

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Finance and Tax

BILL: CS/SJR 1686

INTRODUCER: Finance and Tax Committee and Senator Collins

SUBJECT: Ad Valorem Tax

DATE: February 15, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hackett</u>	<u>Ryon</u>	<u>CA</u>	Favorable
2.	<u>Shuler</u>	<u>Khan</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SJR 1686 proposes an amendment to the Florida Constitution to provide that a veteran or such veteran’s unremarried surviving spouse is eligible for an additional \$10,000 ad valorem homestead tax exemption if the veteran has been awarded the Purple Heart medal or any of the 9 additional listed medals of superior precedence.

If adopted by the Legislature, the proposed amendment will be submitted to Florida’s electors for approval or rejection at the next general election in November 2024.

If approved by at least 60 percent of the electors, the proposed amendment will take effect on January 1, 2025.

II. Present Situation:

General Overview of Property Taxation

The ad valorem tax or “property tax” is an annual tax levied by counties, municipalities, school districts, and some special districts. The tax is based on the taxable value of property as of

January 1 of each year.¹ The property appraiser annually determines the “just value”² of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”³ Property tax bills are mailed in November of each year based on the previous January 1 valuation.⁴ If a taxpayer furnishes the outstanding taxes within 30 days after the tax collector mailed the tax notice, the taxpayer will receive a 4 percent discount on the total amount of taxes due.⁵ The full amount of taxes is due by March 31 of the following year.⁶

The Florida Constitution prohibits the state from levying ad valorem taxes⁷ and it limits the Legislature’s authority to provide for property valuations at less than just value, unless expressly authorized.⁸

Homestead Exemptions

The Florida Constitution establishes homestead protections for certain residential real estate in the state in three distinct ways. First, it provides homesteads, property owned and maintained as a person’s primary residence, with an exemption from taxes.⁹ Second, the homestead provisions protect the homestead from forced sale by creditors.¹⁰ Third, the homestead provisions delineate the restrictions a homestead owner faces when attempting to alienate or devise the homestead property.¹¹

Every person having legal or equitable title to real estate and who maintains a permanent residence on the real estate is deemed to establish homestead property. Homestead property is eligible for a \$25,000 tax exemption applicable to all ad valorem tax levies, including levies by school districts.¹² An additional \$25,000 exemption applies to homestead property value between \$50,000 and \$75,000. This exemption does not apply to ad valorem taxes levied by school districts.¹³

¹ Both real property and tangible personal property are subject to tax. Section 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. Section 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value capable of manual possession and whose chief value is intrinsic to the article itself.

² Property must be valued at “just value” for purposes of property taxation, unless the Florida Constitution provides otherwise. FLA. CONST. Art VII, s. 4. Just value has been interpreted by the courts to mean the fair market value that a willing buyer would pay a willing seller for the property in an arm’s-length transaction. *See, e.g., Walter v. Schuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *S. Bell Tel. & Tel. Co. v. Dade Cnty.*, 275 So. 2d 4 (Fla. 1973).

³ *See* ss. 192.001(2) and (16), F.S.

⁴ Section 197.322, F.S.; *see also* Florida Department of Revenue, Florida Property Tax Calendar, *available at* <https://floridarevenue.com/property/Documents/taxcalendar.pdf> (last visited Feb. 7, 2024).

⁵ Section 197.162, F.S.; *see also* Florida Department of Revenue, Tax Collector Calendar, *available at* <https://floridarevenue.com/property/Documents/tccalendar.pdf> (last visited Feb. 7, 2024).

⁶ Section 197.333, F.S.

⁷ FLA. CONST. art. VII, s. 1(a).

⁸ *See* FLA. CONST. art. VII, s. 4.

⁹ FLA. CONST. art. VII, s. 6.

¹⁰ FLA. CONST. art. X, s. 4.

¹¹ *Id.* at (c).

¹² FLA. CONST. art. VII, s. 6(a).

¹³ *Id.*

Annual Application

Each person or organization meeting the criteria for an ad valorem tax exemption may claim the exemption if the claimant held legal title to the real or personal property subject to the exemption on January 1.¹⁴ The application for exemption must be filed with the property appraiser on or before March 1, and failure to make an application constitutes a waiver of the exemption for that year.¹⁵ The application must list and describe the property for which the exemption is being claimed and certify the ownership and use of the property.¹⁶ The claimant must reapply for the exemption on an annual basis unless the property appraiser (subject to approval by a vote of the governing body of the county) has waived the annual application requirement for a property after an initial application is made and the exemption granted.¹⁷

Exemption for Veterans with Total and Permanent Service-Connected Disability

The homestead property of a veteran who was honorably discharged with a service-connected total and permanent disability is exempt from taxation.¹⁸ To qualify for this exemption, the veteran must be a permanent resident of the state on January 1 of the tax year for which exemption is being claimed or must have been a permanent resident of this state on January 1 of the year the veteran died.¹⁹ If the veteran predeceases their spouse, the spouse may continue to receive the exemption as long as the property remains the homestead property of the spouse, and the spouse is unmarried.²⁰

A totally and permanently disabled veteran, or his or her surviving spouse, who acquires legal or beneficial title to property between January 1 and November 1, may receive a prorated refund of the ad valorem taxes paid for the newly acquired property as of the date of the property transfer provided they were eligible for and granted the exemption on another homestead property in the previous tax year.²¹

Tax Discount on Homestead Property for a Combat-disabled Veteran

In addition to the property tax exemptions described above, certain combat-disabled veterans are entitled to a discount on their homestead property taxes.²² The discount is calculated as a percentage equal to the percentage of the veteran's permanent, service-connected disability.²³ The discount is applied as a reduction to the taxable value of the homestead property.²⁴

To qualify for the tax discount, the veteran must:

- Be aged 65 or older;

¹⁴ Section 196.011(1)(a), F.S.

¹⁵ Section 196.011(1), F.S. But see s. 196.011(7) and (8) for conditions when the exemption may be granted if an application is filed after March 1.

¹⁶ Section 196.011(1)(a), F.S.

¹⁷ Section 196.011(5) and (9)(a), F.S.

¹⁸ Section 196.081(1), F.S.

¹⁹ *Id.*

²⁰ Section 196.081(3), F.S.

²¹ Section 196.081(1)(b), F.S.

²² FLA. CONST. art. VII, s. 6(e);, s. 196.082, F.S.

²³ Section 196.082(2), F.S.

²⁴ Section 196.082(6), F.S.

- Be partially or totally disabled with combat-related disabilities; and
- Have received an honorable discharge.²⁵

In addition to filing an application with the county tax appraiser for the discount, an eligible veteran must also provide to the tax appraiser by March 1:

- An official letter from the United States Department of Veterans Affairs which includes the percentage of the veteran's service-connected disability and evidence that reasonably identifies the disability as combat-related;
- A copy of the veteran's honorable discharge; and
- Proof of age as of January 1 of the year to which the discount will apply.²⁶

Armed Forces Decorations and Awards

George Washington established the first system for recognizing the heroic acts of military servicemembers on August 7, 1782.²⁷ When first established by George Washington during the Revolutionary War, the award was initially known as the Badge of Military Merit, then brought into its modern form as the Purple Heart in 1932.²⁸ It is a medal awarded to any member of the Armed Forces of the United States who, during service, has been wounded, was killed, or died of wounds received in any action or as the result of an act of any hostile foreign force.²⁹ Rather than being recommended for the honor, as with all other military decorations, a servicemember is entitled to the Purple Heart after meeting the set criteria.³⁰

On December 21, 1861, Abraham Lincoln established the next award, the Medal of Honor, which was initially for members of the Navy and Marine Corps, then later expanded to all services.³¹ Numerous decorations and awards have been created since then, but the Medal of Honor remains the highest military decoration that can be awarded by this nation.³² Behind the Medal of Honor, but superior in precedence to the Purple Heart, are The Navy Cross, The Air Force Cross, The Distinguished Service Cross, The Distinguished Service Medal with Combat V, The Silver Star, The Legion of Merit with Combat V, The Distinguished Flying Cross, and The Bronze Star with Combat V.³³

III. Effect of Proposed Changes:

The joint resolution proposes an amendment to the Florida Constitution to provide that a veteran or such veteran's unmarried surviving spouse is eligible for an additional \$10,000 ad valorem homestead tax exemption if the veteran has been awarded the Purple Heart medal or any of the 9 additional listed medals of superior precedence, which are: The Medal of Honor, The Navy

²⁵ Section 196.082(1), F.S.

²⁶ Section 196.082(4), F.S.

²⁷ AMERICAN FORCES INFORMATION SERVICE, ARMED FORCES DECORATIONS AND AWARDS, 1 (1992) available at <https://history.army.mil/moh/Armed-Forces-Decorations-and-Awards.pdf>

²⁸ *Id.*

²⁹ United State Army Human Resources Command, *Purple Heart*, Nov. 08, 2023, <https://www.hrc.army.mil/content/Purple%20Heart> (last visited Feb. 7, 2024).

³⁰ *Id.*

³¹ AMERICAN FORCES INFORMATION SERVICE, *supra* note 27.

³² *Id.*

³³ *See id.* at 22-31.

Cross, The Air Force Cross, The Distinguished Service Cross, The Distinguished Service Medal with Combat V, The Silver Star, The Legion of Merit with Combat V, The Distinguished Flying Cross, and The Bronze Star with Combat V.

Applicants are required to submit official documentation of the receipt of a specified medal by March 1. Property appraisers are required to notify applicants in writing of the reasons for denial of a request for exemption, at which point veterans may reapply. The Legislature is authorized to waive the requirement for veterans to reapply annually after they receive the exemption for the first time.

The SJR provides a carry-over to surviving spouses who hold title to the property until the time the surviving spouse remarries or sells or otherwise disposes of the property. The carry-over may be transferred to a new property if the spouse sells the property and does not remarry, and the amount may not be more than the dollar amount granted on the most recent tax roll.

If adopted by the Legislature, the proposed amendment will be submitted to Florida's electors for approval or rejection at the next general election in November 2024.

If approved by at least 60 percent of the electors, the proposed amendment will take effect on January 1, 2025.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The mandate provisions in Article VII, section 18 of the Florida Constitution, do not apply to joint resolutions.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

Article XI, s. 1 of the Florida Constitution authorizes the Legislature to propose amendments to the Florida Constitution by joint resolution approved by a three-fifths vote of the membership of each house. Article XI, s. 5(a) of the Florida Constitution

requires the amendment be placed before the electorate at the next general election³⁴ held more than 90 days after the proposal has been filed with the Secretary of State or at a special election held for that purpose. Constitutional amendments submitted to the electors must be printed in clear and unambiguous language on the ballot.³⁵

Article XI, s. 5(d) of the Florida Constitution requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each county where a newspaper is published. The amendment or revision must be published once in the 10th week and again in the 6th week immediately preceding the week the election is held.

Article XI, s. 5(e) of the Florida Constitution requires approval by 60 percent of voters for a constitutional amendment to take effect. The amendment, if approved, becomes effective on the first Tuesday after the first Monday in January following the election, or on such other date as may be specified in the amendment.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not yet reviewed this bill.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Article XI, Section 5(d) of the Florida Constitution requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each county where a newspaper is published. The amendment or revision must be published in the 10th week and again in the 6th week immediately preceding the week the election is held.

The Division of Elections (division) within the Department of State pays for publication costs to advertise all constitutional amendments in both English and Spanish,³⁶ typically paid from non-recurring General Revenue funds.³⁷ Accurate cost estimates for the next constitutional amendment advertising cannot be determined until the total number of amendments to be advertised is known and updated quotes are obtained from newspapers.

³⁴ Section 97.021(17), F.S., defines “general election” as an election held on the first Tuesday after the first Monday in November in the even-numbered years, for the purpose of filling national, state, county, and district offices and for voting on constitutional amendments not otherwise provided for by law.

³⁵ Section 101.161(1), F.S.

³⁶ Pursuant to *Section 203 of the Voting Rights Act (52 U.S.C.A. § 10503)*.

³⁷ *See, e.g., Ch. 2022-156, Specific Appropriation 3137, Laws of Fla.*

There is an unknown additional cost for the printing and distributing of the constitutional amendments, in poster or booklet form, in English and Spanish, for each of the 67 Supervisors of Elections to post or make available at each polling room or each voting site, as required by s. 101.171, F.S. Historically, the division has printed and distributed booklets that include the ballot title, ballot summary, text of the constitutional amendment, and, if applicable, the financial impact statement.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This resolution substantially amends section 6, Article VII of the Florida Constitution.

This resolution also creates a new section in Article XII of the Florida Constitution.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Committee Substitute by Finance and Tax on February 13, 2024:

The committee substitute:

- Restored current constitutional language to maintain the existing discount for partially or totally permanently disabled veterans age 65 or older by placing the proposed exemption for veteran medal recipients in a separate subsection of the Florida Constitution.
- Lists 9 medals in addition to the Purple Heart that will allow a veteran to qualify.
- Provides for carry-over to surviving spouses under certain conditions.
- Specifies application requirements and authorizes the Legislature to waive annual application in subsequent years.

B. Amendments:

None.