

**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.)

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Prepared By: The Professional Staff of the Committee on Appropriations

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BILL: CS/HJR 7017

INTRODUCER: House State Affairs Committee; House Ways & Means Committee; and Representative Buchanan and others

SUBJECT: Annual Adjustment to Homestead Exemption Value

DATE: February 21, 2024

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

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Shuler	Sadberry	AP	<b>Favorable</b>

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**I. Summary:**

The Florida Constitution requires all property to be assessed at just value (fair market value) as of January 1 of each year for purposes of ad valorem taxation. Ad valorem assessments are used to calculate property taxes that fund counties, municipalities, district school boards, and special districts. The taxable value against which local governments levy tax rates each year reflects the just value as reduced by any applicable exemptions allowed by the Florida Constitution. One such exemption is on the assessed value between \$50,000 and \$75,000, which is exempt from all ad valorem taxes other than school district taxes.

This joint resolution proposes an amendment to the Florida Constitution requiring the \$25,000 of assessed value that is exempt from all ad valorem taxes other than school district taxes be adjusted annually for positive inflation growth. It would also apply to any future homestead exemption applying only to ad valorem taxes other than school district taxes, if approved by the voters, and would begin on January 1, 2025.

The joint resolution, if passed by the legislature, would be considered by the electorate at the 2024 general election and, if approved by 60 percent of the electors voting on the measure, the joint resolution would take effect on January 1, 2025.

The Revenue Estimating Conference (REC) has not yet adopted an estimate for CS/HJR 7017. However, for the originally filed version of HJR 7017 with similar inflation adjustment provisions, the REC estimated that the joint resolution would have a zero/negative indeterminate impact on local government revenues because it was proposing an amendment to be submitted to the voters for approval. If the amendment proposed by the joint resolution were not approved by the voters, the REC estimated the impact on local government revenues would have been zero. If the amendment were approved by the voters, the REC estimated the impact on non-school local government property taxes in Fiscal Year (FY) 2025-26 (the first year of implementation) would have been approximately -\$22.8 million, growing to approximately -\$111.7 million in FY 2028-29, assuming current tax rates.

A joint resolution proposing an amendment or revision to the Florida Constitution requires a three-fifths vote of the membership of each house of the Legislature to appear on the next general election ballot.

## **II. Present Situation:**

### **Ad Valorem Taxes**

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property.<sup>1</sup> Ad valorem taxes are annual taxes levied by counties, municipalities, school districts, and certain special districts. These taxes are based on the just value (fair market value) of real and tangible property as determined by county property appraisers on January 1 of each year.<sup>2</sup> The just value may be subject to limitations, such as the “Save Our Homes” limitation on homestead property assessment increases.<sup>3</sup> The value arrived at after accounting for applicable limitations is known as the assessed value. Property appraisers then calculate the taxable value by reducing the assessed value in accordance with any applicable exemptions, such as the exemptions for homestead property.<sup>4</sup> Each year, local governing boards levy millage rates (i.e., tax rates) on the taxable value to generate the property tax revenue contemplated in their annual budgets.

### **Homestead Exemptions**

Certain homestead exemptions are specified in Article VII, Section 6 of the Florida Constitution, which provides that every person who holds legal or equitable title to real estate and uses said real estate as a permanent residence for themselves, or a legal or natural dependent, is entitled to exemption from taxes on the first \$25,000 in assessed value.<sup>5</sup> In 2008, Florida voters amended this provision to include an additional \$25,000 exemption from all ad valorem taxes, other than school district taxes, on the assessed value greater than \$50,000.<sup>6</sup> Overall, the assessed value of \$50,000 up to \$75,000 is exempt from all taxes other than school district taxes. Currently, this assessed value amount is not adjusted annually for inflation.

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

This joint resolution proposes an amendment to Article VII, Section 6(a) of the Florida Constitution requiring the existing \$25,000 assessed value amount, which is exempt from all ad valorem taxes other than school district taxes, be adjusted annually for positive inflation growth.<sup>7</sup> This inflation adjustment provision would also apply to any future homestead exemption applying only to ad valorem taxes, other than school district taxes, if approved by the voters, and would begin on January 1, 2025.

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<sup>1</sup> FLA. CONST. art. VII, s. 1(a).

<sup>2</sup> FLA. CONST. art. VII, s. 4.

<sup>3</sup> *See generally* s. 193.155, F.S.

<sup>4</sup> Section 196.031, F.S.

<sup>5</sup> FLA. CONST. art. VII s. 6.

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

<sup>7</sup> The annual inflation adjustment calculation uses the same Consumer Price Index metric as used for the Save Our Homes calculation in Article VII, section 4(a)(1)b. of the Florida Constitution.

The joint resolution, if passed by the Legislature, would place the amendment on the ballot at the 2024 general election, or an earlier special election held for the purpose of proposing the amendment to the voters,<sup>8</sup> where 60 percent of the electors voting on the measure must approve it for passage.<sup>9</sup> If approved, the amendment would take effect on January 1, 2025.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

The mandate provisions in Article VII, section 18 of the Florida Constitution, do not apply to joint resolutions.

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

None.

##### **C. Trust Funds Restrictions:**

None.

##### **D. State Tax or Fee Increases:**

None.

##### **E. Other Constitutional Issues:**

Article XI, s. 1 of the Florida Constitution authorizes the Legislature to propose amendments to the Florida Constitution by joint resolution approved by a three-fifths vote of the membership of each house. Article XI, s. 5(a) of the Florida Constitution requires the amendment be placed before the electorate at the next general election<sup>10</sup> held more than 90 days after the proposal has been filed with the Secretary of State or at a special election held for that purpose. Constitutional amendments submitted to the electors must be printed in clear and unambiguous language on the ballot.<sup>11</sup>

Article XI, s. 5(d) of the Florida Constitution requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each county where a newspaper is published. The amendment or revision must be published once in the 10th week and again in the 6th week immediately preceding the week the election is held.

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<sup>8</sup> Pursuant to Article XI, section 5(a) of the Florida Constitution, placing the joint resolution on a special election ballot requires the legislature to pass a general law by a three-fourths vote of the membership of each house of the legislature.

<sup>9</sup> FLA. CONST. art. XI, s. 5(e).

<sup>10</sup> Section 97.021(17), F.S., defines “general election” as an election held on the first Tuesday after the first Monday in November in the even-numbered years, for the purpose of filling national, state, county, and district offices and for voting on constitutional amendments not otherwise provided for by law.

<sup>11</sup> Section 101.161(1), F.S.

Article XI, s. 5(e) of the Florida Constitution requires approval by 60 percent of voters for a constitutional amendment to take effect. The amendment, if approved, becomes effective on the first Tuesday after the first Monday in January following the election, or on such other date as may be specified in the amendment.

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

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

The Revenue Estimating Conference (REC) has not yet adopted an estimate for CS/HJR 7017. However, for the originally filed version of HJR 7017 with similar inflation adjustment provisions, the REC estimated that the joint resolution would have a zero/negative indeterminate impact on local government revenues because the proposed amendment was subject to voter approval. If the amendment proposed by the joint resolution were not approved by the voters, the REC estimated the impact on local government revenues would be zero. If the amendment were to be approved by the voters, the REC estimated the impact on non-school local government property taxes in Fiscal Year (FY) 2025-26 (the first year of implementation) would be approximately -\$22.8 million, growing to approximately -\$111.7 million in FY 2028-29, assuming current tax rates.<sup>12</sup>

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

If this joint resolution is approved, homestead property owners would realize lower property taxes over time.

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

Article XI, s. 5(d) of the Florida Constitution requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each county where a newspaper is published. The amendment or revision must be published in the 10th week and again in the 6th week immediately preceding the week the election is held.

The Division of Elections (division) within the Department of State pays for publication costs to advertise all constitutional amendments in both English and Spanish,<sup>13</sup> typically paid from non-recurring General Revenue funds.<sup>14</sup> Accurate cost estimates for the next constitutional amendment advertising cannot be determined until the total number of amendments to be advertised is known and updated quotes are obtained from newspapers.

There is an unknown additional cost for the printing and distributing of the constitutional amendments, in poster or booklet form, in English and Spanish, for each of the 67

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<sup>12</sup> The REC's analysis of HJR 7017 includes a breakdown of the revenue impacts by county and is available on the second to last page at: [http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2024/\\_pdf/page129-133.pdf](http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2024/_pdf/page129-133.pdf).

<sup>13</sup> Pursuant to *Section 203 of the Voting Rights Act* (52 U.S.C.A. § 10503).

<sup>14</sup> See, e.g., Ch. 2022-156, Specific Appropriation 3137, Laws of Fla.

Supervisors of Elections to post or make available at each polling room or each voting site, as required by s. 101.171, F.S. Historically, the division has printed and distributed booklets that include the ballot title, ballot summary, text of the constitutional amendment, and, if applicable, the financial impact statement.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This resolution amends Article VII, section 6 of the Florida Constitution.

This resolution creates a new section in Article XII of the Florida Constitution.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.