

**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 Community Affairs

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BILL: SB 218

INTRODUCER: Senator Arrington

SUBJECT: Tax Exemption for Disabled Ex-servicemembers

DATE: February 26, 2025

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Shuler</u>	<u>Fleming</u>	<u>CA</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>FT</u>	_____
3.	_____	_____	<u>AP</u>	_____

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**I. Summary:**

SB 218 increases the value of the ad valorem tax exemption for disabled ex-servicemembers from \$5,000 to \$10,000.

The bill takes effect July 1, 2025.

**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 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> Property tax bills are mailed in November of each year based on the previous January 1 valuation and full payment is due by March 31 of the following year.<sup>4</sup>

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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 State 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> Sections 197.162 and 197.322, F.S.; *see also* Florida Department of Revenue, Florida Property Tax Calendar, available at: <https://floridarevenue.com/property/Documents/taxcalendar.pdf> (last visited Feb. 25, 2025).

The State Constitution prohibits the state from levying ad valorem taxes<sup>5</sup> and limits the Legislature's authority to provide for property valuations at less than just value, unless expressly authorized.<sup>6</sup>

### **Property Tax Exemptions and Discounts for Veterans**

The State Constitution provides several property tax exemptions and discounts for disabled veterans and their surviving spouses. These include:

- A veteran with a total and permanent service-connected disability is entitled to a complete exemption for property owned and used as a homestead.<sup>7</sup>
- 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.<sup>8</sup> Upon the veteran's death, the exemption carries over to the veteran's unremarried surviving spouse.<sup>9</sup>
- The unremarried 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.<sup>10</sup>
- Certain combat-disabled veterans who are age 65 or older are entitled to a discount on their homestead property taxes.<sup>11</sup> The discount is calculated as a percentage equal to the percentage of the veteran's permanent, service-connected disability.<sup>12</sup> The discount is applied as a reduction to the taxable value of the homestead property.<sup>13</sup>

### **Ad Valorem Tax Exemption for Disabled Ex-Servicemembers**

Article VII, s. 3(b) of the State Constitution, requires that general law establish an exemption of property tax for widows and widowers, and persons who are blind or totally and permanently disabled. The value of these exemptions may be provided by general law, with a constitutional minimum of \$500.<sup>14</sup> Subsections (1) and (2) of s. 196.101, F.S., exempt the total value of a homestead used and owned by a person who is totally and permanently disabled.

Section 196.24, F.S.,<sup>15</sup> provides a \$5,000 property tax exemption to any resident ex-servicemember<sup>16</sup> who was honorably discharged and has been disabled to a degree of 10 percent

<sup>5</sup> FLA. CONST. art. VII, s. 1(a).

<sup>6</sup> See FLA. CONST. art. VII, s. 4.

<sup>7</sup> FLA. CONST. art. VII, s. 3(b); s. 196.081, F.S.

<sup>8</sup> FLA. CONST. art. VII, s. 3(b); s. 196.091(1), F.S.

<sup>9</sup> Section 196.091(3), F.S.

<sup>10</sup> FLA. CONST. art. VII, s. 6(f); s. 196.081(4) F.S.

<sup>11</sup> FLA. CONST. art. VII, s. 6(e); s. 196.082, F.S.

<sup>12</sup> Section 196.082(2), F.S.

<sup>13</sup> Section 196.082(6), F.S.

<sup>14</sup> FLA. CONST. art. VII, s. 3(b).

<sup>15</sup> This statutory provision was created by ch. 69-55, L.O.F. However, it was preceded by s. 192.11, F.S., as authorized by Art. IX, s. 9 of the State Constitution (1885). That provision in the constitution provided that: "There shall be exempt from taxation property to the value of five hundred dollars to every widow and to every person who is a bona fide resident of the State and has lost a limb or been disabled in war or by misfortune."

<sup>16</sup> Section 196.012(19), F.S., defines "ex-servicemember" as any person who has served as a member of the United States Armed Forces on active duty or state active duty, a member of the Florida National Guard, or a member of the United States Reserve Forces.

or more by misfortune or while serving during a period of wartime service.<sup>17</sup> This exemption is extended to an unmarried surviving spouse of a disabled ex-servicemember.<sup>18</sup>

### III. Effect of Proposed Changes:

The bill amends s. 196.24, F.S., to increase the value of the ad valorem tax exemption for disabled ex-servicemembers from \$5,000 to \$10,000.

The bill takes effect July 1, 2025.

### IV. Constitutional Issues:

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

Article VII, s. 18(b) of the State Constitution provides that except upon the approval of each house of the Legislature by a two-thirds vote of the membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. The mandate requirement does not apply to laws having an insignificant impact,<sup>19</sup> which for Fiscal Year 2025-2026 is forecast at approximately \$2.4 million.

The Revenue Estimating Conference has not yet adopted an impact for this bill, though it is likely this bill will have a significant negative impact on local government revenue. Therefore, this bill may be a mandate subject to the requirements of Art. VII, s. 18(b) of the State Constitution.

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

None.

#### C. Trust Funds Restrictions:

None.

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

Article VII, s. 19 of the State Constitution requires that legislation that increases or creates taxes or fees be passed by a 2/3 vote of each chamber in a bill with no other

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<sup>17</sup> The U.S. Department of Veterans Affairs determines the severity of a veteran's disability based on evidence submitted by the veteran or present in the veteran's military records. This results in a disability rating from 0% to 100% in 10% increments. U.S. DEP'T. OF VETERANS AFFAIRS, *Compensation*, available at: <https://www.benefits.va.gov/compensation/rates-index.asp> (last visited Feb. 25, 2025).

<sup>18</sup> Section 196.24(1), F.S.

<sup>19</sup> FLA. CONST. art. VII, s. 18(d). An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. See Fla. S. Comm. on Cmty. Affairs, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), available at: <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Feb. 26, 2025).

subject. The bill does not increase or create new taxes or fees. Thus, the constitutional requirements related to new or increased taxes or fees do not apply.

E. **Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:**

A. **Tax/Fee Issues:**

The Revenue Estimating Conference has not yet adopted an impact for this bill, but it is likely to have a significant negative impact on local government revenue.

B. **Private Sector Impact:**

Citizens receiving the tax exemption will benefit from its increased value.

C. **Government Sector Impact:**

Local governments will likely see a negative fiscal impact from increasing tax exemptions.

**VI. Technical Deficiencies:**

Because the bill has an effective date of July 1, 2025, property appraisers may face challenges in implementing the bill in its first year while also adhering to the state constitutional requirement for property to be assessed on January 1.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 196.24 of the Florida Statutes.

**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.