

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: [CS/HB 1041](#)

TITLE: Assessment of Homestead Property

SPONSOR(S): Berfield, Anderson

COMPANION BILL: [CS/SB 176](#) (DiCeglie)

LINKED BILLS: [HJR 1039](#) Berfield

RELATED BILLS: [SB 1192](#) (Ingoglia)

Committee References

[Ways & Means](#)

17 Y, 0 N, As CS



[Intergovernmental Affairs](#)

14 Y, 0 N



[State Affairs](#)

24 Y, 0 N

SUMMARY

Effect of the Bill:

This bill implements the amendment to Art. VII, s. 4 of the Florida Constitution, proposed by HJR 1039 (2025), to prohibit the consideration of any change or improvement made to mitigate a property's susceptibility to flood damage when calculating ad valorem property taxes.

The bill takes effect on January 1, 2027, if the constitutional amendment proposed by HJR 1039 (2025), or a similar joint resolution, is approved by 60 percent of voters voting in the November 2026 general election.

Fiscal or Economic Impact:

The Revenue Estimating Conference has not estimated potential impacts of the bill on state and local government revenues. Staff estimates that the bill will have a zero or negative indeterminate impact on local government revenues due to the need for approval by the voters of the constitutional amendment proposed by HJR 1039 (2025).

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ANALYSIS

EFFECT OF THE BILL:

The bill provides that changes, additions, or improvements that replace all or a portion of homestead property, damaged or destroyed by misfortune or calamity, must be calculated using the assessed value as of the January 1 immediately before the date on which the damage or destruction was sustained when the total square footage of the homestead does not exceed 110 percent of the square footage before the damage or destruction or 2,000 square feet, rather than 1,500 square feet. (Section [1](#))

The bill specifies that [changes, additions, or improvements](#) that replace or are made to [homestead property](#) to elevate such property for the purpose of [mitigating](#) the impacts of [flood damage](#) do not increase the property's assessed value for purposes of [ad valorem property taxes](#) if:

- The square footage of the property after the voluntary elevation does not exceed 2,000 square feet; or
- The square footage of the property after the voluntary elevation does not exceed 110 percent of the square footage of the property before the elevation. (Section [1](#))

Any increase in the square footage beyond these thresholds must be assessed at just value. However, the bill provides that the area underneath an elevated structure which is dedicated only for parking, storage, or access may not be included in the 110 percent calculation. (Section [1](#))

Changes, additions, or improvements made to property that was unable to be used as homestead due to damage or destruction caused by misfortune or calamity must be commenced within 5 years after the January 1 following the damage to the homestead. (Section [1](#))

STORAGE NAME: h1041e.SAC

DATE: 4/2/2025

Homestead property must comply with all applicable Federal Emergency Management Agency's National Flood Insurance Program building requirements and Florida Building Code elevation requirements in order to receive these benefits. (Section [1](#))

The bill takes effect on the same date that [HJR 1039 \(2025\)](#), or a similar joint resolution, takes effect if approved by 60 percent of the electors voting at the general election held in November 2026. If approved by the voters, the joint resolution and this bill will take effect on January 1, 2027. (Section [2](#))

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The Revenue Estimating Conference has not estimated the potential impact of the bill on state government revenues. Staff estimates that impact to be zero.

LOCAL GOVERNMENT:

The Revenue Estimating Conference has not estimated the potential impacts of the bill on local government revenues. However, staff estimates that the bill will have a zero/negative indeterminate impact on local government revenues because the bill is contingent upon passage of the constitutional amendment proposed by HJR 1039 (2025). If approved by the voters, and assuming current millage rates, staff estimates the bill to have a negative recurring impact on local government revenues of \$123.6 million (-\$44.6 million on school taxes; -\$79.0 million on non-school taxes) in Fiscal Year (FY) 2025-26. Because the bill is effective on January 1, 2027, if the constitutional amendment proposed by HJR 1039 (2025) is approved by the voters, cash impacts do not begin until FY 2027-28.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[Ad Valorem Taxation](#)

The Florida Constitution reserves to local governments the authority to levy ad valorem taxes on real and tangible personal property.¹ Ad valorem taxes are levied annually by counties, cities, 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 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 parcel of real property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.⁵

Unless expressly exempted from taxation, all real and personal property and leasehold interests in the state are subject to taxation.⁶ The Florida Constitution limits the Legislature's authority to grant an exemption or assessment limitation from taxes,⁷ and any modifications to existing ad valorem tax exemptions or limitations must be consistent with the constitutional provision authorizing the exemption or limitation.⁸

¹ [Art. VII, ss. 1\(a\) and 9\(a\), Fla. Const.](#)

² Section [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. Section [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) of the Florida Constitution 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 Section [196.031, F.S.](#)

⁶ Section [196.001, F.S.](#); see also *Sebring Airport Authority v. McIntyre*, 642 So. 2d 1072, 1073 (Fla. 1994), noting exemptions are strictly construed against the party claiming them.

⁷ *Archer v. Marshall*, 355 So. 2d 781, 784 (Fla. 1978).

⁸ *Sebring Airport Auth. v. McIntyre*, 783 So. 2d 238, 248 (Fla. 2001); *Archer v. Marshall*, 355 So. 2d 781, 784 (Fla. 1978); *Am Fi Inv. Corp v. Kinney*, 360 So. 2d 415 (Fla. 1978); see also *Sparkman v. State*, 58 So. 2d 431, 432 (Fla. 1952).

Homestead Property

Article VII, s. 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 on that property (a “homestead”). 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.⁹

Changes, Additions, or Improvements to Real Property

A homestead property’s tax assessment cannot be increased in one year by more than the greater of three percent or the percent change in the Consumer Price Index, except under certain circumstances.¹⁰ One such circumstance is that changes, additions, and improvements to homestead property are assessed at market value, which can increase the total assessment by any amount.¹¹

However, current law specifies that changes, additions, or improvements that replace all or a portion of homestead property damaged or destroyed by misfortune or calamity may not increase the property’s assessed value when the square footage of the property as changed or improved does not exceed 110 percent of the square footage of the property before the damage or destruction.¹² Additionally, the property’s assessed value may not increase if the total square footage of the homestead property as changed or improved does not exceed 1,500 square feet.¹³

In addition, Art. VII, s. 4 of the Florida Constitution authorizes the Legislature to prohibit the consideration of:

- Any change or improvement to residential real property made to improve the property’s resistance to wind damage; or
- The installation of a solar or renewable energy device.

Flood Damage and Insurance

Hurricanes and other storms that result in flooding have caused billions of dollars in damage across all parts of Florida.¹⁴ Flooding is one of Florida’s most frequent hazards, and can happen any time of the year.¹⁵ Flood insurance can assist with recovery after a flooding incident, but most standard homeowner’s insurance does not cover flood damage.¹⁶

The Federal Emergency Management Agency (FEMA) administers the National Flood Insurance Program, which was created to offer federally subsidized flood insurance to property owners and to encourage land-use controls in floodplains.¹⁷ Communities eligible to participate in the National Flood Insurance Program Community Rating System receive discounts on flood insurance premiums.¹⁸ To participate in the National Flood Insurance Program, communities agree to regulate all development in flood hazard areas mapped by FEMA.¹⁹

A Flood Insurance Rate Map is an official map of a community on which FEMA has delineated both the special hazard areas and the risk premium zones applicable to the community.²⁰ These maps have many applications

⁹ [Art. VII, s. 6\(a\)\(1\)b., Fla. Const.](#)

¹⁰ [Art. VII, s. 4\(d\), Fla. Const.](#)

¹¹ Section [193.155\(4\)\(a\), F.S.](#)

¹² Section [193.155\(4\)\(b\), F.S.](#)

¹³ Section [193.155\(4\)\(b\), F.S.](#)

¹⁴ Catastrophe Claims Data, Office of Insurance Regulation, available at <https://floir.com/tools-and-data/catastrophe-reporting> (last visited March 15, 2025).

¹⁵ Florida Department of Emergency Management, Floods, available at <https://www.floridadisaster.org/hazards/floods/> (last visited March 15, 2025).

¹⁶ National Flood Insurance Program, available at <https://www.floodsmart.gov/> (last visited March 15, 2025).

¹⁷ 42 U.S.C. § 4001 *et seq.*; 44 C.F.R. Ch. I, Subchap. B.; FEMA, *Flood Insurance*, available at <https://www.fema.gov/national-flood-insurance-program> (last visited March 15, 2025).

¹⁸ FEMA, *National Flood Insurance Program Community Rating System*, available at <https://www.fema.gov/floodplain-management/community-rating-system> (last visited March 15, 2025).

¹⁹ Flood Resistant Provisions in the 7th Edition Florida Building Code (2020), Florida Division of Emergency Management, available at https://www.floridadisaster.org/globalassets/dem/mitigation/fmap/2020/7th-ed_fbc_floodprovisions_nov2020.pdf (last visited March 15, 2025).

²⁰ 44 C.F.R. § 59.1.

relevant to resilience planning, including communicating base flood elevations and flood risk, establishing special flood hazard areas where flood insurance is required, and setting local floodplain and building standards.²¹

Flood Mitigation

Local jurisdictions throughout the state recognize, plan for, and manage development in flood hazard areas.²² An area's resistance to flood damage can be increased through mitigation strategies such as large structural public works projects, including dams, seawalls, and levees, as well as improvements made to individual properties, such as elevating structures, filling basements, and waterproofing.²³ Mitigation can also include non-structural improvements, such as the maintenance of land to allow for stormwater runoff, installing flood vents in walls and garages, waterproofing basements, installing backflow and check valves capable of preventing water backup, and elevating furnaces, heaters, and electrical panels.²⁴

When an owner or developer constructs, adds to, or substantially improves a building in a flood hazard area, certain requirements intended to minimize future flood damage must be satisfied. These provisions are found in the Florida Building Code and require design professionals and builders to address requirements related to elevation, wave loads, flood velocity, and debris impact, along with other applicable load and design requirements.²⁵

When a home is substantially damaged in a flooding event, such that the cost of improvements or repair the damage exceeds 50 percent of the market value of the home, FEMA generally requires such home to be brought up to current floodplain management standards.²⁶

HJR 1039 (2025)

HJR 1039 (2025), which this bill is linked to, proposes an amendment to the Florida Constitution to authorize the Legislature to prohibit, for purposes of ad valorem property taxes, the consideration of any change or improvement to homestead property that mitigates the property's susceptibility to flood damage.

RECENT LEGISLATION:

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2021	CS/CS/HB 1379	Chaney	Brandes	Passed in Ch. 2021-31, L.O.F. (HB 7061); did not take effect due to failure of amendment proposed by HJR 1377

²¹ FEMA, *Flood Maps*, available at <https://www.fema.gov/flood-maps> (last visited March 15, 2025); Florida Division of Emergency Management, *Enhanced State Hazard Mitigation Plan, State of Florida* (2023), available at <https://flshmp-floridadisaster.hub.arcgis.com/> (last visited March 15, 2025).

²² See, e.g., Lee County (<https://www.leegov.com/dcd/flood/firm/zones/hazardareas> last visited March 15, 2025), Hillsborough County (<https://hcfi.gov/residents/public-safety/hazard-mitigation/local-mitigation-strategy> last visited March 15, 2025), and Miami-Dade County (<https://www.miamidade.gov/environment/flood-protection.asp> last visited March 15, 2025).

²³ Beverly Cigler, *U.S. Floods: The Necessity of Mitigation*, State and Local Government Review, Vol. 49 Issue 2 (Sept. 2017), available at https://www.napawash.org/uploads/Standing_Panel_Blogs/cigler-floods-and-mitigation-Sept-20172.pdf (last visited March 15, 2025).

²⁴ Mitigation for Homeowners, FEMA, available at <https://www.fema.gov/fact-sheet/mitigation-homeowners> (last visited March 15, 2025).

²⁵ Flood Resistant Provisions in the 7th Edition Florida Building Code (2020), Florida Division of Emergency Management, available at https://www.floridadisaster.org/globalassets/dem/mitigation/fmap/2020/7th-ed_fbc_floodprovisions_nov2020.pdf (last visited March 15, 2025).

²⁶ Substantial Improvement and Substantial Damage, FEMA, available at https://www.fema.gov/pdf/floodplain/nfip_sg_unit_8.pdf (last visited March 15, 2025).

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Ways & Means Committee	17 Y, 0 N, As CS	3/20/2025	Aldridge	Berg
THE CHANGES ADOPTED BY THE COMMITTEE: <ul style="list-style-type: none"> Added the requirement that property damaged in a flooding event must begin repairs or replacement within 5 years to maintain homestead benefits, for consistency with current law; and Made technical and clarifying changes. 				
Intergovernmental Affairs Subcommittee	14 Y, 0 N	3/26/2025	Darden	Jones
State Affairs Committee	24 Y, 0 N	4/2/2025	Williamson	Jones

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.
