

**STORAGE NAME:** h1545a.ca

**DATE:** April 8, 1999

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
COMMUNITY AFFAIRS  
ANALYSIS**

**BILL #:** HJR 1545

**RELATING TO:** A Joint Resolution Amending the State Constitution Relating To Exemption Form Ad Valorem Taxation

**SPONSOR(S):** Representative Kyle

**COMPANION BILL(S):** S 1064 (s)

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) COMMUNITY AFFAIRS YEAS 9 NAYS 0
  - (2) FINANCE & TAXATION
  - (3) EDUCATION APPROPRIATIONS
  - (4)
  - (5)
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I. SUMMARY:

This joint resolution proposes to amend the Florida Constitution to provide an exemption for all appurtenances and attachments to mobile home dwellings that are classified as tangible personal property. In addition, the exemption extends to all appliances, furniture and fixtures which are included in single-family and multi-family residential rental facilities that have 10 or fewer individual housing units.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

**Intangible Personal Property Taxes**

Pursuant to chapter 199, Florida Statutes, intangible personal property means all personal property which is not in itself intrinsically valuable, but which derives its chief value from that which it represents, including, but not limited to, the following:

- (a) All stocks or shares of incorporated or unincorporated companies, business trusts, and mutual funds.
- (b) All notes, bonds, and other obligations for the payment of money.
- (c) All condominium and cooperative apartment leases of recreation facilities, land leases, and leases of other commonly used facilities.
- (d) Except for any leasehold or other possessory interest described in section 4(a), Art. VII of the State Constitution or subsection 196.199(7), all leasehold or other possessory interests in real property owned by the United States, the state, any political subdivision of the state, any municipality of the state, or any agency, authority, and other public body corporate of the state, which are undeveloped or predominantly used for residential or commercial purposes and upon which rental payments are due.

Section 2 of Article VII of the State Constitution provides that all ad valorem taxation shall be at a uniform rate within each taxing district except for taxes on intangible personal property.

Section 199.02 provides that an annual tax of 2 mills is imposed on each dollar of the just valuation of all intangible personal property which has a taxable situs in Florida.

**Current Taxation Exemptions in the Florida Constitution**

Currently, Section 3, Article VII, of the Florida Constitution, provides, in pertinent part, the following:

- (a) All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation.
- (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 \$1,000, 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 \$500.
- (c) Any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of this subsection and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law.
- (d) By general law and subject to conditions specified therein, there may be granted an ad valorem tax exemption to a renewable energy source device and to real property on which such device is installed and operated, to the value fixed by general law not to exceed the original cost of the device, and for the period of time fixed by general law not to exceed 10 years.
- (e) Any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of this subsection and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties.

### **Constitutional Provision for Amending the Constitution**

Article XI, Florida Constitution, provides five ways to amend the Constitution:

- ✓ A vote by three-fifths of each house of the Legislature and majority vote in a general election;
- ✓ A three-fourths vote in each house of the Legislature and majority vote in a special election;
- ✓ A Constitution Revision Commission proposal in conjunction with a majority vote in a general election (the commission met in 1978, in 1998, and will meet every 20 years thereafter);
- ✓ Statewide ballot initiative, after collection of sufficient signatures; and
- ✓ Constitutional convention of elected delegates and majority vote in a general election.

The Florida Constitution also specifies that a Tax and Budget Reform Commission will meet every 10 years (beginning in 1990) to review the state's tax and budget laws, including constitutional limits, and submit changes to voters in the next general election.

The requirements for placing a constitutional amendment to the vote of the people are found in section 101.161, Florida Statutes. The substance of the amendment must be printed in clear and unambiguous language on the ballot, followed by the words "**yes**" and "**no**" to signify approval or rejection. The wording of the substance of the amendment is not to exceed 75 words. The ballot title is not to exceed 15 words and both must appear in the joint resolution.

### **Constitution Revision Commission**

This proposed amendment to the Florida Constitution was placed on the 1998 general election ballot as part of Revision #10 by the Constitution Revision Commission. This revision was the only one that was not approved by the voters. The proposal was introduced to the Commission by a tax collector with the explanation that the collection of the taxes on attachments to mobile homes and appliances, furniture, and fixtures in single-family and multi-family residential rental facilities was often more expensive to collect than the revenue benefit to the local government.

#### **B. EFFECT OF PROPOSED CHANGES:**

This joint resolution proposes to amend the Florida Constitution to provide an exemption for all appurtenances and attachments to mobile home dwellings that are classified as tangible personal property. In addition, the exemption extends to all appliances, furniture, and fixtures which are included in single-family and multi-family residential rental facilities that have 10 or fewer individual housing units.

#### **C. APPLICATION OF PRINCIPLES:**

##### **1. Less Government:**

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

Subject to general law the resolution will provide a tax exemption on all appurtenances and attachments to mobile home dwellings that are classified as tangible personal property and all appliances, furniture, and fixtures which are included in single-family and multi-family residential rental facilities that have 10 or fewer individual housing units.

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

- (3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 3, Article VII, of the Florida Constitution.

E. SECTION-BY-SECTION ANALYSIS:

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

Indeterminate.

2. Recurring Effects:

Indeterminate.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

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A. **APPLICABILITY OF THE MANDATES PROVISION:**

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

C. **REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

This bill does not reduce the percentage or a state tax shared with counties or municipalities.

V. **COMMENTS:**

None.

VI. **AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:**

A bill proposing general law implementing language has not been filed.

VII. **SIGNATURES:**

**COMMITTEE ON COMMUNITY AFFAIRS:**

Prepared by:

Staff Director:

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Joan Highsmith-Smith