

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 Committee on Military and Veterans Affairs, Space, and Domestic Security

BILL: SPB 7032

INTRODUCER: For consideration by the Military and Veterans Affairs, Space, and Domestic Security Committee

SUBJECT: Homestead Property Tax Exemptions

DATE: April 3, 2013

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Ryon	Ryon		Submitted as Committee Bill
2.				
3.				
4.				
5.				
6.				

I. Summary:

SPB 7032 codifies 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 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.¹ 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.² Available exemptions include homestead exemptions and exemptions for property used for education, religious, or charitable purposes.³

¹ Fla. Const. Art. VII, s. 4.

² See s. 196.031, F.S.

³ Fla. Const. Art. VII, ss. 3 and 6.

Homestead Exemption

Every person who maintains his or her permanent residence⁴ 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.⁵ 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.⁶

Additional Discounts for Veterans with Service-connected Disabilities

The State of Florida provides certain ad valorem tax exemptions for veterans with service-connected disabilities.

Total Ad Valorem Tax Exemption for Totally and Permanently Disabled Veterans

Section 196.081(1), F.S., provides that:

Any real estate that is owned and used as a homestead by a veteran who was honorably discharged with a service-connected total and permanent disability and for whom a letter from the United States Government or United States Department of Veterans or its predecessor 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(1), F.S., further provides that:

Any real estate 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 Discount for Disabled Veterans

Section 196.24, F.S., provides a \$5,000 property tax exemption to any ex-service member who is a bona fide resident of the state and who has a service-connected disability to a degree of 10 percent or more. This exemption also applies to the un-remarried surviving spouse of a disabled

⁴ 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.

⁵ Fla. Const. Art. VII, s. 6.

⁶ *Ibid.*

ex-service member who had been married to such ex-service member for at least 5 years on the date of the ex-service member's death.

Partial Ad Valorem Tax Discount for Veterans with a Combat-related Disability

Section 196.082, F.S., provides a discount on ad valorem taxes owed on homestead property for veterans age 65 or older who have a disability that is combat-related. The discount is commensurate with the veteran's service-connected disability rating from the U.S. Department of Veterans Affairs.

Property Tax Discount for Veterans with a Combat-related Disability

Article VII, section 6(e) of the Florida Constitution, grants a discount on ad valorem taxes owed on homestead property for veterans age 65 or older who have a disability that is combat-related. In order to qualify for the discount, the veteran must submit to the county property appraiser, by March 1, the following:

- An official letter from the U.S. Department of Veterans Affairs stating the percentage of the veteran's service-connected disability;
- Evidence that reasonably identifies the disability as combat-related; and
- A copy of the veteran's honorable discharge.⁷

The property tax discount percentage is equal to the veteran's service-connected disability percentage, as determined by the U.S. Department of Veterans Affairs. Although the Florida Constitution requires the veteran's disability be combat-related in order to qualify, the total service-connected disability percentage is used to determine the discount amount even though one or more combat disabilities may be only part of the veteran's total compensable disabilities.

If the property appraiser denies the request for a discount, the appraiser must notify the applicant in writing of the reasons for denial, and the veteran may reapply. A veteran whose request for the discount has been denied has the right to appeal to the value adjustment board.

The combat-disabled veterans' property tax discount was enacted in November 2006 with the adoption of Constitutional Amendment 7 by Florida voters. This constitutional provision was subsequently amended during the 2012 General Election with the adoption of Amendment 2.

Amendment 2: 2012 General Election

In 2011, the Legislature approved the placement of an amendment to Article VII, section 6 of the Florida Constitution on the 2012 general election ballot (Amendment 2).⁸ Amendment 2 allowed partially or totally 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. Prior to the adoption of Amendment 2, an otherwise qualified veteran must have resided in Florida at the time the veteran entered the service to be eligible for the property

⁷ See also s. 196.082, F.S.

⁸ CS/SB 592 (2011)

tax discount. Florida voters approved Amendment 2 in the 2012 general election and it took effect January 1, 2013.

In 2010, prior to the removal of the residency requirement, 1,206 veterans received the combat-disabled veterans' property tax discount, which amounted to a statewide property value discount of \$28,749,630. During that time, the average individual discount in taxable value was \$23,839.⁹

The removal of the residency requirement is expected to significantly expand the number of veterans eligible for the combat-disabled veterans' property tax discount. However, the estimates of the impact of Amendment 2 vary. The Revenue Estimating Conference estimated in February 2011 that approximately 40 percent of the 77,535 veterans in Florida age 65 or older receiving compensation for service related conditions have a combat-related disability.¹⁰ The Florida Department of Veterans Affairs estimated that 6,000 veterans are eligible to apply as a result of the adoption of Amendment 2.¹¹

III. Effect of Proposed Changes:

The bill amends s. 196.082, F.S., to codify Amendment 2, which was approved by voters in the 2012 general election. Amendment 2 removed 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:

The bill amends s. 196.082, F.S., to remove the residency requirement for veterans applying for the combat-disabled veterans' property tax discount. This change is consistent with the adoption of Amendment 2 in the 2012 general election.

⁹ Revenue Estimating Conference, *Disabled Veterans' Property Tax Discount SJR 592 & HJR 439* (March 11, 2011)

¹⁰ *Id.* This estimate does not take into account homeownership.

¹¹ Florida Department of Veterans' Affairs. Frequently Asked Questions. Constitutional Amendment 2. January 1, 2013. On file with the Military and Veterans Affairs, Space, and Domestic Security Committee.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Amendment 2, adopted in the 2012 general election, allows partially or totally disabled veterans who were not Florida residents when they entered the military to qualify for the combat-related disabled veterans’ property tax discount on homestead property.

C. Government Sector Impact:

The Revenue Estimating Conference estimated, upon adoption of Amendment 2, that the impact on taxes would be as follows:¹²

	FY 2013-14	FY 2014-15	FY 2015-16	RECURRING
School Tax Impact	-\$1.1 million	-\$2.3 million	-\$3.6 million	-\$3.6 million
Non-school Tax Impact	-\$1.3 million	-\$2.6 million	-\$4.0 million	-\$4.0 million
Total Impact	-\$2.4 million	-\$4.9 million	-\$7.6 million	-\$7.6 million

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.

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

¹² Revenue Estimating Conference, *Disabled Veterans’ Property Tax Discount SJR 592* (March 11, 2011).