

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: March 20, 1998 Revised: 3/23/98 _____

Subject: Taxation of Real Property

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Schmith</u>	<u>Yeatman</u>	<u>CA</u>	<u>Fav/1 amendment</u>
2.	<u>_____</u>	<u>_____</u>	<u>WM</u>	<u>_____</u>
3.	<u>_____</u>	<u>_____</u>	<u>RC</u>	<u>_____</u>
4.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
5.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

I. Summary:

The joint resolution permits the assessment of real property on a partial year basis as provided by general law. The partial year assessment would begin on the actual date of substantial completion of improvements thereto, regardless of whether tangible personal property is so assessed.

The joint resolution amends Article VII, Section 4 of the State Constitution.

II. Present Situation:

Article VII, s. 2, State Constitution, requires that all ad valorem taxation be at a uniform rate within each taxing unit except that taxes on tangible personal property may be at different rates but not to exceed two mills.

Article VII, s. 4, State Constitution, requires that all property be assessed at just value, except as otherwise provided in the constitution.

Article VII, s. 4, State Constitution, limits assessment increases on homestead property to the lesser of the annual change in the Consumer Price Index or three percent, with increases over that amount allowed only upon sale of the property or change in the homestead status. The provision also states that all persons entitled to a homestead exemption shall have their homestead assessed at just value as of January 1 and assessments shall be changed annually on January 1 of each year.

Pursuant to general law, property is assessed on January 1. Property that is substantially completed after January 1 is assessed the next January 1. There is no provision in general law to assess property on a date other than January 1.

The Ad Valorem Task Force

On May 31, 1996, Governor Lawton Chiles issued Executive Order 96-172 creating the Florida Ad Valorem Task Force. The executive order charged the task force to prepare a study including, among other substantive issues, “an evaluation of the feasibility of imposing ad valorem taxes on a partial year basis.” The executive order further required the task force to report its findings to the Governor and the Legislature by February 15, 1997.

The task force met at least seven times at various locations around the state to hear public testimony and presentations from the Department of Revenue, property appraisers, tax collectors and other interested persons and experts. At its final meeting, in Tallahassee on February 21, 1997, according to the meeting minutes, the members voted not to report any findings in the area of partial-year assessments, and recommended that the issue be forwarded to the Local Government Study Commission as a more appropriate forum for discussion of that issue.

The Local Government Study Commission issued its final report on January 1, 1998, but the recommendations do not address the partial year issue.

III. Effect of Proposed Changes:

The joint resolution amends Section 4 of Article VII, State Constitution, by creating a new paragraph (d) which authorizes the assessment, as provided by general law, of real property on a partial year basis beginning on the actual date of substantial completion of improvements to the property, regardless of whether tangible personal property is so assessed. The joint resolution provides conforming amendments throughout Section 4 to delete references to “January 1 of each year” and “January 1 of the following year” as they are no longer applicable. Finally, the joint resolution provides a ballot summary with an effective date of January 1, 1999.

The joint resolution is not self-executing and requires general law provisions to implement assessment and collection of partial year real property taxes.

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:

Article XI, Section 1 of the State Constitution requires a three-fifths vote of the membership of each house of the legislature in order to enact the provisions of a joint resolution.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Division of Elections estimates that the cost to advertise the proposed constitutional amendment twice in a newspaper of general circulation in each county prior to the 1998 general election is \$35,000.

VI. Technical Deficiencies:

None.

VII. Related Issues:

SB 740 by Senator Dudley has been filed to provide general law implementation of this joint resolution.

VIII. Amendments:

#1 by Community Affairs:

Technical amendment to clarify that the joint resolution corrects a misspelling in the current State Constitution.