ruling in late November that all grants given through the MSFH program will not be considered income and will not be reported as income to the federal government. Without this recent ruling, matching grant recipients could have been facing a tax liability of \$1,250 on a \$5,000 MSFH grant, based on the IRS Flat Tax calculation rate of 25 percent. With \$8.6 million in grants issued to date, CFO Sink’s request has potentially saved Floridians from being subject to approximately \$2.15 million in additional federal income taxes.

The MSFH program resumed offering wind inspections and expanded statewide in April 2007 after conducting a pilot program during the previous year. During the last 7 months, the MSFH program has performed approximately 114,000 free wind inspections, and a total of 127,816 inspections since the program began. Approximately 15,985 homeowners have been approved to receive matching grants and are working with the MSFH program to harden their homes. Statewide, the program has issued a grand total of more than 2,481 grants to homeowners for more than \$7.9 million.

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CFO Sink has reported that the vast majority of homeowners who have received free wind inspections from the MSFH program are eligible for discounts on their wind insurance premiums without making a single improvement to their homes. To date, 95,807 (76 percent) of participating homeowners are eligible for an average discount of \$210 on their wind insurance premiums, based on the current structure of the home during the free MSFH wind inspection. Over the last seven months, the program has alerted Floridians to a potential savings in windstorm insurance premiums totaling more than \$20 million.

Any Floridian who lives in a single-family, site-built home is eligible for a free wind inspection through the program. Floridians can apply on-line at www.MySafeFloridaHome.com or by calling the program toll-free at 1-866-513-6734. Homeowners who receive free wind inspections through the MSFH program will get a detailed inspection report, complete with additional eligibility information on matching grants and estimated insurance premium discounts, if the homeowner is eligible.

In order to be eligible for the program's matching grant reimbursements of up to \$5,000, the Legislature requires that homeowners meet the following requirements: have received a completed wind inspection after May 1, 2007; live in a single-family, site-built home built before March 1, 2002; have a valid homestead exemption; have an insured value of \$300,000 or less; and be located in the wind-borne debris region.

Additionally, while the free wind inspections will still cover seven potential wind-resistance improvements, matching grants may only be applied to opening protections, including windows, exterior doors and garage doors, as well as the bracing of gable ends.

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As a statewide elected officer of the Florida Cabinet, Chief Financial Officer Alex Sink oversees the Department of Financial Services, a multi-division state agency responsible for management of state funds and unclaimed property, assisting consumers who request information and help related to financial services, and investigating financial fraud. CFO Sink also serves as the State Fire Marshal.