

STORAGE NAME: h0355.ca

DATE: February 21, 1999

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

BILL #: HJR 0355

RELATING TO: A Joint Resolution Amending the State Constitution Relating To Finance and Taxation

SPONSOR(S): Representative Cosgrove and others

COMPANION BILL(S): SB 0124 (i), SB 0122(c)

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

- (1) COMMUNITY AFFAIRS
 - (2) REAL PROPERTY AND PROBATE
 - (3) FINANCE AND TAXATION
 - (4) GENERAL GOVERNMENT APPROPRIATIONS
 - (5)
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I. SUMMARY:

HJR 355 proposes to amend the Florida Constitution to provide for an ad valorem tax exemption for the purposes of disaster preparedness. Implementation by general law is subject to the requirements therein. The bill provides ballot language.

The bill has been submitted to the Revenue Impact Conference for fiscal analysis.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Subsequent to the massive destruction of many permanent structures during Hurricane Andrew in South Florida in 1992, the Florida Department of Community Affairs (FDCA) has developed a set of comprehensive disaster preparedness and mitigation programs.

FDCA's master program "Breaking the Cycle" coordinates the following redevelopment, mitigation and disaster preparedness programs:

- ◆ The Florida Coastal Monitoring Project
- ◆ Fannie Mae Pilot Loan Program for residential disaster-resistant home improvements
- ◆ The Florida Alliance for Safe Homes (FLASH) public awareness and education campaign
- ◆ The Homeowners Incentive Team

One of the Homeowners Incentive Team's mission is identifying and developing a comprehensive set of financial and administrative benefits to homeowners. Thus encouraging homeowners to make disaster preparedness home improvements prior to natural disasters. The proposed constitutional amendment provides an incentive for such action.

Current Taxation Exemptions in the Florida Constitution

Currently, Section 3, Article VII of the Florida Constitution provides five exemptions to taxation. These exemptions include:

(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 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.

(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 ten 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 (meeting in 1978 and every 20 years thereafter) and majority vote in a general election;
- ✓ 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.

B. EFFECT OF PROPOSED CHANGES:

HJR 355 amends Section 3, Article VII of the Florida Constitution to provide for an ad valorem tax exemption for the purposes of disaster preparedness is implemented by general law and subject to the requirements therein. The bill provides ballot language.

Note: The bill, as introduced, appears to contain language recently revoked by voters. That language relates to the renovation or rehabilitation of properties in accordance with approved historic preservation guidelines.

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?

The bill requires county property appraisers and tax collectors to implement, by general law provisions, a constitutional amendment which provides an ad valorem tax exemption to property owners for the attributable value of physical improvements to structures for the purpose of disaster preparedness.

- (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?

No.

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

No.

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

The bill proposes a constitutional amendment, to be implemented by general law, which provides an ad valorem tax exemption for value attributable to improvements made for the purposes of disaster preparedness.

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

No.

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

No.

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:

None. (Section 3, Article VII, Florida Constitution.)

E. SECTION-BY-SECTION ANALYSIS:

Resolves to amend the Florida Constitution to provide for an ad valorem tax exemption for the purposes of disaster preparedness to be implemented by general law and subject to the requirements therein. The bill provides ballot language.

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. The bill has been submitted to the Revenue Impact Conference.

2. Recurring Effects:

See B1.

3. Long Run Effects Other Than Normal Growth:

See B1.

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:

Indeterminate. The bill has been submitted to the Revenue Impact Conference.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

Any implementing bill might require counties to expend funds to implement the ad valorem tax exemption. The bill does not require municipalities to spend funds or take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill reduces the authority that local governments have to raise revenues in the aggregate. The fiscal impact is indeterminate and the bill has been submitted to the Revenue Impact Conference.

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

The bill does not reduce the percentage of state tax shared with local governments.

V. COMMENTS:

No general law implementing provisions are proposed by either the House or Senate sponsor.

The Florida Association of Counties and the Florida League of Cities were contacted regarding the resolution and neither association responded prior to the publication of this analysis.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

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