



Subsection (a) provides a basic \$5,000 exemption to all qualified homeowners.

Subsection (b) prohibits the granting of more than one exemption to any one person or the granting of an exemption that is in excess of the total assessed value of the property.

Subsection (c) increases the exemption to \$25,000 for school district levies for all qualified homestead owners and to \$10,000 for all other ad valorem tax levies if the homestead owner has attained age 65 or is totally and permanently disabled and is not entitled to the exemption provided in subsection (d).

Subsection (d) increases the exemption to \$25,000 for non-school district levies. This subsection further provides that the increase is not applicable upon the effective date of any amendment to Article VII, Section 4 of the Florida Constitution that would authorize the assessment of homestead property at a specified percentage of its just value. A third provision of subsection (d) disallows the increased exemption in counties in which the tax roll has not been certified as in compliance with Section 4, Article VII, of the Florida Constitution.

Section 196.031, F.S., primarily implements homestead exemption, although other statutory sections provide specific procedures and conditions, e.g., 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 renting homestead property. Additionally, four sections of chapter 196, F.S., provide for additional homestead exemptions as follows:

- Section 196.075, F.S., provides counties and municipalities with the option of granting an additional \$25,000 exemption to persons 65 and older whose household income does not exceed \$20,000;
- Section 196.081, F.S., exempts the homesteads of certain permanently and totally disabled veterans and surviving spouses of certain veterans;
- Section 196.091, F.S., exempts the homesteads of disabled veterans confined to wheelchairs; and
- Section 196.101, F.S., exempts the homestead of certain totally and permanently disabled persons.

Section 197.242, F.S., establishes the “Homestead Property Tax Deferral Act.” Section 197.252, F.S., provides for deferral of ad valorem taxes for qualified individuals. Ad valorem tax deferral is available to any homeowner whose tax burden is greater than five percent of household income, and homeowners over 70 years of age whose tax burden is greater than three percent of the household income. Social security income is not included in this calculation. Participation in the tax deferral plan varies by county.

Pursuant to s. 193.155(4)(a), F.S., changes, additions or improvements to homestead property shall be assessed at just value as of the first January 1 after the changes, additions, or improvements are substantially completed. Under current law, if the property is a homestead limited by the Save Our Homes amendment, the additional value attributed to the improvement is put on the roll at just value and the cap separately applied to the existing home and the new construction in future years.

**III. Effect of Proposed Changes:**

The bill contains a joint resolution proposing a constitutional amendment to give counties the option of reducing the assessed value of homestead property resulting from the construction or reconstruction of property for the purposes of housing the natural or “adoptive” parents or grandparents of the owner of the property or the owner’s spouse. To qualify for the exemption the individual for whom the living quarters are provided must be 62 years of age or older.

The reduction in property assessment cannot exceed the lesser of:

1. The increase in the assessed value resulting from construction or reconstruction of the property.
2. Twenty percent of the total assessed value of the property as improved.

If passed, the Senate Joint Resolution will be submitted to the electors at the next general election or at an earlier special election authorized by law for that purpose.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

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

The Impact Conference estimates that the statewide impact of providing for the reduction in assessed value authorized by the constitutional amendment for fiscal year 2002-03 as 4.5 million dollars. In making this estimate, the Impact Conference assumed that family composition data for the United States as a whole generally applied to Florida, and that the county option for implementing the reduction applied to all ad valorem taxes levied within the county, not just those levied by the county government.

**B. Private Sector Impact:**

This bill may result in more individuals housing their elderly parents or grandparents within their homestead as an alternative to other arrangements, such as placing their parents or grandparents in an assisted living facility or nursing home.

**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 2002 general election will be \$58,800.

County Property Appraisers may experience increased administrative costs associated with the implementation of the reduction in assessment of homestead property for the construction or reconstruction of living quarters for parents and grandparents.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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