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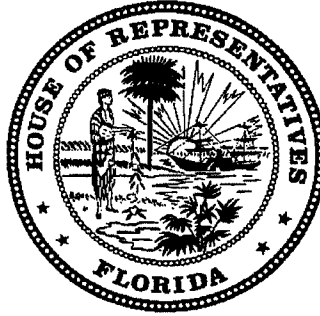
# Finance and Tax Committee

Thursday, February 24, 2011

3:00 p.m.

Morris Hall

MEETING PACKET



## Finance and Tax Committee

### AGENDA

February 24, 2011  
3:00 p.m. – 6:00 p.m.  
Morris Hall

- I. Call to Order/Roll Call
- II. Consideration of the following bill(s):  
HJR 381 Property Assessment; Homestead Value Decline;  
Nonhomestead Increase Limitation Reduction; Additional  
Homestead Exemption by Dorworth, Costello, Crisafulli
- III. Special Districts Projects, Discussion and Public Testimony
- IV. Closing Remarks and Adjournment



## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HJR 381 Property Assessment; Homestead Value Decline; Nonhomestead Increase  
Limitation Reduction; Additional Homestead Exemption  
**SPONSOR(S):** Dorworth and others  
**TIED BILLS:**           **IDEN./SIM. BILLS:** SJR 658

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Finance & Tax Committee		Aldridge <i>WA</i>	Langston <i>DL</i>
2) Community & Military Affairs Subcommittee			
3) Economic Affairs Committee			

### SUMMARY ANALYSIS

The joint resolution proposes an amendment to sections 4 and 6, Article VII, of the State Constitution, to reduce from 10% to 3% the limitation on annual assessment increases applicable to non-homestead property and to create an additional homestead exemption for first-time homesteaders. The joint resolution also proposes an amendment to section 4, Article VII, of the State Constitution, to prohibit increases in the assessed value of homestead property in any year where the market value of the property decreases. This provision would prevent what is commonly referred to as "Save Our Homes Recapture" in any year where the market value of the property decreases.

The first-time homesteader exemption will be available to persons that have not received a homestead exemption in the past three calendar years and will apply to all property taxes other than school taxes. The initial exemption is equal to 50% of the just value (i.e., market value) of the homestead property. The amount of the exemption cannot exceed \$200,000. The additional exemption will diminish to zero in five years or less. The exemption value is reduced each year by the greater of 20% of the initial exemption or the Save Our Homes Benefit (the difference between just value and assessed value determined under the Save Our Homes provisions).

The Revenue Estimating Conference (REC) has estimated that the fiscal impact of the joint resolution is indeterminate because it must be approved by the voters. If the voters approve the amendment, the REC estimates that:

- The REC has not yet determined the potential revenue impact of the non-homestead property provision.
- The first-time homesteader provision will result in a reduction in non-school property tax revenues of \$94.5 million in FY 2013-14, increasing to \$412.0 million in FY 2016-17, based on current millage rates.
- The "Save Our Homes Recapture" provision will result in a reduction of school property tax revenues of \$5.0 million in FY 2013-14, with a recurring impact of -\$17.0 million in school property tax revenues, based on current millage rates and will result in a reduction of non-school property tax revenues of \$6.0 million in FY 2013-14, with a recurring impact of -\$18.0 million in school property tax revenues, based on current millage rates.

The joint resolution will require approval by a three-fifths vote of the membership of each house of the Legislature to be placed on the November 2012 ballot.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Current Situation**

###### ***Just Value***

Section 4, Art. VII, of the State Constitution, requires that all property be assessed at just value for ad valorem tax purposes. Under Florida law, "just valuation" is synonymous with "fair market value", and is defined as what a willing buyer would pay a willing seller for the property in an arm's length transaction.<sup>1</sup>

###### ***Assessed Value***

The Florida Constitution authorizes certain alternatives to the just valuation standard for specific types of property.<sup>2</sup> Agricultural land, land producing high water recharge to Florida's aquifers, and land used exclusively for noncommercial recreational purposes may be assessed solely on the basis of their character or use.<sup>3</sup> Land used for conservation purposes must be assessed solely on the basis of character or use.<sup>4</sup> Livestock and tangible personal property that is held for sale as stock in trade may be assessed at a specified percentage of its value or be totally exempted from taxation.<sup>5</sup> Counties and municipalities may authorize historic properties to be assessed solely on the basis of character or use.<sup>6</sup> Counties may also provide a reduction in the assessed value of property improvements on existing homesteads made to accommodate parents or grandparents that are 62 years of age or older.<sup>7</sup> The Legislature is authorized to prohibit the consideration of improvements to residential real property for purposes of improving the property's wind resistance or the installation of renewable energy source devices in the assessment of the property.<sup>8</sup> Certain working waterfront property is assessed based upon the property's current use.<sup>9</sup>

###### ***Save Our Homes***

The "Save Our Homes" provision in section 4, Art. VII, of the State Constitution, limits the amount a homestead's assessed value can increase annually to the lesser of 3% or the inflation rate as measured by the consumer price index (CPI).<sup>10</sup> Homestead property owners that establish a new homestead may transfer up to \$500,000 of their accrued "Save Our Homes" benefit to the new homestead.<sup>11</sup>

###### ***Section 193.155, Florida Statutes***

In 1994, the Legislature enacted ch. 94-353, Laws of Florida, to implement the "Save Our Homes" amendment in s. 193.155, F.S. The legislation required all homestead property to be assessed at just value by January 1, 1994.<sup>12</sup> Starting on January 1, 1995, or the year after the property receives a homestead exemption (whichever is later) property receiving a homestead exemption must be reassessed annually on January 1 of each year. As provided in the constitution, s. 193.155, F.S., requires that any change resulting from the reassessment may not exceed the lesser of 3% or the

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<sup>1</sup> Section 193.011, F.S. See also *Walter v. Shuler*, 176 So.2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So.2d 1163 (Fla. 1976); and *Southern Bell Tel. & Tel. Co. v. Dade County*, 275 So.2d 4 (Fla. 1973).

<sup>2</sup> The constitutional provisions in section 4, Art. VII, of the State Constitution, are implemented in Part II of ch. 193, F.S.

<sup>3</sup> Art. VII, section 4(a) of the Florida Constitution.

<sup>4</sup> Art. VII, section 4(b) of the Florida Constitution.

<sup>5</sup> Art. VII, section 4(c) of the Florida Constitution.

<sup>6</sup> Art. VII, section 4(e) of the Florida Constitution.

<sup>7</sup> Art. VII, section 4(f) of the Florida Constitution.

<sup>8</sup> Art. VII, section 4(i) of the Florida Constitution.

<sup>9</sup> Art. VII, section 4(j) of the Florida Constitution.

<sup>10</sup> Art. VII, section 4(d) of the Florida Constitution.

<sup>11</sup> Art. VII, section 4(d) of the Florida Constitution.

<sup>12</sup> See *Fuchs v. Wilkinson*, 630 So. 2d 1044 (Fla. 1994) ("the clear language of the amendment establishes January 1, 1994, as the first "just value" assessment date, and as a result, requires the operative date of the amendment's limitations, which establish the "tax value" of homestead property, to be January 1, 1995").

growth in the CPI. Pursuant to s. 193.155(2), F.S., if the assessed value of the property exceeds the just value, the assessed value must be lowered to just value of the property.

**Rule 12D-8.0062, Florida Administrative Code (F.A.C.): "The Recapture Rule"**

In October 1995, the Governor and the Cabinet, acting as the head of the Department of Revenue, adopted rule 12D-8.0062, F.A.C., entitled "Assessments; Homestead; and Limitations."<sup>13</sup> The rule "govern[s] the determination of the assessed value of property subject to the homestead assessment limitation under Article VII, Section 4(c), Florida Constitution and Section 193.155, F.S."<sup>14</sup>

Subsection (5) of the rule is popularly known as the "recapture rule." This subsection requires property appraisers to increase the assessed value of a homestead property by the lower of 3% or the CPI on all property where the prior year's assessed value is lower than the just value. The specific language in Rule 12D-8.0062(5), F.A.C., provides:

(5) Where the current year just value of an individual property exceeds the prior year assessed value, the property appraiser is *required* to increase the prior year's assessed value ....<sup>15</sup>

Currently, this requirement applies even if the just value of the homestead property has decreased from the prior year. Therefore, homestead owners entitled to the "Save Our Homes" cap whose property is assessed at less than just value may see an increase in the assessed value of their home in years where the just/market value of their property has decreased.

Subsection (6) of the rule provides that if the change in the CPI is negative, then the assessed value shall be equal to the prior year's assessed value decreased by that percentage.

**Markham v. Department of Revenue<sup>16</sup>**

On March 17, 1995, William Markham, the Broward County Property Appraiser, filed a petition challenging the validity of the Department of Revenue's proposed "recapture rule" within Rule 12D-8.0062, F.A.C. Markham alleged that the proposed rule was "an invalid exercise of delegated legislative authority and is arbitrary and capricious".<sup>17</sup> Markham also claimed that subsection (5) of the rule was at variance with the constitution- specifically that it conflicted with the "intent" of the ballot initiative and that a third limitation relating to market value or movement<sup>18</sup> should be incorporated into the language of the rule to make it compatible with the language in section 4(c), Art. VII, State Constitution.

A final order was issued by The Division of Administrative Hearings on June 21, 1995, which upheld the validity of Rule 12D-8.0062, F.A.C., and the Department of Revenue's exercise of delegated legislative authority. The hearing officer determined that subsections (5) and (6) of the administrative rule were consistent with section 4(c), Art. VII, State Constitution. The hearing officer also held that the challenged portions of the rule were consistent with the agency's mandate to adopt rules under s. 195.027(1), F.S., since the rule had a factual and logical underpinning, was plain and unambiguous, and did not conflict with the implemented law.<sup>19</sup>

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<sup>13</sup>While s. 193.155, F.S., did not provide specific rulemaking authority, the Department of Revenue adopted Rule 12S-9.0062, F.A.C., pursuant to its general rulemaking authority under s. 195.927, F.S. Section 195.027, F.S., provides that the Department of Revenue shall prescribe reasonable rules and regulations for the assessing and collecting of taxes, and that the Legislature intends that the department shall formulate such rules and regulations that property will be assessed, taxes will be collected, and that the administration will be uniform, just and otherwise in compliance with the requirements of general law and the constitution.

<sup>14</sup> Rule 12D-8.0062(1), F.A.C.

<sup>15</sup> Rule 12D-8.0062(5), F.A.C. (emphasis added)

<sup>16</sup> *Markham v. Dep't of Revenue*, Case No. 95-1339RP (Fla. DOAH 1995).

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* at ¶ 21 (stating that "[t]his limitation, grounded on "market movement," would mean that in a year in which market value did not increase, the assessed value of a homestead property would not increase").

<sup>19</sup> *Id.* at ¶ 20.

### ***Additional Assessment Limitations***

Sections 4(g) and (h), Art. VII, State Constitution, provide an assessment limitation for non-homestead residential real property containing nine or fewer units, and for all real property not subject to other specified assessment limitations. For all levies, with the exception of school levies, the assessed value of property in each of these two categories may not be increased annually by more than 10% of the assessment in the prior year. However, residential real property containing nine or fewer units **must** be assessed at just value whenever there is a change in ownership or control. For the other real property subject to the limitation, the Legislature **may** provide that such property shall be assessed at just value after a change of ownership or control and **must** provide for reassessment following a qualifying improvement, as defined by general law. Section 27, Art. XII, State Constitution, provides that the amendments creating a limitation on annual assessment increases in subsections (f) and (g) are repealed effective January 1, 2019, and that the Legislature must propose an amendment abrogating the repeal, which shall be submitted to the voters for approval or rejection on the general election ballot for 2018.

### ***Homestead Exemption***

Section 6, Art. VII, State Constitution, provides that every person who owns real estate with legal and equitable title and maintains their permanent residence, or the permanent residence of their dependent upon such real estate, is eligible for a \$25,000 homestead tax exemption applicable to all ad valorem tax levies including school district levies. An additional \$25,000 homestead exemption applies to homesteads that have an assessed value greater than \$50,000 and up to \$75,000, excluding school district levies.

### ***Other Exemptions***

Section 3, Art. VII, State Constitution, provides for other specific exemptions from property taxes. Property owned by a municipality and used exclusively for municipal or public purposes is exempt, and portions of property used predominantly for educational, literary, scientific, religious or charitable purposes may be exempted by general law.<sup>20</sup> Additional exemptions are provided for household goods and personal effects, widows and widowers, blind persons and persons who are totally and permanently disabled.<sup>21</sup> A county or municipality is authorized to provide a property tax exemption for new and expanded businesses, but only against its own millage and upon voter approval.<sup>22</sup> A county or municipality may also grant an historic preservation property tax exemption against its own millage to owners of historic property.<sup>23</sup> Tangible personal property is exempt up to \$25,000 of its assessed value.<sup>24</sup> There is an exemption for real property dedicated in perpetuity for conservation purposes.<sup>25</sup> In November 2010, voters approved a constitutional amendment that adds an additional exemption for military personnel deployed on active duty outside of the United States in support of military operations designated by the Legislature.<sup>26</sup>

### ***Taxable Value***

The taxable value of real and tangible personal property is the assessed value minus any exemptions provided by the Florida Constitution or by Florida Statutes.

### **Proposed Changes**

#### ***Non-Homestead Assessment Limitation***

The joint resolution proposes to amend paragraph 1 of subsections (g) and (h) in s. 4, Art. VII, State Constitution, to reduce the annual assessment limitation on non-homestead property from 10% to 3%. If approved by the voters, this provision will take effect on January 1, 2013.

<sup>20</sup> Art. VII, section 3(a) of the Florida Constitution.

<sup>21</sup> Art. VII, section 3(b) of the Florida Constitution.

<sup>22</sup> Art. VII, section 3(c) of the Florida Constitution.

<sup>23</sup> Art. VII, section 3(d) of the Florida Constitution.

<sup>24</sup> Art. VII, section 3(e) of the Florida Constitution.

<sup>25</sup> Art. VII, section 3(f) of the Florida Constitution.

<sup>26</sup> Art. VII, section 3(g) of the Florida Constitution.

**Additional Homestead Exemption for First Time Homesteaders**

The joint resolution proposes to create subsection (f) in s. 6, Art. VII, State Constitution. This amendment allows individuals that are entitled to a homestead exemption under s. 6(a), Art. VII, State Constitution and have not received a homestead exemption in the previous three calendar years to receive an additional homestead exemption equal to 50% of the just value of the homestead property. The additional exemption will apply to all property taxes other than school district taxes. The amount of the exemption cannot exceed \$200,000. The additional exemption is reduced each succeeding year by the greater of 20% of the initial exemption or the Save Our Homes Benefit (the difference between just value and assessed value determined under SOH). If approved by the voters, this provision will take effect on January 1, 2013, and shall be available for properties purchased on or after January 1, 2012.

**Prohibition of Increases in Assessed Value Where Market Value Has Declined**

The joint resolution proposes an amendment to s. 4, Art. VII, State Constitution, to prohibit increases in the assessed value of a homestead property in any year where the market value of the property decreases.<sup>27</sup> If approved by the voters, this provision will take effect on January 1, 2013.

**Obsolete language clean-up**

The joint resolution also deletes obsolete language in s. 4(d), Art. VII, State Constitution. If approved by the voters, those changes will take effect on January 1, 2013.

**B. SECTION DIRECTORY:**

Not applicable to joint resolutions.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

None.

2. Expenditures:

Section 5(d), Art. XI, State 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 tenth week and again in the sixth week immediately preceding the week the election is held. The Division of Elections within the Department of State estimated that the average cost per word to advertise an amendment to the State Constitution is \$106.14 for this fiscal year. The department estimates the full publication costs for this joint resolution to be \$321,179.64.<sup>28</sup>

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

Since this amendment requires voter approval, the Revenue Estimating Conference (REC) adopted an indeterminate negative revenue impact for this joint resolution. However, if the amendment is approved by the voters, the REC has not yet determined the potential revenue impact of the non-homestead property provision.

If the amendment is approved by the voters, the REC estimated that the statewide impact on local governments other than school districts, for the non-homestead property provision, at current millage rates, would be:

<sup>27</sup> The assessed value of a homestead property could still increase for unrelated reasons, such as an increase in just value due to improvements made to the homestead property. See Art. VII, section (4)(d)(5), of the State Constitution

<sup>28</sup> Department of State, *House Joint Resolution 381 (2011) Fiscal Analysis* (Feb. 3, 2011)



FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
-\$94.5 million	-\$186.5 million	-\$268.4 million	-\$344.5 million

If the amendment is approved by the voters, the REC estimated that the "Save Our Homes Recapture" provision will result in a reduction of school property tax revenues of \$5.0 million in FY 2013-14, with a recurring impact of -\$17.0 million in school property tax revenues, based on current millage rates and will result in a reduction of non-school property tax revenues of \$6.0 million in FY 2013-14, with a recurring impact of -\$18.0 million in school property tax revenues, based on current millage rates.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

First-time homesteaders who purchase homes in 2012 and thereafter will experience temporary reductions in ad valorem taxes. The value of this reduction will decrease by no less than 20% each year and will disappear in the sixth year after the homestead is established. During this period, the ad valorem taxes levied on the homestead may increase each year as this exemption is reduced. Other property owners in the taxing jurisdiction may pay higher taxes, if the jurisdiction adjusts the millage rate to offset the loss to the tax base.

Owners of existing non-homestead residential rental and commercial real property may experience property tax savings and will not see their taxes increase significantly in a single year due to the change in the assessment increase limitation from 10% to 3%. To the extent that local taxing authorities' budgets are not reduced, the tax burden on other properties will increase to offset these tax losses. New properties or properties that have changed ownership or undergone significant improvements will be assessed at just value, and will pay higher taxes than comparable properties that have not changed ownership or undergone significant improvements.

D: FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable to joint resolutions.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

House Joint Resolution

A joint resolution proposing amendments to Sections 4 and 6 of Article VII and the creation of Sections 32 and 33 of Article XII of the State Constitution to prohibit increases in the assessed value of homestead property if the fair market value of the property decreases, reduce the limitation on annual assessment increases applicable to nonhomestead real property, provide an additional homestead exemption for owners of homestead property who have not owned homestead property for a specified time before purchase of the current homestead property, and application and limitations with respect thereto, and provide effective dates.

Be It Resolved by the Legislature of the State of Florida:

That the following amendments to Sections 4 and 6 of Article VII and the creation of Sections 32 and 33 of Article XII of the State Constitution are agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 4. Taxation; assessments.—By general law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation, provided:

28 (a) Agricultural land, land producing high water recharge  
 29 to Florida's aquifers, or land used exclusively for  
 30 noncommercial recreational purposes may be classified by general  
 31 law and assessed solely on the basis of character or use.

32 (b) As provided by general law and subject to conditions,  
 33 limitations, and reasonable definitions specified therein, land  
 34 used for conservation purposes shall be classified by general  
 35 law and assessed solely on the basis of character or use.

36 (c) Pursuant to general law tangible personal property  
 37 held for sale as stock in trade and livestock may be valued for  
 38 taxation at a specified percentage of its value, may be  
 39 classified for tax purposes, or may be exempted from taxation.

40 (d) All persons entitled to a homestead exemption under  
 41 Section 6 ~~of this Article~~ shall have their homestead assessed at  
 42 just value as of January 1 of the year following the effective  
 43 date of this amendment. This assessment shall change only as  
 44 provided in this subsection.

45 (1) Assessments subject to this subsection shall change be  
 46 ~~changed~~ annually on January 1 ~~1st~~ of each year. ~~but those~~  
 47 ~~changes in assessments~~

48 a. An increase in an assessment may ~~shall~~ not exceed the  
 49 lower of the following:

50 1.a. Three percent ~~(3%)~~ of the assessment for the prior  
 51 year.

52 2.b. The percent change in the Consumer Price Index for  
 53 all urban consumers, U.S. City Average, all items 1967=100, or a  
 54 successor index ~~reports~~ for the preceding calendar year ~~as~~

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55 | ~~initially reported by the United States Department of Labor,~~  
 56 | ~~Bureau of Labor Statistics.~~

57 |       b. An assessment may not increase if the just value of the  
 58 | property is less than the just value of the property on the  
 59 | preceding January 1.

60 |       (2) An ~~No~~ assessment may not ~~shall~~ exceed just value.

61 |       (3) After a ~~any~~ change of ownership, as provided by  
 62 | general law, homestead property shall be assessed at just value  
 63 | as of January 1 of the following year, unless the provisions of  
 64 | paragraph (8) apply. Thereafter, the homestead shall be assessed  
 65 | as provided in this subsection.

66 |       (4) New homestead property shall be assessed at just value  
 67 | as of January 1 ~~1st~~ of the year following the establishment of  
 68 | the homestead, unless the provisions of paragraph (8) apply.  
 69 | That assessment shall ~~only~~ change only as provided in this  
 70 | subsection.

71 |       (5) Changes, additions, reductions, or improvements to  
 72 | homestead property shall be assessed as provided for by general  
 73 | law. ~~; provided,~~ However, after the adjustment for any change,  
 74 | addition, reduction, or improvement, the property shall be  
 75 | assessed as provided in this subsection.

76 |       (6) In the event of a termination of homestead status, the  
 77 | property shall be assessed as provided by general law.

78 |       (7) The provisions of this subsection ~~amendment~~ are  
 79 | severable. If a provision ~~any of the provisions~~ of this  
 80 | subsection is ~~amendment~~ shall be held unconstitutional by a ~~any~~  
 81 | court of competent jurisdiction, the decision of the ~~such~~ court

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82 | does ~~shall~~ not affect or impair any remaining provisions of this  
 83 | subsection ~~amendment~~.

84 | (8)a. A person who ~~establishes a new homestead as of~~  
 85 | ~~January 1, 2009, or January 1 of any subsequent year and who~~ has  
 86 | received a homestead exemption pursuant to Section 6 ~~of this~~  
 87 | ~~Article~~ as of January 1 of either of the 2 ~~two~~ years immediately  
 88 | preceding the establishment of a ~~the~~ new homestead is entitled  
 89 | to have the new homestead assessed at less than just value. ~~If~~  
 90 | ~~this revision is approved in January of 2008, a person who~~  
 91 | ~~establishes a new homestead as of January 1, 2008, is entitled~~  
 92 | ~~to have the new homestead assessed at less than just value only~~  
 93 | ~~if that person received a homestead exemption on January 1,~~  
 94 | ~~2007.~~ The assessed value of the newly established homestead  
 95 | shall be determined as follows:

96 | 1. If the just value of the new homestead is greater than  
 97 | or equal to the just value of the prior homestead as of January  
 98 | 1 of the year in which the prior homestead was abandoned, the  
 99 | assessed value of the new homestead shall be the just value of  
 100 | the new homestead minus an amount equal to the lesser of  
 101 | \$500,000 or the difference between the just value and the  
 102 | assessed value of the prior homestead as of January 1 of the  
 103 | year in which the prior homestead was abandoned. Thereafter, the  
 104 | homestead shall be assessed as provided in this subsection.

105 | 2. If the just value of the new homestead is less than the  
 106 | just value of the prior homestead as of January 1 of the year in  
 107 | which the prior homestead was abandoned, the assessed value of  
 108 | the new homestead shall be equal to the just value of the new  
 109 | homestead divided by the just value of the prior homestead and

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110 multiplied by the assessed value of the prior homestead.  
 111 However, if the difference between the just value of the new  
 112 homestead and the assessed value of the new homestead calculated  
 113 pursuant to this sub-subparagraph is greater than \$500,000, the  
 114 assessed value of the new homestead shall be increased so that  
 115 the difference between the just value and the assessed value  
 116 equals \$500,000. Thereafter, the homestead shall be assessed as  
 117 provided in this subsection.

118       b. By general law and subject to conditions specified  
 119 therein, the legislature shall provide for application of this  
 120 paragraph to property owned by more than one person.

121       (e) The legislature may, by general law, for assessment  
 122 purposes and subject to the provisions of this subsection, allow  
 123 counties and municipalities to authorize by ordinance that  
 124 historic property may be assessed solely on the basis of  
 125 character or use. Such character or use assessment shall apply  
 126 only to the jurisdiction adopting the ordinance. The  
 127 requirements for eligible properties must be specified by  
 128 general law.

129       (f) A county may, in the manner prescribed by general law,  
 130 provide for a reduction in the assessed value of homestead  
 131 property to the extent of any increase in the assessed value of  
 132 that property which results from the construction or  
 133 reconstruction of the property for the purpose of providing  
 134 living quarters for one or more natural or adoptive grandparents  
 135 or parents of the owner of the property or of the owner's spouse  
 136 if at least one of the grandparents or parents for whom the

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137 | living quarters are provided is 62 years of age or older. Such a  
 138 | reduction may not exceed the lesser of the following:

139 |       (1) The increase in assessed value resulting from  
 140 | construction or reconstruction of the property.

141 |       (2) Twenty percent of the total assessed value of the  
 142 | property as improved.

143 |       (g) For all levies other than school district levies,  
 144 | assessments of residential real property, as defined by general  
 145 | law, which contains nine units or fewer and which is not subject  
 146 | to the assessment limitations set forth in subsections (a)  
 147 | through (d) shall change only as provided in this subsection.

148 |       (1) Assessments subject to this subsection shall be  
 149 | changed annually on the date of assessment provided by law.  
 150 | However, ~~but~~ those changes in assessments may ~~shall~~ not exceed  
 151 | 3 ~~ten~~ percent ~~(10%)~~ of the assessment for the prior year.

152 |       (2) An ~~No~~ assessment may not ~~shall~~ exceed just value.

153 |       (3) After a change of ownership or control, as defined by  
 154 | general law, including any change of ownership of a legal entity  
 155 | that owns the property, such property shall be assessed at just  
 156 | value as of the next assessment date. Thereafter, such property  
 157 | shall be assessed as provided in this subsection.

158 |       (4) Changes, additions, reductions, or improvements to  
 159 | such property shall be assessed as provided for by general law.  
 160 | However, after the adjustment for any change, addition,  
 161 | reduction, or improvement, the property shall be assessed as  
 162 | provided in this subsection.

163 |       (h) For all levies other than school district levies,  
 164 | assessments of real property that is not subject to the

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165 assessment limitations set forth in subsections (a) through (d)  
 166 and (g) shall change only as provided in this subsection.

167 (1) Assessments subject to this subsection shall be  
 168 changed annually on the date of assessment provided by law.  
 169 However, ~~but~~ those changes in assessments may ~~shall~~ not exceed  
 170 3 ~~ten~~ percent ~~(10%)~~ of the assessment for the prior year.

171 (2) An ~~No~~ assessment may not ~~shall~~ exceed just value.

172 (3) The legislature must provide that such property shall  
 173 be assessed at just value as of the next assessment date after a  
 174 qualifying improvement, as defined by general law, is made to  
 175 such property. Thereafter, such property shall be assessed as  
 176 provided in this subsection.

177 (4) The legislature may provide that such property shall  
 178 be assessed at just value as of the next assessment date after a  
 179 change of ownership or control, as defined by general law,  
 180 including any change of ownership of the legal entity that owns  
 181 the property. Thereafter, such property shall be assessed as  
 182 provided in this subsection.

183 (5) Changes, additions, reductions, or improvements to  
 184 such property shall be assessed as provided for by general law.+  
 185 However, after the adjustment for any change, addition,  
 186 reduction, or improvement, the property shall be assessed as  
 187 provided in this subsection.

188 (i) The legislature, by general law and subject to  
 189 conditions specified therein, may prohibit the consideration of  
 190 the following in the determination of the assessed value of real  
 191 property used for residential purposes:



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192 (1) Any change or improvement made for the purpose of  
 193 improving the property's resistance to wind damage.

194 (2) The installation of a renewable energy source device.

195 (j)(1) The assessment of the following working waterfront  
 196 properties shall be based upon the current use of the property:

197 a. Land used predominantly for commercial fishing  
 198 purposes.

199 b. Land that is accessible to the public and used for  
 200 vessel launches into waters that are navigable.

201 c. Marinas and drystacks that are open to the public.

202 d. Water-dependent marine manufacturing facilities,  
 203 commercial fishing facilities, and marine vessel construction  
 204 and repair facilities and their support activities.

205 (2) The assessment benefit provided by this subsection is  
 206 subject to conditions and limitations and reasonable definitions  
 207 as specified by the legislature by general law.

208 SECTION 6. Homestead exemptions.—

209 (a) Every person who has the legal or equitable title to  
 210 real estate and maintains thereon the permanent residence of the  
 211 owner, or another legally or naturally dependent upon the owner,  
 212 shall be exempt from taxation thereon, except assessments for  
 213 special benefits, up to the assessed valuation of \$25,000  
 214 ~~twenty-five thousand dollars~~ and, for all levies other than  
 215 school district levies, on the assessed valuation greater than  
 216 \$50,000 ~~fifty thousand dollars~~ and up to \$75,000 ~~seventy-five~~  
 217 ~~thousand dollars~~, upon establishment of right thereto in the  
 218 manner prescribed by law. The real estate may be held by legal  
 219 or equitable title, by the entirety, jointly, in common, as a

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220 condominium, or indirectly by stock ownership or membership  
 221 representing the owner's or member's proprietary interest in a  
 222 corporation owning a fee or a leasehold initially in excess of  
 223 98 ~~ninety-eight~~ years. The exemption shall not apply with  
 224 respect to any assessment roll until such roll is first  
 225 determined to be in compliance with the provisions of Section 4  
 226 by a state agency designated by general law. This exemption is  
 227 repealed on the effective date of any amendment to this Article  
 228 which provides for the assessment of homestead property at less  
 229 than just value.

230 (b) Not more than one exemption shall be allowed any  
 231 individual or family unit or with respect to any residential  
 232 unit. No exemption shall exceed the value of the real estate  
 233 assessable to the owner or, in case of ownership through stock  
 234 or membership in a corporation, the value of the proportion  
 235 which the interest in the corporation bears to the assessed  
 236 value of the property.

237 (c) By general law and subject to conditions specified  
 238 therein, the legislature may provide to renters, who are  
 239 permanent residents, ad valorem tax relief on all ad valorem tax  
 240 levies. Such ad valorem tax relief shall be in the form and  
 241 amount established by general law.

242 (d) The legislature may, by general law, allow counties or  
 243 municipalities, for the purpose of their respective tax levies  
 244 and subject to the provisions of general law, to grant an  
 245 additional homestead tax exemption not exceeding \$50,000 ~~fifty~~  
 246 ~~thousand dollars~~ to any person who has the legal or equitable  
 247 title to real estate and maintains thereon the permanent

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248 residence of the owner and who has attained age 65 ~~sixty-five~~  
 249 and whose household income, as defined by general law, does not  
 250 exceed \$20,000 ~~twenty thousand dollars~~. The general law must  
 251 allow counties and municipalities to grant this additional  
 252 exemption, within the limits prescribed in this subsection, by  
 253 ordinance adopted in the manner prescribed by general law, and  
 254 must provide for the periodic adjustment of the income  
 255 limitation prescribed in this subsection for changes in the cost  
 256 of living.

257 (e) Each veteran who is age 65 or older who is partially  
 258 or totally permanently disabled shall receive a discount from  
 259 the amount of the ad valorem tax otherwise owed on homestead  
 260 property the veteran owns and resides in if the disability was  
 261 combat related, the veteran was a resident of this state at the  
 262 time of entering the military service of the United States, and  
 263 the veteran was honorably discharged upon separation from  
 264 military service. The discount shall be in a percentage equal to  
 265 the percentage of the veteran's permanent, service-connected  
 266 disability as determined by the United States Department of  
 267 Veterans Affairs. To qualify for the discount granted by this  
 268 subsection, an applicant must submit to the county property  
 269 appraiser, by March 1, proof of residency at the time of  
 270 entering military service, an official letter from the United  
 271 States Department of Veterans Affairs stating the percentage of  
 272 the veteran's service-connected disability and such evidence  
 273 that reasonably identifies the disability as combat related, and  
 274 a copy of the veteran's honorable discharge. If the property  
 275 appraiser denies the request for a discount, the appraiser must

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276 | notify the applicant in writing of the reasons for the denial,  
 277 | and the veteran may reapply. The legislature may, by general  
 278 | law, waive the annual application requirement in subsequent  
 279 | years. This subsection shall take effect December 7, 2006, is  
 280 | self-executing, and does not require implementing legislation.

281 |       (f) As provided by general law and subject to conditions  
 282 | specified therein, every person who establishes the right to  
 283 | receive the homestead exemption provided in subsection (a)  
 284 | within 1 year after purchasing the homestead property and who  
 285 | has not owned property in the previous 3 calendar years to which  
 286 | the homestead exemption provided in subsection (a) applied is  
 287 | entitled to an additional homestead exemption in an amount equal  
 288 | to 50 percent of the homestead property's just value on January  
 289 | 1 of the year the homestead is established for all levies other  
 290 | than school district levies. The additional exemption shall  
 291 | apply for a period of 5 years or until the year the property is  
 292 | sold, whichever occurs first. The amount of the additional  
 293 | exemption shall not exceed \$200,000 and shall be reduced in each  
 294 | subsequent year by an amount equal to 20 percent of the amount  
 295 | of the additional exemption received in the year the homestead  
 296 | was established or by an amount equal to the difference between  
 297 | the just value of the property and the assessed value of the  
 298 | property determined under Section 4(d), whichever is greater.  
 299 | Not more than one exemption provided under this subsection shall  
 300 | be allowed per homestead property. The additional exemption  
 301 | shall apply to property purchased on or after January 1, 2012,  
 302 | but shall not be available in the sixth and subsequent years  
 303 | after the additional exemption is first received.

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ARTICLE XII

SCHEDULE

SECTION 32. Property assessments.—This section and the amendment of Section 4 of Article VII protecting homestead property having a declining market value and reducing the limit on the maximum annual increase in the assessed value of nonhomestead property from 10 percent to 3 percent shall take effect January 1, 2013.

SECTION 33. Additional homestead exemption for owners of homestead property who recently have not owned homestead property.—This section and the amendment to Section 6 of Article VII providing for an additional homestead exemption for owners of homestead property who have not owned homestead property during the 3 calendar years immediately preceding purchase of the current homestead property shall take effect January 1, 2013, and the additional homestead exemption shall be available for properties purchased on or after January 1, 2012.

BE IT FURTHER RESOLVED that the following statement be placed on the ballot:

CONSTITUTIONAL AMENDMENT

ARTICLE VII, SECTIONS 4, 6

ARTICLE XII, SECTIONS 32, 33

PROPERTY ASSESSMENT; HOMESTEAD VALUE DECLINE; NONHOMESTEAD INCREASE LIMITATION REDUCTION; ADDITIONAL HOMESTEAD EXEMPTION.—

(1) In certain circumstances, the law requires the assessed value of homestead property to increase when the fair market value of the property decreases. Therefore, this amendment provides that the assessed value of homestead property

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332 | will not increase if the fair market value of that property  
 333 | decreases and provides an effective date of January 1, 2013.

334 |       (2) This amendment reduces from 10 percent to 3 percent  
 335 | the limitation on annual increases in assessments of  
 336 | nonhomestead real property and provides an effective date of  
 337 | January 1, 2013.

338 |       (3) This amendment also provides owners of homestead  
 339 | property who have not owned homestead property during the 3  
 340 | calendar years immediately preceding purchase of the current  
 341 | homestead property with an additional homestead exemption equal  
 342 | to 50 percent of the property's just value in the first year for  
 343 | all levies other than school district levies, limited to  
 344 | \$200,000; applies the additional exemption for the shorter of 5  
 345 | years or the year of sale of the property; reduces the amount of  
 346 | the additional exemption in each succeeding year for 5 years by  
 347 | the greater of 20 percent of the amount of the initial  
 348 | additional exemption or the difference between the just value  
 349 | and the assessed value of the property; limits the additional  
 350 | exemption to one per homestead property; limits the additional  
 351 | exemption to properties purchased on or after January 1, 2012;  
 352 | prohibits availability of the additional exemption in the sixth  
 353 | and subsequent years after the additional exemption is granted;  
 354 | and provides for the amendment to take effect January 1, 2013,  
 355 | and apply to properties purchased on or after January 1, 2012.

Amendment No. 01

COUNCIL/COMMITTEE ACTION

ADOPTED                    \_\_\_ (Y/N)  
ADOPTED AS AMENDED       \_\_\_ (Y/N)  
ADOPTED W/O OBJECTION    \_\_\_ (Y/N)  
FAILED TO ADOPT           \_\_\_ (Y/N)  
WITHDRAWN                 \_\_\_ (Y/N)  
OTHER                      \_\_\_\_\_

1 Council/Committee hearing bill: Finance & Tax Committee  
2 Representative(s) Dorworth offered the following:

3  
4       **Amendment (with title amendment)**

5       Remove everything after the resolving clause and insert:  
6 That the following amendments to Sections 4 and 6 of Article VII  
7 and the creation of Sections 32 and 33 of Article XII of the  
8 State Constitution are agreed to and shall be submitted to the  
9 electors of this state for approval or rejection at the next  
10 general election or at an earlier special election specifically  
11 authorized by law for that purpose:

12                               ARTICLE VII

13                               FINANCE AND TAXATION

14       SECTION 4. Taxation; assessments.—By general law  
15 regulations shall be prescribed which shall secure a just  
16 valuation of all property for ad valorem taxation, provided:

17       (a) Agricultural land, land producing high water recharge  
18 to Florida's aquifers, or land used exclusively for

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Bill No. HJR 381 (2011)

Amendment No.

19 noncommercial recreational purposes may be classified by general  
20 law and assessed solely on the basis of character or use.

21 (b) As provided by general law and subject to conditions,  
22 limitations, and reasonable definitions specified therein, land  
23 used for conservation purposes shall be classified by general  
24 law and assessed solely on the basis of character or use.

25 (c) Pursuant to general law tangible personal property  
26 held for sale as stock in trade and livestock may be valued for  
27 taxation at a specified percentage of its value, may be  
28 classified for tax purposes, or may be exempted from taxation.

29 (d) All persons entitled to a homestead exemption under  
30 Section 6 ~~of this Article~~ shall have their homestead assessed at  
31 just value as of January 1 of the year following the effective  
32 date of this amendment. This assessment shall change only as  
33 provided in this subsection.

34 (1) Assessments subject to this subsection shall be  
35 changed annually on January 1 ~~1st~~ of each year; but those  
36 changes in assessments shall not exceed the lower of the  
37 following:

38 a. Three percent ~~(3%)~~ of the assessment for the prior  
39 year.

40 b. The percent change in the Consumer Price Index for all  
41 urban consumers, U.S. City Average, all items 1967=100, or  
42 successor reports for the preceding calendar year as initially  
43 reported by the United States Department of Labor, Bureau of  
44 Labor Statistics.

45 (2) No assessment shall exceed just value.



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46 (3) After any change of ownership, as provided by general  
47 law, homestead property shall be assessed at just value as of  
48 January 1 of the following year, unless the provisions of  
49 paragraph (8) apply. Thereafter, the homestead shall be assessed  
50 as provided in this subsection.

51 (4) New homestead property shall be assessed at just value  
52 as of January 1 ~~1st~~ of the year following the establishment of  
53 the homestead, unless the provisions of paragraph (8) apply.  
54 That assessment shall only change as provided in this  
55 subsection.

56 (5) Changes, additions, reductions, or improvements to  
57 homestead property shall be assessed as provided for by general  
58 law; provided, however, after the adjustment for any change,  
59 addition, reduction, or improvement, the property shall be  
60 assessed as provided in this subsection.

61 (6) In the event of a termination of homestead status, the  
62 property shall be assessed as provided by general law.

63 (7) The provisions of this amendment are severable. If any  
64 of the provisions of this amendment shall be held  
65 unconstitutional by any court of competent jurisdiction, the  
66 decision of such court shall not affect or impair any remaining  
67 provisions of this amendment.

68 (8)a. A person who establishes a new homestead as of  
69 January 1, 2009, or January 1 of any subsequent year and who has  
70 received a homestead exemption pursuant to Section 6 ~~of this~~  
71 ~~Article~~ as of January 1 of either of the 2 ~~two~~ years immediately  
72 preceding the establishment of the new homestead is entitled to  
73 have the new homestead assessed at less than just value. If this

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74 revision is approved in January of 2008, a person who  
75 establishes a new homestead as of January 1, 2008, is entitled  
76 to have the new homestead assessed at less than just value only  
77 if that person received a homestead exemption on January 1,  
78 2007. The assessed value of the newly established homestead  
79 shall be determined as follows:

80 1. If the just value of the new homestead is greater than  
81 or equal to the just value of the prior homestead as of January  
82 1 of the year in which the prior homestead was abandoned, the  
83 assessed value of the new homestead shall be the just value of  
84 the new homestead minus an amount equal to the lesser of  
85 \$500,000 or the difference between the just value and the  
86 assessed value of the prior homestead as of January 1 of the  
87 year in which the prior homestead was abandoned. Thereafter, the  
88 homestead shall be assessed as provided in this subsection.

89 2. If the just value of the new homestead is less than the  
90 just value of the prior homestead as of January 1 of the year in  
91 which the prior homestead was abandoned, the assessed value of  
92 the new homestead shall be equal to the just value of the new  
93 homestead divided by the just value of the prior homestead and  
94 multiplied by the assessed value of the prior homestead.

95 However, if the difference between the just value of the new  
96 homestead and the assessed value of the new homestead calculated  
97 pursuant to this sub-subparagraph is greater than \$500,000, the  
98 assessed value of the new homestead shall be increased so that  
99 the difference between the just value and the assessed value  
100 equals \$500,000. Thereafter, the homestead shall be assessed as  
101 provided in this subsection.

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102 b. By general law and subject to conditions specified  
103 therein, the legislature shall provide for application of this  
104 paragraph to property owned by more than one person.

105 (e) The legislature may, by general law, for assessment  
106 purposes and subject to the provisions of this subsection, allow  
107 counties and municipalities to authorize by ordinance that  
108 historic property may be assessed solely on the basis of  
109 character or use. Such character or use assessment shall apply  
110 only to the jurisdiction adopting the ordinance. The  
111 requirements for eligible properties must be specified by  
112 general law.

113 (f) A county may, in the manner prescribed by general law,  
114 provide for a reduction in the assessed value of homestead  
115 property to the extent of any increase in the assessed value of  
116 that property which results from the construction or  
117 reconstruction of the property for the purpose of providing  
118 living quarters for one or more natural or adoptive grandparents  
119 or parents of the owner of the property or of the owner's spouse  
120 if at least one of the grandparents or parents for whom the  
121 living quarters are provided is 62 years of age or older. Such a  
122 reduction may not exceed the lesser of the following:

123 (1) The increase in assessed value resulting from  
124 construction or reconstruction of the property.

125 (2) Twenty percent of the total assessed value of the  
126 property as improved.

127 (g) For all levies other than school district levies,  
128 assessments of residential real property, as defined by general  
129 law, which contains nine units or fewer and which is not subject

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130 to the assessment limitations set forth in subsections (a)  
131 through (d) shall change only as provided in this subsection.

132 (1) Assessments subject to this subsection shall be  
133 changed annually on the date of assessment provided by law; but  
134 those changes in assessments shall not exceed 3 ~~ten~~ percent  
135 ~~(10%)~~ of the assessment for the prior year.

136 (2) No assessment shall exceed just value.

137 (3) After a change of ownership or control, as defined by  
138 general law, including any change of ownership of a legal entity  
139 that owns the property, such property shall be assessed at just  
140 value as of the next assessment date. Thereafter, such property  
141 shall be assessed as provided in this subsection.

142 (4) Changes, additions, reductions, or improvements to  
143 such property shall be assessed as provided for by general law;  
144 however, after the adjustment for any change, addition,  
145 reduction, or improvement, the property shall be assessed as  
146 provided in this subsection.

147 (h) For all levies other than school district levies,  
148 assessments of real property that is not subject to the  
149 assessment limitations set forth in subsections (a) through (d)  
150 and (g) shall change only as provided in this subsection.

151 (1) Assessments subject to this subsection shall be  
152 changed annually on the date of assessment provided by law; but  
153 those changes in assessments shall not exceed 3 ~~ten~~ percent ~~(10%)~~  
154 of the assessment for the prior year.

155 (2) No assessment shall exceed just value.

156 (3) The legislature must provide that such property shall  
157 be assessed at just value as of the next assessment date after a

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158 qualifying improvement, as defined by general law, is made to  
159 such property. Thereafter, such property shall be assessed as  
160 provided in this subsection.

161 (4) The legislature may provide that such property shall  
162 be assessed at just value as of the next assessment date after a  
163 change of ownership or control, as defined by general law,  
164 including any change of ownership of the legal entity that owns  
165 the property. Thereafter, such property shall be assessed as  
166 provided in this subsection.

167 (5) Changes, additions, reductions, or improvements to  
168 such property shall be assessed as provided for by general law;  
169 however, after the adjustment for any change, addition,  
170 reduction, or improvement, the property shall be assessed as  
171 provided in this subsection.

172 (i) The legislature, by general law and subject to  
173 conditions specified therein, may prohibit the consideration of  
174 the following in the determination of the assessed value of real  
175 property used for residential purposes:

176 (1) Any change or improvement made for the purpose of  
177 improving the property's resistance to wind damage.

178 (2) The installation of a renewable energy source device.

179 (j) (1) The assessment of the following working waterfront  
180 properties shall be based upon the current use of the property:

181 a. Land used predominantly for commercial fishing  
182 purposes.

183 b. Land that is accessible to the public and used for  
184 vessel launches into waters that are navigable.

185 c. Marinas and drystacks that are open to the public.

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186 d. Water-dependent marine manufacturing facilities,  
187 commercial fishing facilities, and marine vessel construction  
188 and repair facilities and their support activities.

189 (2) The assessment benefit provided by this subsection is  
190 subject to conditions and limitations and reasonable definitions  
191 as specified by the legislature by general law.

192 SECTION 6. Homestead exemptions.—

193 (a) Every person who has the legal or equitable title to  
194 real estate and maintains thereon the permanent residence of the  
195 owner, or another legally or naturally dependent upon the owner,  
196 shall be exempt from taxation thereon, except assessments for  
197 special benefits, up to the assessed valuation of \$25,000  
198 ~~twenty-five thousand dollars~~ and, for all levies other than  
199 school district levies, on the assessed valuation greater than  
200 \$50,000 ~~fifty thousand dollars~~ and up to \$75,000 ~~seventy-five~~  
201 ~~thousand dollars~~, upon establishment of right thereto in the  
202 manner prescribed by law. The real estate may be held by legal  
203 or equitable title, by the entirety, jointly, in common, as a  
204 condominium, or indirectly by stock ownership or membership  
205 representing the owner's or member's proprietary interest in a  
206 corporation owning a fee or a leasehold initially in excess of  
207 98 ~~ninety-eight~~ years. The exemption shall not apply with  
208 respect to any assessment roll until such roll is first  
209 determined to be in compliance with the provisions of Section 4  
210 by a state agency designated by general law. This exemption is  
211 repealed on the effective date of any amendment to this Article  
212 which provides for the assessment of homestead property at less  
213 than just value.

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Amendment No.

214 (b) Not more than one exemption shall be allowed any  
215 individual or family unit or with respect to any residential  
216 unit. No exemption shall exceed the value of the real estate  
217 assessable to the owner or, in case of ownership through stock  
218 or membership in a corporation, the value of the proportion  
219 which the interest in the corporation bears to the assessed  
220 value of the property.

221 (c) By general law and subject to conditions specified  
222 therein, the legislature may provide to renters, who are  
223 permanent residents, ad valorem tax relief on all ad valorem tax  
224 levies. Such ad valorem tax relief shall be in the form and  
225 amount established by general law.

226 (d) The legislature may, by general law, allow counties or  
227 municipalities, for the purpose of their respective tax levies  
228 and subject to the provisions of general law, to grant an  
229 additional homestead tax exemption not exceeding \$50,000 ~~fifty~~  
230 ~~thousand dollars~~ to any person who has the legal or equitable  
231 title to real estate and maintains thereon the permanent  
232 residence of the owner and who has attained age 65 ~~sixty-five~~  
233 and whose household income, as defined by general law, does not  
234 exceed \$20,000 ~~twenty thousand dollars~~. The general law must  
235 allow counties and municipalities to grant this additional  
236 exemption, within the limits prescribed in this subsection, by  
237 ordinance adopted in the manner prescribed by general law, and  
238 must provide for the periodic adjustment of the income  
239 limitation prescribed in this subsection for changes in the cost  
240 of living.

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241 (e) Each veteran who is age 65 or older who is partially  
242 or totally permanently disabled shall receive a discount from  
243 the amount of the ad valorem tax otherwise owed on homestead  
244 property the veteran owns and resides in if the disability was  
245 combat related, the veteran was a resident of this state at the  
246 time of entering the military service of the United States, and  
247 the veteran was honorably discharged upon separation from  
248 military service. The discount shall be in a percentage equal to  
249 the percentage of the veteran's permanent, service-connected  
250 disability as determined by the United States Department of  
251 Veterans Affairs. To qualify for the discount granted by this  
252 subsection, an applicant must submit to the county property  
253 appraiser, by March 1, proof of residency at the time of  
254 entering military service, an official letter from the United  
255 States Department of Veterans Affairs stating the percentage of  
256 the veteran's service-connected disability and such evidence  
257 that reasonably identifies the disability as combat related, and  
258 a copy of the veteran's honorable discharge. If the property  
259 appraiser denies the request for a discount, the appraiser must  
260 notify the applicant in writing of the reasons for the denial,  
261 and the veteran may reapply. The legislature may, by general  
262 law, waive the annual application requirement in subsequent  
263 years. This subsection shall take effect December 7, 2006, is  
264 self-executing, and does not require implementing legislation.

265 (f) As provided by general law and subject to conditions  
266 specified therein, every person who establishes the right to  
267 receive the homestead exemption provided in subsection (a)  
268 within 1 year after purchasing the homestead property and who



Amendment No.

269 has not owned property in the previous 3 years to which the  
270 homestead exemption provided in subsection (a) applied is  
271 entitled to an additional homestead exemption in an amount equal  
272 to 50 percent of the homestead property's just value on January  
273 1 of the year the homestead is established for all levies other  
274 than school district levies. The additional exemption shall  
275 apply for a period of 5 years or until the year the property is  
276 sold, whichever occurs first. The amount of the additional  
277 exemption shall not exceed \$200,000 and shall be reduced in each  
278 subsequent year by an amount equal to 20 percent of the amount  
279 of the additional exemption received in the year the homestead  
280 was established or by an amount equal to the difference between  
281 the just value of the property and the assessed value of the  
282 property determined under Section 4(d), whichever is greater.  
283 Not more than one exemption provided under this subsection shall  
284 be allowed per homestead property. The additional exemption  
285 shall apply to property purchased on or after January 1, 2011,  
286 but shall not be available in the sixth and subsequent years  
287 after the additional exemption is first received.

288 ARTICLE XII

289 SCHEDULE

290 SECTION 32. Property tax limit for nonhomestead property.-  
291 This section and the amendment to Section 4 of Article VII  
292 reducing the limit on the maximum annual increase in the  
293 assessed value of nonhomestead property from 10 percent to 3  
294 percent shall take effect January 1, 2012.

295 SECTION 33. Additional homestead exemption for new owners  
296 of homestead property.-This section and the amendment to Section

Amendment No.

297 6 of Article VII providing for an additional homestead exemption  
298 for new owners of homestead property who have not owned  
299 homestead property during the immediately preceding 3 years  
300 shall take effect January 1, 2012, and the additional homestead  
301 exemption shall be available for properties purchased on or  
302 after January 1, 2011.

303 BE IT FURTHER RESOLVED that the following statement be  
304 placed on the ballot:

305 CONSTITUTIONAL AMENDMENT

306 ARTICLE VII, SECTIONS 4, 6

307 ARTICLE XII, SECTIONS 32, 33

308 PROPERTY ASSESSMENT; NONHOMESTEAD INCREASE LIMITATION  
309 REDUCTION; NEW HOMESTEAD OWNERS' ADDITIONAL EXEMPTION.—

310 (1) This amendment reduces from 10 percent to 3 percent  
311 the limitation on annual increases in assessments of  
312 nonhomestead real property and provides an effective date of  
313 January 1, 2012

314 (2) This amendment also provides new owners of homestead  
315 property who have not owned homestead property during the  
316 immediately preceding 3 years with an additional homestead  
317 exemption equal to 50 percent of the property's just value in  
318 the first year for all levies other than school district levies,  
319 limited to \$200,000; applies the additional exemption for the  
320 shorter of 5 years or the year of sale of the property; reduces  
321 the amount of the additional exemption in each succeeding year  
322 for 5 years by the greater of 20 percent of the amount of the  
323 initial additional exemption or the difference between the just  
324 value and the assessed value of the property; limits the

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325 additional exemption to one per homestead property; limits the  
326 additional exemption to properties purchased on or after January  
327 1, 2011; prohibits availability of the additional exemption in  
328 the sixth and subsequent years after the additional exemption is  
329 granted; and provides for the amendment to take effect January  
330 1, 2012, and apply to properties purchased on or after January  
331 1, 2011.

332

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335 -----

**T I T L E   A M E N D M E N T**

336 Remove the entire title and insert:

337  
338 A joint resolution proposing amendments to Sections 4 and  
339 6 of Article VII and the creation of Sections 32 and 33 of  
340 Article XII of the State Constitution to reduce the  
341 limitation on annual assessment increases applicable to  
342 nonhomestead real property, provide an additional  
343 homestead exemption for new owners of homestead property  
344 and application and limitations with respect thereto, and  
345 provide effective dates.

346



# Special Districts

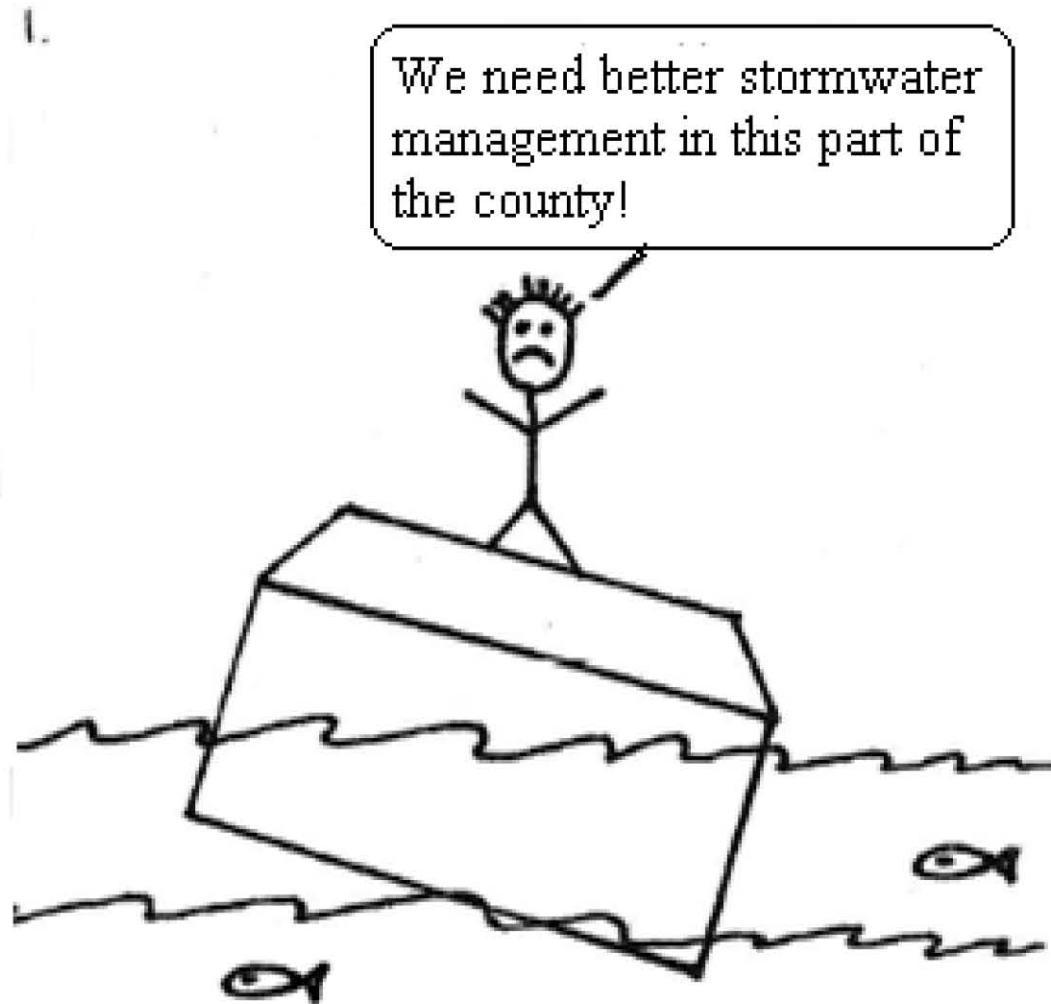
Florida Association of Special Districts

Terry E. Lewis

M. Christopher Lyon

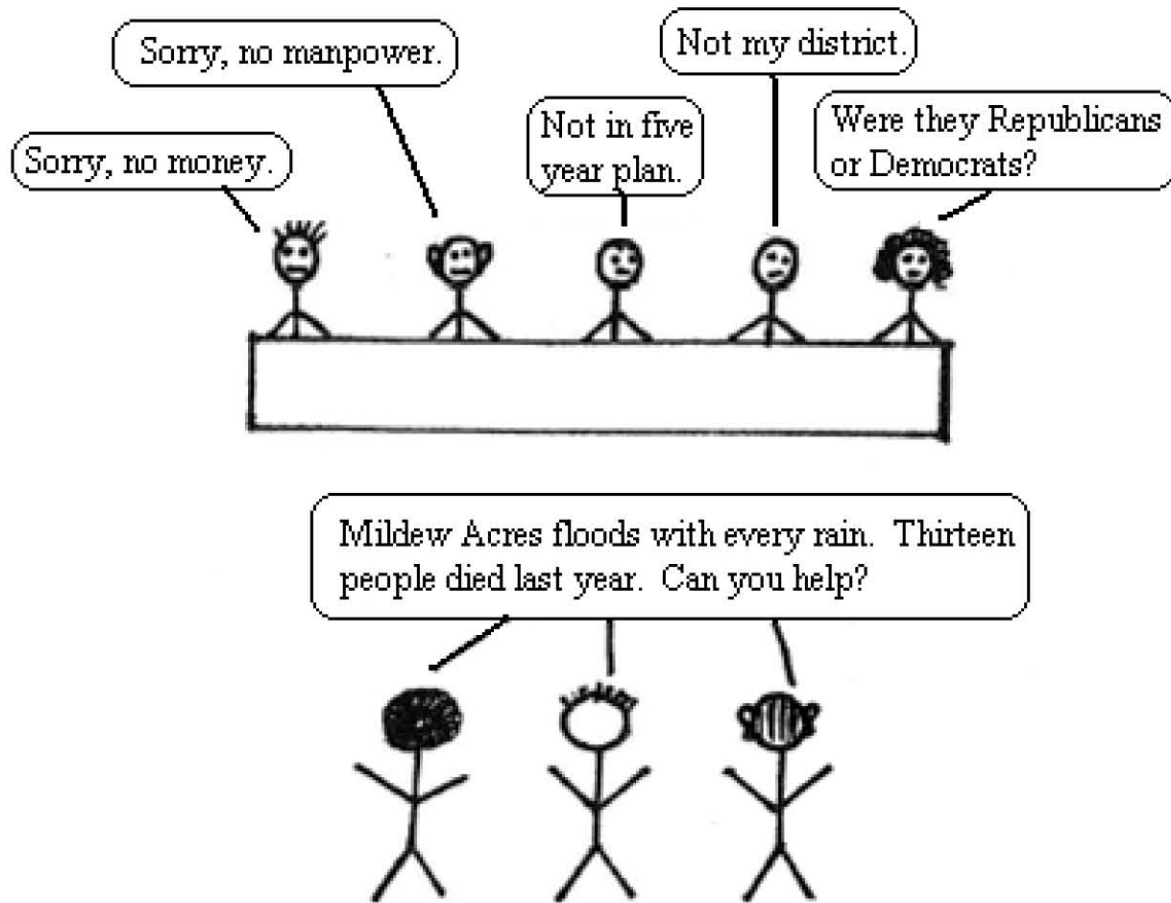
# Why Are There So Many Districts?

- History of land development in Florida
  - “Water is the common enemy” doctrine
- Citizen Initiatives
  - Need for a service enhanced
  - Service a city, county or state
  - Government can not provide
- Public Finance of community infrastructure
  - CDDs
- Citizen control of district revenue
- Need for regional project management



Citizens typically identify a local service or infrastructure problem.

2.

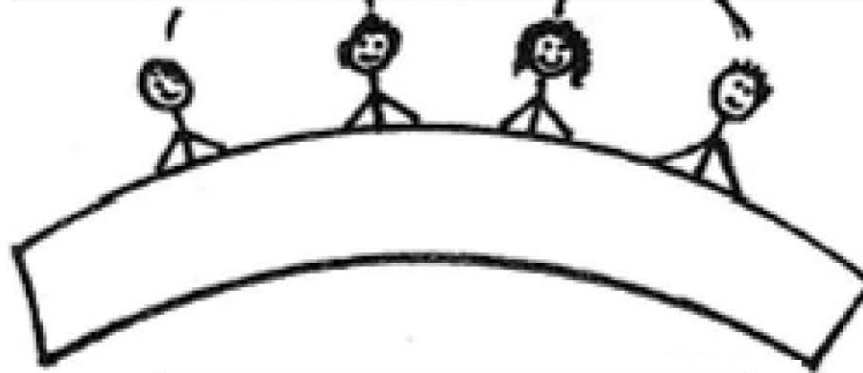


The County or City fails to respond to the citizens' request.

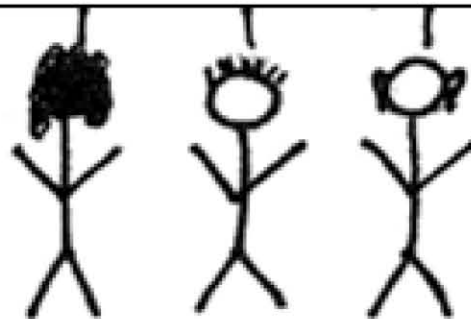


3.

OK, provided you don't fight among yourselves and blame us for your problems.

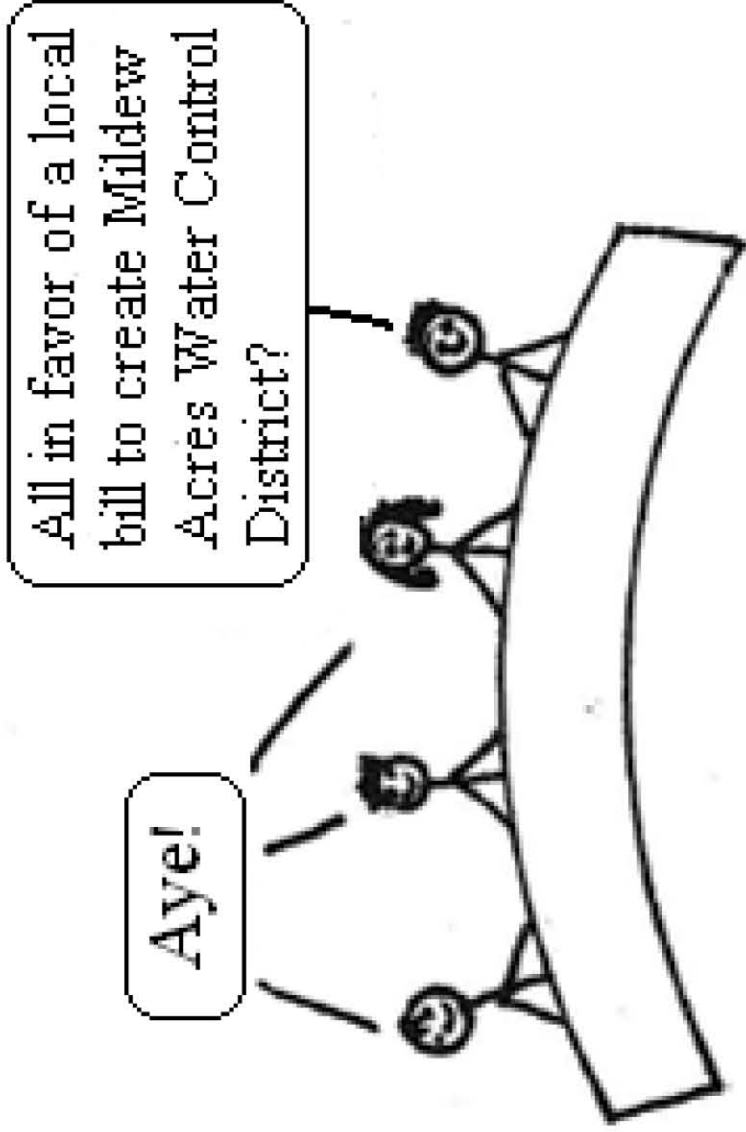


We're willing to tax ourselves for better flood protection. Can you help?



The citizens request help from local legislative delegation.

4.



Local delegation approves sponsoring local bill.

**Independent Special Districts**

**Dependent Special Districts**

**MSTUs/MSBUS**

# Independent Special Districts

- Independent authority to budget, appropriate and spend for district purposes
  - Roads, bridges, water, sewer, etc

# Dependent Special Districts/MSTUs/MSBUS

- Creatures of a city or county
- Governance, budgets and appropriations, subject to city or county commission approval

# Funding Sources

- Ad valorem taxes
  - Property value based
- Non-ad valorem assessments
  - Benefit based
- Fees
  - Tolls, water, sewer, stormwater

# Independent Districts

- **Ad valorem taxes**
  - Article VI S. 9 Fl Constitution
    - “[By] millage authorized by law and approved by a vote of the electors [of the district]....”
  - Millage not counted toward city or county tax cap
- **Non-ad valorem assessments**
  - May be levied pursuant to notice or hearing requirements of chapters 170 or 197 F.S.

# MSTUs/Dependent Districts

- Ad valorem taxes
  - Article VI S.9 Florida Constitution
    - MSTU's – 10 mills for municipal purposes – separate from county 10 mill cap
  - Dependent districts – all millage counts toward 10 mill cap



# MSTUs/Dependent Districts

- Non- ad valorem assessments
  - Levied by cities or counties pursuant to chapters 170 or 197, F.S.
  - Assessments do not count against millage cap

# Meeting Notices/Levy of taxes or Assessments

- Cities, counties all special districts are required to provide the same notice of hearing opportunities to their citizens.

**Community Development  
Districts**

# Community Development Districts

Association of Florida Community  
Developers

February 2011

# What is a CDD?

- Local unit of special purpose government (as opposed to general purpose government)
- Independent special district
- Manages and finances basic community development services (roads, water, sewer, stormwater management, etc).
- Established at request of landowners, over a defined area, either by Governor and Cabinet or local ordinance, depending on size

# CDD Statistics

- 576 CDDs total\*

53 over 1,000 acres (est. by Gov and Cabinet using rulemaking authority w/city or county input)

523 under 1,000 acres (est. by local ordinance)

At least one CDD in each of 36 counties

\*from Dept. of Comm. Affairs Special District List

# CDDs and Growth Management

- 1980-1985: How do we get growth to pay for itself?
- Chapter 190 was born out of a desire for uniform charter for districts and to minimize special acts
- Relatively few changes since 1984/85
  - 1991: streamlined establishment process, revised election process, updated assessment authority, etc.
  - 1999/2000: financial disclosure, clarified election provisions and powers, addressed boundary amendments, etc.
  - Modest changes in subsequent years.

# History by the numbers

- 1984/85—Chapter 190 “modernized”  
1980 Population approx. 9,746,000
  - CDDs
  - Approx. Florida Population\*
- 1990: 21 12,938,000
- 2000: 122 15,982,000
- 2005: 374 17,918,000
- 2011: 576 18,538,000 (2009 est)

\* Population est. from US Census; BEBR



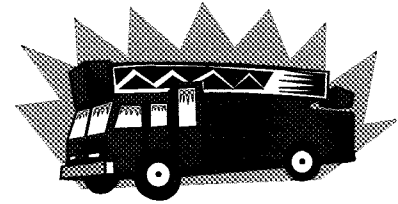
# CDDs: How and What?

- Once development exactions have been determined, CDDs often provide some or all of the basic public facilities and services (e.g., roads, drainage, parks)
- CDDs finance and then build necessary public infrastructure
- CDDs access the public bond market to finance this infrastructure
- Facilities are either given to local general purpose government for maintenance, or are maintained by the CDD
- Revenue sources used are either non ad valorem assessments or rates, fees and charges.

# Three Things to Remember

- CDDs are governments and have to comply with the reporting, disclosure, ethics, sunshine, etc. requirements as other local governments.
- CDDs do not compete with the private sector in the provision of facilities or services.
- Florida law governing CDDs isn't broken!





# Independent Special Fire Control and Rescue Districts & Consolidation Issues

Laura Jacobs Donaldson  
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# What is an independent special fire control and rescue district?

- An independent special district created by special law or general law of local application, providing fire suppression and related activities
- It does not include:
  - a municipality;
  - a county;
  - a dependent special district;
  - a district providing primarily emergency medical services;
  - a community development district;
  - a municipal service taxing unit; or
  - any other multiple-power district performing fire suppression and related services in addition to other services.

# Chapter 189 and 191, Florida Statutes

- Chapter 189, Florida Statutes -- the “Uniform Special District Accountability Act of 1989”
- Chapter 191, Florida Statutes -- the “Independent Special Fire Control District Act”
  - Purpose of chapter 191, Florida Statutes:
    - Governance standards;
    - Uniformity in operations and authority;
    - Uniformity in the financing authority;
    - Increased coordination regarding short-range and long-range planning to meet the demands for service delivery while maintaining fiscal responsibility; and
    - Uniformity in governing board election procedures.

# Independent Special Fire Control and Rescue Districts

- 56 Independent Special Fire Control and Rescue Districts
- 12 Counties
  - Charlotte (2) – multi-county district with Sarasota; multi-county district with Lee
  - Collier (5)
  - Hernando (1)
  - Lee (17)
  - Manatee (8)
  - Monroe (1)
  - Okaloosa (12)
  - Pinellas (4)
  - Santa Rosa (3)
  - Sarasota (1) – multi-county district with Charlotte
  - St. Lucie (1)
  - Walton (3)

# Funding

- Section 191.009, Florida Statutes
- Non- Ad Valorem Assessments
  - To construct, operate, and maintain district facilities and services
  - First-time levy referendum requirement
  - Increases that exceed the rate set the previous fiscal year or the rate previously set by more than the average annual growth rate in Florida personal income over the last 5 years must be referendum approved
- Ad Valorem Taxes
  - May not exceed 3.75 mills unless a higher amount has been previously authorized by law (i.e. a district created in 2000 has a 10 mills cap)
  - Referendum approval requirement – Constitution
  - Approximately 74% of fire districts use this as main funding source
- Impact Fees
- User Fees (i.e. inspection fees)
- Fees via interlocal agreements



# Governance

- Section 191.005, Florida Statutes
- Conducted and administered by a five-member board whose members are elected
  - Some exceptions
  - 55 districts' governing boards elected
  - 1 district (St. Lucie County Fire District) governing board appointed

# Collier County Consolidation

- 10 service providers (including independent special districts)
- The five independent fire districts are:
  - Big Corkscrew Island Fire Control and Rescue District
    - 3 member governing board; 3.75 millage rate approved; 30 total employees – 24 uniform employees; rural district
  - East Naples Fire Control and Rescue District
    - 5 member governing board; 1.5 millage rate approved; 98 total employees – 78 uniform employees; urbanized district
  - Golden Gate Fire Control and Rescue District
    - 3 member governing board; 1.5 millage rate approved; 69 total employees – 58 uniformed employees; semi-urbanized district
  - Immokalee Fire Control and Rescue District
    - 5 member governing board; 3.0 millage rate approved; 27 total employees – 24 uniformed employees; rural district
  - North Naples Fire Control and Rescue District
    - 5 member governing board; 1 millage rate approved; 146 total employees – 135 uniformed employees; urbanized district

# History

- Discussing consolidation/merger issues for 20 years
  - There is some functional consolidation, i.e. inspections
- 2006: Collier County BOCC asked the 5 independent fire districts to consolidate and they will be given County EMS department
- 2008: Fire Services Steering Committee made presentation to Collier County BOCC
- 2010: First attempt at local bill
- November 2010: Straw Polls
- 2011: Second attempt at local bill

# Issues

- Limited statutory provisions regarding merger
  - Section 191.014, Florida Statutes
    - Effective only upon ratification by the Legislature
    - Cannot increase ad valorem taxes on property within the original limits of the fire district unless approved at referendum
  - Section 189.4042, Florida Statutes
    - If created and operating pursuant to a special act may only be effectuated by the Legislature unless otherwise provided by general law
    - If there are ad valorem taxation powers, the same procedure required to grant such powers are also required to merge the district
- Need a local bill to consolidate the independent fire districts

# Issues (continue)

- Local bill process
  - Process takes too much time (15 months to 2 years)
    - Changes in Board and Fire Chiefs
    - Can become hostage to unrelated political issues
- Urban/Rural Fire Districts
- Different governing board sizes
- Different relationships with Union/Agreements
- Mandatory v. Voluntary
- Needs to be win-win
  - Incentives
- Debt (zero debt v. substantial debt)

# Issues (continue)

- Millage Rates (1 mill v. 3.75 mill)
  - Two districts have received referendum approval the past two years from 2 mills to 3.75 mills and 1 mill to 1.5 mill
  - Concern of NNFD's residents regarding millage increase
- Budgets
  - 2010 taxable property values
    - BCIFD \$1,092,090,283
    - ENFD \$7,469,380,227
    - GGFD \$5,025,637,468
    - IFD \$635,049,192
    - NNFD \$22,975,563,380
- Reduction in taxable property values since 2007
  - BCIFD 58%
  - ENFD 30%
  - GGFD 45%
  - IFD 17%
  - NNFD 21%

# How the Legislature can help?

Make it easier to consolidate independent fire districts by creating a general law process that allows for the voluntary merger of the fire districts without receiving legislative ratification prior to the merger becoming effective

