

**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 Appropriations Subcommittee on Finance and Tax

BILL: SB 1838

INTRODUCER: Military and Veterans Affairs, Space, And Domestic Security Committee

SUBJECT: Homestead Property Tax Exemptions

DATE: April 17, 2013

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Ryon	Ryon	MS	<b>MS SPB 7032 as introduced</b>
2.	Babin	Diez-Arguelles	AFT	<b>Favorable</b>
3.			AP	
4.				
5.				
6.				

**I. Summary:**

SB 1838 implements an amendment to Article VII, Section 6 of the Florida Constitution, which was approved by Florida voters in the November 2012 general election. This amendment, Amendment 2, allows disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veterans' property tax discount on homestead property.

The bill does not affect state or local revenues.

The bill substantially amends section 196.082 of the Florida Statutes.

**II. Present Situation:**

**Exemptions and Property Classifications**

The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes.<sup>1</sup> However, sections 3, 4, and 6, Article VII of the Florida Constitution, provide for specified assessment limitations, property classifications and exemptions. After the property appraiser has considered any assessment limitation or use classification affecting the just value of a property, the assessed value is determined. The assessed value is then reduced by any applicable exemptions to produce the taxable value.<sup>2</sup> Available exemptions include homestead exemptions and exemptions for property used for education, religious, or charitable purposes.<sup>3</sup>

<sup>1</sup> Fla. Const. Art. VII, s. 4.

<sup>2</sup> See s. 196.031, F.S.

<sup>3</sup> Fla. Const. Art. VII, ss. 3 and 6.

## Homestead Exemption

Every person who maintains his or her permanent residence<sup>4</sup> on property to which he or she holds legal and equitable title is eligible for a \$25,000 homestead tax exemption applicable to all ad valorem tax levies, including school districts.<sup>5</sup> An additional \$25,000 homestead exemption applies to homesteads that have an assessed value greater than \$50,000 and up to \$75,000, excluding ad valorem taxes levied by schools.<sup>6</sup>

## Additional Exemptions for Veterans with Service-connected Disabilities

Florida exempts homestead property of a veteran who was honorably discharged with a service-connected total and permanent disability from ad valorem taxes.<sup>7</sup> After the veteran dies, the exemption carries over to the veteran's surviving spouse under certain circumstances.<sup>8</sup>

Florida exempts up to \$5,000 of property of a veteran who was honorably discharged and who is at least 10 percent disabled from ad valorem taxes.<sup>9</sup>

## Property Tax Discount for Veterans with a Combat-related Disability

Florida also provides a discount on ad valorem taxes owed on homestead property for veterans age 65 or older who have a permanent disability that is combat-related.<sup>10</sup> The discount percentage is equal to the veteran's service-connected disability percentage, as determined by the U.S. Department of Veterans Affairs.

The discount was enacted in November 2006 with the adoption of constitutional Amendment 7 (2006) by Florida voters. This constitutional provision was subsequently amended during the 2012 general election with the adoption of Amendment 2 (2012).

Prior to the approval of Amendment 2 (2012), the property tax discount only applied to veterans who were Florida residents at the time of entering military service. In 2011, the Legislature approved a joint resolution, proposing Amendment 2, which removed the requirement that a veteran be a Florida resident at the time of entering military service.<sup>11</sup> The change was effective on January 1, 2013.<sup>12</sup>

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<sup>4</sup> Pursuant to s. 196.012(18), F.S., "permanent residence" means that place where a person has his or her true, fixed, and permanent home and principal establishment to which, whenever absent, he or she has the intention of returning. Intention to establish a permanent residence in Florida is a factual determination to be made, in the first instance, by the property appraiser.

<sup>5</sup> Fla. Const. Art. VII, s. 6.

<sup>6</sup> *Id.*

<sup>7</sup> Section 196.081(1), F.S.

<sup>8</sup> Section 196.081(3), F.S.

<sup>9</sup> Section 196.24(1), F.S.

<sup>10</sup> Fla. Const. Art. VII, s. 6(e). The discount is primarily useful for *partially* disabled veterans; homestead property of *totally* disabled veterans is completely exempt. See Fn 7.

<sup>11</sup> CS/SJR 592 (2011)

<sup>12</sup> Fla. Const. Art. XII, s. 32

The property tax discount is implemented in s. 196.082, F.S. The statute still contains the requirement that the veteran must have been a Florida resident at the time of entering military service in order to qualify for the discount.

### **III. Effect of Proposed Changes:**

The bill amends s. 196.082, F.S., to remove the requirement that a veteran must have been a resident of Florida at the time the veteran entered the military to be eligible for the property tax discount available to veterans with a combat-related disability.

The bill provides an effective date of July 1, 2013 and operates retroactively to January 1, 2013.

### **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:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.

#### **C. Government Sector Impact:**

None.

### **VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**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.

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

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