

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 727 Tax Exemption for Disabled Ex-servicemembers

SPONSOR(S): Amesty and others

TIED BILLS: IDEN./SIM. BILLS: SB 1004

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	21 Y, 0 N	Rexford	Aldridge
2) Local Administration, Federal Affairs & Special Districts Subcommittee			
3) State Affairs Committee			

SUMMARY ANALYSIS

Ad valorem taxes are annual taxes levied by counties, cities, school districts and certain special districts. These taxes are based on the just value of real and tangible personal property as determined by county property appraisers on January 1 of each year.

The Florida Constitution also carves out specific ad valorem exemptions. Article VII, Section 3 of the Florida Constitution provides for specific exemptions from property taxes for widows and widowers, blind persons, and persons who are totally and permanently disabled. Section 196.24, F.S., allows a veteran disabled to a degree of 10 percent or more by misfortune or during wartime service to receive an exemption on the assessed value of his or her property up to \$5,000. The veteran must have been honorably discharged and must be a resident of the state. Upon the death of the veteran, the exemption carries over to the veteran’s un-remarried surviving spouse.

The bill increases the exemption on the assessed value amount from \$5,000 to \$10,000 for a disabled veteran’s property when he or she is disabled to a degree of 10 percent or more by misfortune or during wartime service. Upon death of the veteran, the un-remarried surviving spouse of the veteran can enjoy the increased exemption.

The Revenue Estimating Conference has not yet estimated the potential fiscal impact of the bill. Staff estimates that the bill will have a negative recurring impact on local government school and non-school tax revenues.

This bill has an effective date of July 1, 2024.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Property Taxes in Florida

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.¹ The ad valorem tax is an annual tax levied by counties, municipalities, school districts, and some special districts based on the value of real and tangible personal property as of January 1 of each year.² The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,³ and it provides for specified assessment limitations, property classifications, and exemptions.⁴ After the property appraiser considers any assessment limitation or use classification affecting the just value of a property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.⁵

Exemptions

Article VII, Section 6 of the Florida Constitution provides that every person who owns real estate with legal and equitable title, and maintains their permanent residence or the permanent residence of their dependent upon such real estate, is eligible for a \$25,000 homestead tax exemption applicable to all ad valorem tax levies including school district levies. An additional \$25,000 homestead exemption applies to homesteads that have an assessed value greater than \$50,000 and up to \$75,000, excluding school district levies.

The Florida Constitution provides other specific ad valorem exemptions. For example, Article VII, Section 3 of the Florida Constitution provides for specific exemptions from property taxes for widows and widowers, blind persons, and persons who are totally and permanently disabled.

Property Tax Exemptions for Veterans and Surviving Spouses

Florida law provides several property tax exemptions for disabled veterans and their surviving spouses. These include exemptions for the following persons:

- A veteran with a total and permanent service-connected disability is entitled to a complete exemption for property owned and used as a homestead.⁶
- A veteran with a total service-connected disability that confines him or her to a wheelchair is entitled to a complete exemption for property owned and used as a homestead.⁷ Upon the veteran's death, the exemption carries over to the veteran's un-remarried surviving spouse.⁸
- The un-remarried surviving spouse of a veteran who died while on active duty is entitled to a complete exemption for property owned and used as a homestead if the veteran was a permanent resident of Florida on the day he or she died.⁹

¹ Art. VII, s. 1(a), Fla. Const.

² S. 192.001(12), F.S., defines "real property" as land, buildings, fixtures, and all other improvements to land. The terms "land," "real estate," "realty," and "real property" may be used interchangeably. S. 192.001(11)(d), F.S., defines "tangible personal property" as all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in Art. VII, s. 1(b), Fla. Const., and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself.

³ Art. VII, s. 4, Fla. Const.

⁴ Art. VII, ss. 3, 4, and 6, Fla. Const.

⁵ S. 196.031, F.S.

⁶ Art. VII, s. 3(b), Fla. Const.; s. 196.081, F.S.

⁷ S. 196.091(1), F.S.

⁸ S. 196.091(3), F.S.

- A veteran disabled to a degree of 10 percent or more by misfortune or during wartime service is entitled to an exemption on the assessed value of his or her property up to \$5,000. The veteran must have been honorably discharged and must be a resident of the state. Upon the death of the veteran, the exemption carries over to the veteran's un-remarried surviving spouse.¹⁰

Effect of Proposed Changes

The bill amends section 196.24, F.S., to increase the exemption on the assessed value amount from \$5,000 to \$10,000 for a disabled veteran's property when he or she is disabled to a degree of 10 percent or more by misfortune or during wartime service. This exemption increase carries over to the un-remarried surviving spouse of the veteran upon the veteran's death.

B. SECTION DIRECTORY:

Section 1: Amends s. 196.24, F.S., to increase the exemption on the assessed value amount from \$5,000 to \$10,000 for property of certain partially disabled veterans.

Section 2: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has not yet estimated the potential fiscal impact of the bill. Staff estimates that the bill will have a negative recurring impact on local government school and non-school tax revenues.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the bill passes, certain partially disabled veterans would see a decrease in their property taxes over time due to an increase of the exemption on the assessed value of the veteran's property.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

⁹ S. 196.081(4), F.S.

¹⁰ S. 196.24, F.S.

The county/municipality mandates provision of Article VII, Section 18 of the Florida Constitution may apply because this bill may reduce the authority that counties or municipalities have to raise revenues in the aggregate to the extent it allows an increase in the exemption on the assessed value of property belonging to certain partially disabled veterans; however, an exemption may apply because the bill may have an insignificant fiscal impact.

2. Other:

Section 196.24(1), F.S., is the statutory provision being amended by the bill. It provides in part:

(1) Any ex-servicemember, as defined in s. 196.012, who is a bona fide resident of the state, who was discharged under honorable conditions, and who has been disabled to a degree of 10 percent or more by misfortune or while serving during a period of wartime service as defined in s. 1.01(14) is entitled to the exemption from taxation provided for in **s. 3(b), Art. VII of the State Constitution** as provided in this section. ... (emphasis supplied)

Section 3(b), Art. VII of the State Constitution provides:

(b) There shall be exempt from taxation, cumulatively, to every head of a family residing in this state, household goods and personal effects to the value fixed by general law, not less than one thousand dollars, and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than five hundred dollars.

Section 6(e)(1), Art. VII of the State Constitution provides in part:

(e)(1) Each veteran who is age 65 or older who is partially or totally permanently disabled shall receive a discount from the amount of the ad valorem tax otherwise owed on homestead property the veteran owns and resides in if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount shall be in a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veterans Affairs. ...

While s. 6(e)(1), Art. VII of the state constitution provides for a property tax discount for certain partially or totally permanently disabled veterans, the state constitution, including the provision cited in s. 196.24(1), F.S., appears to lack express authority for the exemption found in s. 196.24(1), F.S.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES