

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 Fiscal Policy

BILL: CS/SB 7052

INTRODUCER: Finance and Tax Committee and Military and Veterans Affairs, Space, and Domestic Security Committee

SUBJECT: Ad Valorem Tax Exemption for Deployed Servicemembers

DATE: April 8, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
	<u>Sanders</u>	<u>Ryon</u>		MS Submitted as Committee Bill
1.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Fav/CS
2.	<u>Hrdlicka</u>	<u>Hrdlicka</u>	<u>FP</u>	Favorable

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 7052 amends s. 196.173, F.S., to include 11 new designated operations for which deployed servicemembers may qualify for an ad valorem tax exemption and to remove one operation for which the time to qualify for exemption has expired. A servicemember may receive the exemption on homestead property for the portion of the preceding calendar year that the servicemember was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of statutorily-identified military operations.

The bill waives the normal March 1 application deadline for the exemption application for 2015 only. For 2015, it requires servicemembers to apply by June 1, 2015.

The bill is effective upon becoming law and first applies to ad valorem tax rolls for 2015.

The Revenue Estimating Conference has determined that this bill will reduce local revenues by \$200,000 annually.

II. Present Situation:

Ad Valorem Exemption for Deployed Servicemembers

Section 196.173, F.S., provides an additional ad valorem tax exemption for homestead property owned by a military servicemember¹ deployed outside of the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature. The exemption is equal to the taxable value of the homestead of the servicemember on January 1 of the year in which the exemption is sought multiplied by the number of days that the servicemember was on a qualifying deployment in the preceding calendar year and divided by the number of days in that year.²

Eligible Military Operations

The exemption is currently available to servicemembers who had a qualifying deployment in support of:

- Operation Noble Eagle, which began on September 15, 2001;
- Operation Enduring Freedom, which began on October 7, 2001;
- Operation Iraqi Freedom, which began on March 19, 2003, and ended on August 31, 2010;
- Operation New Dawn, which began September 1, 2010, and ended on December 15, 2011; or
- Operation Odyssey Dawn, which began on March 19, 2011, and ended on October 31, 2011.³

Annual Report of All Known and Unclassified Military Operations

By January 15 of each year, the Department of Military Affairs must submit to the President of the Senate, the Speaker of the House of Representatives, and the tax committees of each house of the Legislature a report of all known and unclassified military operations outside the continental United States, Alaska, or Hawaii for which servicemembers based in the continental United States have been deployed during the previous calendar year.⁴

To the extent possible, the report must include:

- The official and common names of the military operations;
- The general location and purpose of each military operation;
- The date each military operation commenced; and
- The date each military operation terminated, unless the operation is ongoing.⁵

Exemption Application

A servicemember who seeks to claim the tax exemption must file an application for exemption with the property appraiser on or before March 1 of the year following the year of the qualifying deployment.⁶ The application for the exemption must be made on a form prescribed by the

¹ The term “servicemember” is defined as a member or former member of any branch of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard. *See* s. 196.173(7), F.S.

² Section 196.173(4), F.S.

³ Section 196.173(2), F.S.

⁴ Section 196.173(3), F.S.

⁵ *Id.*

⁶ Section 196.173(5)(a), F.S.

Department of Revenue and furnished by the property appraiser. The servicemember must provide with the application:

- Proof of a qualifying deployment;
- The dates of the qualifying deployment; and
- Other information necessary to verify eligibility for and the amount of the exemption.

The property appraiser must consider a servicemember's application for the exemption within 30 days after receipt of the application or within 30 days after receiving notice of the designation of qualifying deployments by the Legislature, whichever is later.⁷ If a servicemember's application is denied, the property appraiser must send a notice of disapproval no later than July 1, citing the reason for disapproval and advising the servicemember of the right to appeal the decision to the value adjustment board (VAB) along with the procedures for filing such appeal.⁸

III. Effect of Proposed Changes:

Section 1 amends s. 196.173, F.S., to add 11 unclassified military operations for which deployed servicemembers may qualify for the exemption. These 11 operations are identified in the statutorily required report submitted to the Legislature by the Department of Military Affairs⁹ and includes the following operations:

- Operation Joint Guardian, which began on June 12, 1999;
- Operation Octave Shield, which began in 2000;
- Operation Trans-Sahara Counterterrorism Partnership, which began in June 2005;
- Operation Nomad Shadow, which began in 2007;
- Operation U.S. Airstrikes Al Qaeda in Somalia, which began in January 2007;
- Operation Objective Voice, which began in 2009;
- Operation Georgia Deployment Program, which began in August 2009;
- Operation Copper Dune, which began in 2010;
- Operation Observant Compass, which began in October 2011;
- Operation Juniper Shield, which began in 2013; and
- Operation Inherent Resolve, which began on August 8, 2014.

The bill removes Operation Iraqi Freedom from the list of qualifying operations because the time for claiming an exemption for the applicable tax rolls has expired.

Section 2 provides an exception to the March 1 application deadline in s. 196.173(5), F.S., for 2015 only. For 2015, servicemembers must apply by June 1, 2015.

The property appraiser or VAB may grant the exemption to an otherwise qualifying applicant who fails to meet the June 1 deadline if the applicant provides an application to the property appraiser or files a petition with the VAB on or before the 25th day following the mailing by the property appraiser of the notices required under s. 194.011(1), F.S., and demonstrates extenuating circumstances that warrant granting the exemption.

⁷ Section 196.173(6), F.S.

⁸ Sections 194.015 and 194.011, F.S.

⁹ Named Operations Report (February 17, 2015), on file with the Senate Military and Veterans Affairs, Space, and Domestic Security Committee.

Section 3 provides that the bill is effective upon becoming law and first applies to ad valorem tax rolls for 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

While the bill reduces the authority that counties have to raise revenue, the bill is expected to have an insignificant fiscal impact (see Tax/Fee Issues below). As such, the bill is exempt from the provisions of Article VII, s. 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has determined that SB 7052 will reduce local governments' revenues by \$200,000 annually.¹⁰

B. Private Sector Impact:

If the bill becomes law, servicemembers deployed to one of the aforementioned military operations could receive property tax relief.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 196.173 of the Florida Statutes.

¹⁰ Revenue Estimating Conference, *Deployed Service Members Exemptions, Proposed Language*, (March 6, 2015) available at <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2015/pdf/page230-232.pdf> (last visited April 3, 2015).

This bill creates an undesignated section of the Florida law.

IX. Additional Information:

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

CS by Finance and Tax on March 30, 2015:

The CS removes Operation Iraqi Freedom from the list of qualifying operations because the time for claiming an exemption for the applicable tax rolls has expired.

- B. **Amendments:**

None.