

**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 Finance and Tax

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BILL: CS/SJR 1510

INTRODUCER: Finance and Tax Committee and Senator Avila

SUBJECT: Homestead Property Exemption and Assessment Limitations

DATE: April 16, 2025

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Shuler</u>	<u>Fleming</u>	<u>CA</u>	<b>Favorable</b>
2.	<u>Gross</u>	<u>Khan</u>	<u>FT</u>	<b>Fav/CS</b>
3.	<u>                    </u>	<u>                    </u>	<u>RC</u>	<u>                    </u>

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SJR 1510 proposes an amendment to the Florida Constitution to allow the Legislature to provide exemptions and assessment limitations for residential property owned by a person who has homestead property; leased for 6 months or more; and would otherwise qualify as the homestead of the owner if the owner made it his or her permanent residence. A person is entitled to the exemption on one separate parcel of real estate. Real estate subject to an assessment limitation under subsection (h) of Section 4 of Article VII is not entitled to this exemption and, by general law, the legislature may establish additional criteria for eligible property.

The Revenue Estimating Conference has not analyzed the joint resolution.

If adopted by the Legislature, the proposed amendment will be submitted to Florida's electors for approval or rejection at the next general election in November 2026.

If approved by at least 60 percent of the electors, the proposed amendment will take effect on January 1, 2027.

## II. Present Situation:

### General Overview of Property Taxation

The ad valorem tax or “property tax” is an annual tax levied by counties, municipalities, school districts, and some special districts. The tax is based on the taxable value of a property as of January 1 of each year.<sup>1</sup> The property appraiser annually determines the “just value”<sup>2</sup> of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”<sup>3</sup> The state constitution prohibits the state from levying ad valorem taxes<sup>4</sup> and it limits the Legislature’s authority to provide for property valuations at less than just value, unless expressly authorized.<sup>5</sup>

### Homestead Property Tax Exemptions

Every person having legal or equitable title to real estate and who maintains a permanent residence on the real estate is deemed to establish homestead property. Homestead property is eligible for a \$25,000 tax exemption applicable to all ad valorem tax levies, including levies by school districts.<sup>6</sup> An additional exemption applies to homestead property value between \$50,000 and \$75,000. This exemption is adjusted annually for inflation from the 2024 value of \$25,000 and does not apply to ad valorem taxes levied by school districts.<sup>7</sup>

Section 196.012(17), F.S., defines permanent residence to mean the “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. A person may have only one permanent residence at a time. . . .”

### Save Our Homes Homestead Assessment Limitation and Portability

In 1992, Florida voters approved the Save Our Homes amendment to the Florida Constitution.<sup>8</sup> The Save Our Homes assessment limitation limits the amount that a homestead property’s assessed value may increase annually to the lesser of 3 percent or the percentage increase in the

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<sup>1</sup> Both real property and tangible personal property are subject to tax. Section 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. Section 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value capable of manual possession and whose chief value is intrinsic to the article itself.

<sup>2</sup> Property must be valued at “just value” for purposes of property taxation, unless the Florida Constitution provides otherwise. FLA. CONST. Art VII, s. 4. Just value has been interpreted by the courts to mean the fair market value that a willing buyer would pay a willing seller for the property in an arm’s-length transaction. *See, e.g., Walter v. Schuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *S. Bell Tel. & Tel. Co. v. Dade Cnty.*, 275 So. 2d 4 (Fla. 1973).

<sup>3</sup> *See* ss. 192.001(2) and (16), F.S.

<sup>4</sup> FLA. CONST. art. VII, s. 1(a).

<sup>5</sup> *See* FLA. CONST. art. VII, s. 4.

<sup>6</sup> FLA. CONST. art. VII, s. 6(a).

<sup>7</sup> *Id.* The percent change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100 is used to adjust the exemption, if such percent change is positive. *Id.* For the 2025 tax year, the exemption amount is \$25,722. *See* Volusia County Property Appraiser, Homestead Exemption, <https://vcpa.vcgov.org/exemption/homestead> (last visited April 10, 2025).

<sup>8</sup> FLA. CONST. art. VII, s. 4(d). The Florida Legislature implemented the Save Our Homes amendment in s. 193.155, F.S.

Consumer Price Index.<sup>9</sup> The accumulated difference between the assessed value and the just value is the Save Our Homes benefit. The Save Our Homes assessment limitation is considered portable because a homestead property owner may transfer this benefit when moving from one homestead property to another.<sup>10</sup>

### ***Rental of Homestead Property***

Section 196.012(13), F.S., provides that “ ‘[r]eal estate used and owned as a homestead’ means real property to the extent provided in s. 6(a), Art. VII of the State Constitution, but less any portion thereof used for commercial purposes, with the title of such property being recorded in the official records of the county in which the property is located. Property rented for more than 6 months is presumed to be used for commercial purposes.”<sup>11</sup>

Both the homestead property tax exemption and the Save Our Homes assessment limitation may be lost by a property owner that abandons homestead property. Failure to maintain a homestead property as a permanent residence may constitute abandonment under certain circumstances.<sup>12</sup> Section 196.061(1), F.S., describes when renting a homestead property constitutes abandonment:

“The rental of all or substantially all of a dwelling previously claimed to be a homestead for tax purposes shall constitute the abandonment of such dwelling as a homestead, and the abandonment continues until the dwelling is physically occupied by the owner. However, such abandonment of the homestead after January 1 of any year does not affect the homestead exemption for tax purposes for that particular year unless the property is rented for more than 30 days per calendar year for 2 consecutive years.”

### ***Assessment of Nonhomestead Property***

Sections 4(g) and (h), Art. VII, of the Florida Constitution were created in January 2008, when Florida electors voted to provide an assessment limitation for residential real property containing nine or fewer units, and for all real property not subject to other specified classes or uses, respectively. For all levies, with the exception of school levies, the assessed value of property in each of these two categories may not be increased annually by more than 10 percent of the assessment in the prior year.<sup>13</sup>

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

The joint resolution proposes an amendment to sections 3 and 4, Article VII of the Florida Constitution to allow the Legislature to provide exemptions and assessment limitations for residential property owned by a person who has homestead property; leased for 6 months or more; and would otherwise qualify as the homestead of the owner if the owner made it his or her permanent residence. A person is entitled to the exemption on one separate parcel of real estate.

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<sup>9</sup> FLA. CONST. art. VII, s. 4(d).

<sup>10</sup> See FLA. CONST. art. VII, s. 4(d)(8); see also s. 193.155, F.S.

<sup>11</sup> See also Florida Administrative Code Rule 12D-7.013(5): “Property used as a residence and also used by the owner as a place of business does not lose its homestead character. The two uses should be separated with that portion used as a residence being granted the exemption and the remainder being taxed.”

<sup>12</sup> See ss. 196.031 and 193.155, F.S.

<sup>13</sup> These constitutional provisions are implemented in ss. 193.1554 and 193.1555, F.S., respectively.

Real estate subject to an assessment limitation under subsection (h) of Section 4 of Article VII is not entitled to this exemption and, by general law, the legislature may establish additional criteria for eligible property.

The same person must hold legal and equitable property to the homestead and the leased property.

The joint resolution provides that all persons entitled to the exemption shall have the property assessed at the lower of 3 percent or the percent change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.

No assessment shall exceed just value. After any change of ownership, as provided by general law, or termination of homestead, the property shall be assessed at just value as of January 1 of the following year. Thereafter, the property shall be assessed under this proposed assessment methodology.

Changes, additions, reductions, or improvements to the property shall be assessed as provided for by general law; provided, however, after the adjustment for any change, addition, reduction, or improvement, the property shall be assessed as provided in the joint resolution.

The legislature may also provide that if any property receiving this assessment limitation subsequently becomes ineligible for the assessment limitation for reasons other than a change of ownership or control, as defined by general law; or termination of homestead, the property shall be assessed as nonhomestead residential property, without reassessment at just value, unless such property is assessed as homestead property for that year.

The joint resolution proposes an amendment to Article XII to provide that the exemptions and assessment limitation will apply beginning with the 2027 tax roll.

If adopted by the Legislature, the proposed amendment will be submitted to Florida's electors for approval or rejection at the next general election in November 2026.

If approved by at least 60 percent of the electors, the proposed amendment will take effect on January 1, 2027.

#### **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>14</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>15</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.

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 has not yet adopted an impact for this joint resolution.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Article XI, Section 5(d) of the Florida Constitution requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each

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<sup>14</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>15</sup> Section 101.161(1), F.S.

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>16</sup> typically paid from non-recurring General Revenue funds.<sup>17</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 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 substantially amends sections 3 and 4 of Article VII of the Florida Constitution.

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

**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 April 15, 2025:**

- Restructures the proposed constitutional amendment while maintaining the benefits provided by the bill:
  - A property leased for 6 months or longer is eligible to have exempted up to \$50,000 of assessed value and have its annual assessment change limited to no more than 3 percent per year.
- Adds to the proposed constitutional amendment additional criteria for eligibility:
  - The property must be able to receive the homestead exemption if the owner used the property as his or her primary residence.

<sup>16</sup> Pursuant to *Section 203 of the Voting Rights Act (52 U.S.C.A. § 10503)*.

<sup>17</sup> *See, e.g., Ch. 2022-156, Specific Appropriation 3137, Laws of Fla.*

- A person is entitled to the exemption on one separate parcel of real estate.
- Real estate subject to an assessment limitation under subsection (h) of Section 4 of Article VII is not entitled to this exemption.
- More clearly specifies the Legislature's authority to provide for general law regarding how to assess property that moves between different assessment practices.
- Authorizes the legislature to establish additional criteria for eligible property.

B. Amendments:

None.