

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 Military Affairs, Space, and Domestic Security Committee

BILL: SJR 592

INTRODUCER: Senator Bennett

SUBJECT: Property tax discount on homesteads of Veterans

DATE: March 15, 2011 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Fleming	Carter	MS	Favorable
2.	_____	_____	CA	_____
3.	_____	_____	BC	_____
4.	_____	_____	RC	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Senate Joint Resolution 592 proposes an amendment to the Florida Constitution to allow disabled veterans who were not Florida residents prior to entering military service to qualify for the disabled veterans ad valorem tax discount on homestead property.

This joint resolution amends Article VII, Section 6 of the Florida Constitution.

II. Present Situation:

Ad Valorem Taxation in Florida

Article VII, s. 4 of the State Constitution requires that all property be assessed at its just value for ad valorem tax purposes. Just value has been interpreted to mean fair market value. Section 4 also provides exceptions to this requirement for agricultural land, land producing high water recharge to Florida's aquifers, and land used exclusively for noncommercial recreational purposes, all of which may be assessed solely on the basis of their character or use. Additionally, tangible personal property that is held as inventory may be assessed at a specified percentage of its value or may be totally exempted.

Article VII, s. 4(c) of the State Constitution, popularly known as the "Save Our Homes" amendment, limits increases in the assessment of homestead property. Annual increases in homestead property values are limited to 3 percent or the increase in the Consumer Price Index, whichever is lower. If there is a change in ownership, the property is assessed at its just value on the following January 1. The value of changes, additions, reductions or improvements to the homestead property is assessed as provided by general law.

Property Tax Exemptions

The Legislature may only grant property tax exemptions that are authorized in the constitution, and modifications to property tax exemptions must be consistent with the constitutional provision authorizing the exemption.¹

Article VII, s. 6 of the State Constitution authorizes an exemption from ad valorem taxation for homestead property owned by a taxpayer and used as the owner's permanent residence or the permanent residence of another who is legally or naturally dependent upon the owner, up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption up to \$25,000, applies to the assessed value between \$50,000 and \$75,000 and only to nonschool taxes. Section 196.031, F.S., primarily implements the homestead exemption, although other statutory sections provide specific procedures and conditions, i.e., procedures for application for the exemption (s. 196.011, F.S.), the extent of the exemption (s. 196.041, F.S.), and the effect of rental of homestead property.

Article VII, s. 3(b) of the State Constitution requires that not less than \$500 of property, as established in general law, of widows and widowers and persons who are blind or totally and permanently disabled be exempt from taxation. The widows/widowers exemption is implemented in s. 196.202, F.S.

In recognition of their service and sacrifice for our country the State of Florida has a number of ad valorem tax exemptions available for ex-service members.

Total Ad Valorem Exemptions for Ex-Service Members

Section, 196.081, F.S., provides that any property used and owned as a homestead by a veteran who was honorably discharged with a service-connected permanent and total disability and for whom a letter from the United States Government or United States Department of Veterans Administration has been issued certifying that the veteran is totally and permanently disabled is exempt from taxation, provided the veteran is a permanent resident of the state on January 1 of the tax year for which exemption is being claimed or on January 1 of the year the veteran died.

Section 196.091, F.S., provides that any property used and owned as a homestead by an ex-service member who has been honorably discharged with a service-connected total disability and who has a certificate from the United States Government or United States Department of Veterans Affairs or its predecessor, or its successors, certifying that the ex-service member is receiving or has received special pecuniary assistance due to disability requiring specially adapted housing and required to use a wheelchair for his or her transportation is exempt from taxation.

\$5,000 Ad Valorem Tax Exemption for Ex-Service Members

Section 196.24, F.S., provides any resident, "ex-service member" with service-connected disabilities of 10% or more a \$5,000 property tax exemption. To qualify for homestead exemption an ex-service member must be a bona fide resident of the state.

¹*Sebring Airport Authority v. McIntyre*, 783 So.2d 238 (Fla. 2001). See also, *Archer v. Marshall*, 355 So.2d 781, 784. (Fla. 1978). See also, *Am Fi Inv. Corp. v. Kinney*, 360 So.2d 415 (Fla. 1978). *Sparkman v. State*, 58 So.2d 431, 432 (Fla. 1952).

Combat Related Partial Ad Valorem Tax Exemption (Discount) for Ex-Service Members

Article VII, s. 6 of the State Constitution, contains provisions that grant certain exemptions from ad valorem taxation on homestead property. Included in this section is a provision that grants a discount on ad valorem taxes owed on homestead property to partially or totally disabled veterans who are 65 or older, were Florida residents when they entered military service. The ad valorem tax discount percentage shall be equal to the veteran’s percentage of disability, as determined by the United States Department of Veterans Affairs.

In order to qualify for the discount the veteran must submit proof of the veteran’s disability percentage to the county property appraiser. The veteran must also prove that the:

- Disability is combat related;
- Veteran was a Florida resident prior to entering the military; and
- Veteran was honorably discharged.²

In 2010, 1,206 veterans received the Disabled Veteran’s Homestead Discount which amounted to a total discount of \$28,749,630. The average discount paid was \$23,839.³

The U. S. Department of Veterans Affairs (USDVA) indicates that there were 249,565 veterans in Florida receiving compensation for service-related conditions at the end of Fiscal Year 2010.⁴ The table below illustrates the number of veterans by percentage of assessed disability.

Number of Veterans in Florida Receiving Service-Connected Compensation by Percentage of Assessed Disability FY-2010⁵

0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
881	65,812	36,742	29,009	23,662	15,494	18,762	16,986	12,976	6,945	22,296

Source: Florida Department of Veterans’ Affairs

The number of veterans in this population who were 65 years of age or older by percentage category, the number who were Florida residents at the time of entry into military service, and the number of veterans whose compensation is the result of combat are indeterminate at this time.

Constitutional Amendment Process

Article XI of the State Constitution sets forth various methods for proposing amendments to the constitution along with the methods for approval or rejection of proposals. One method by which constitutional amendments may be proposed is by joint resolution agreed to by three-fifths of the membership of each house of the Legislature.⁶ Any such proposal must be submitted to the electors, either at the next general election held more than 90 days after the joint resolution is filed with the Secretary of State, or, if pursuant to law enacted by the affirmative vote of three-fourths of the membership of each house of the Legislature and limited to a single amendment or

² See also s. 196.082, F.S.

³ Revenue Estimating Impact Conference. March 11, 2011. Information available at: <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2010/pdf/page%2039-40.pdf>

⁴ Florida Department of Veterans’ Affairs response to a committee staff request for information. February 1, 2011.

⁵ *Id.*

⁶ FLA. CONST. art. XI, s. 1.

revision, at an earlier special election held more than 90 days after such filing.⁷ If the proposed amendment is approved by a vote of at least 60 percent of the electors voting on the measure it becomes effective as an amendment to the Florida Constitution 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.⁸

III. Effect of Proposed Changes:

Senate Joint Resolution 592 proposes an amendment to Article VII, Section 6 of the Florida Constitution to allow disabled veterans who were not Florida residents prior to entering military service to qualify for the disabled veteran's ad valorem tax discount on homestead property.

SJR 592 also deletes an effective date reference in the section that would become outdated upon passage of the amendment.

This joint resolution provides no effective date for the constitutional amendment. In accordance with Article XI, Section 5 of the Florida Constitution, it would take effect on the first Tuesday after the first Monday in January following the election at which it was approved by the electorate.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

In order for the Legislature to submit SJR 592 to the voters for approval, the Joint Resolution must be agreed to by three-fifths of the membership of each house.⁹ If SJR 592 is agreed to by the Legislature, it will be submitted to the voters at the next general election held more than 90 days after the amendment is filed with the Department of State.¹⁰ In order for SJR 592 to take effect, it must be approved by at least 60 percent of the voters voting on the measure.¹¹

⁷ FLA. CONST. art. XI, s. 5(a).

⁸ FLA. CONST. art. XI s. 5(e).

⁹ FLA. CONST. art. XI, s. 1.

¹⁰ FLA. CONST. art. XI, s. 5(a).

¹¹ FLA. CONST. art. XI, s. 5(e).

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Revenue Estimating Impact Conference on March 11, 2011, adopted an indeterminate estimate of the fiscal impact in terms of lost ad valorem tax revenues to local government, because voter approval is required. However, the Revenue Estimating Conference estimates, should the electorate approve the proposal, the expected impacts on school taxes are: 2013-14, -\$1.1 million cash and -\$3.5 million recurring, and 2014-15, -\$2.3 million cash and -\$3.5 million recurring, and 2015-16 -\$3.6 million cash and recurring. The expected impacts on non-school taxes are: 2013-14, -\$1.3 million cash and -\$3.8 million recurring, 2014-15 -\$2.6 million cash and -\$3.9 million recurring, and 2015-16 -\$4.0 million cash and recurring.¹²

The Florida Department of Veterans' Affairs estimates that the maximum number of veterans who might qualify for the benefit proposed in the bill is approximately 74,000.¹³

Each constitutional amendment is required to be published in a newspaper of general circulation in each county, once in the sixth week and once in the tenth week preceding the general election.¹⁴ Costs for advertising vary depending upon the length of the amendment. According to the Department of State, the average cost per word for publishing a constitutional amendment with the ballot summary is \$106.14.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

¹² <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2010/pdf/page%2039-40.pdf>

¹³ This estimate includes those veterans with a 10 percent to 90 percent disability rating. This estimate does not include veterans who are 100% disabled, as those veterans are exempt from taxation pursuant to s. 196.081, F.S.

¹⁴ FLA. CONST. art. XI, s. 5(d).

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
