

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 61 w/CS Property Tax Exemption/Ex-military Spouse  
**SPONSOR(S):** Sansom  
**TIED BILLS:** None **IDEN./SIM. BILLS:**

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<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1) <u>Veterans' &amp; Military Affairs (Sub)</u>	<u>8 Y, 0 N</u>	<u>Smith-Boggis</u>	<u>Highsmith-Smith</u>
2) <u>Local Government &amp; Veterans' Affairs</u>	<u>18 Y, 0 N w/CS</u>	<u>Smith-Boggis</u>	<u>Highsmith-Smith</u>
3) <u>Finance &amp; Tax</u>	<u>21 Y 0 N w/CS</u>	<u>Monroe</u>	<u>Diez-Arguelles</u>
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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**SUMMARY ANALYSIS**

This bill entitles certain surviving spouses of certain partially disabled veterans to a \$5000 property tax exemption. Current law entitles every widow or widower to a \$500 dollar property tax exemption. The addition of the exemption under this bill increases the total to \$5500.

The bill has no fiscal impact on state government. The Committee Substitute has a negative \$.96 million dollar fiscal impact on local government.<sup>1</sup>

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<sup>1</sup> Revenue Estimating Conference on February 13, 2003.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |   |                             |   |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government?                | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

Currently, section 196.24, F.S., provides a \$5,000 reduction in taxable value to any resident, ex-service member who has been disabled to a degree of 10 percent or more while serving during a period of wartime service or by misfortune. To qualify, the applicant must produce a certificate of disability from the United States Government or the United States Department of Veterans Affairs.

Given the statewide average millage rate of 20.46, this \$5000 exemption results in an average savings of \$102.30 on the ex-service member’s property tax bill.

The committee substitute would entitle a qualified surviving spouse of a veteran receiving this exemption to continue receiving the exemption after the veteran’s death. In order to be a qualified spouse, the individual widow or widower must have been married to the veteran for a period of at least 20 years at the time of the veteran’s death. If the widow or widower remarries, this exemption is lost. This definition of surviving spouse is consistent with federal law.<sup>2</sup>

In addition, the committee substitute replaces the term “ex-service member” with the term “veteran”. This change was made to promote consistency in the statute. The term “ex-service member” is not defined in the statutes. However, the current exemption is limited in the statute to persons who were injured serving “during a period of wartime service as defined in s. 1.01(14), or by misfortune.” The definition of veteran is contained in s. 1.01(14), F.S., and that definition requires a person to have served during a wartime period to qualify as a veteran. Thus, any ex-service member who was injured “by misfortune” and did not serve during a wartime period may not qualify for this exemption in the future. Veterans who properly received this exemption on the 2003 tax roll would not lose the exemption due to a grandfathering provision in the committee substitute.

Current law entitles every widow or widower to a \$500 dollar property tax exemption. The addition of the exemption under this bill increases the total to \$5500.

#### C. SECTION DIRECTORY:

Section 1: Amends section 196.24, F.S., to entitle certain surviving spouses of certain veterans to a property tax exemption amounting to \$5000. In order to qualify for the exemption the surviving spouse must have been married to the disabled veteran for a period of at least 20 years prior to the veteran’s death. The exemption is not available to a surviving spouse who has remarried.

Section 2: Provides that the bill will take upon becoming law.

<sup>2</sup> Title 10, USC, Chapter 55, Sec. 1072(2).

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.
2. Expenditures: None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: This bill may have a negative fiscal impact on local governments.
2. Expenditures: None.

DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: If enacted into law, certain surviving spouses of certain veterans will benefit from reduced ad valorem taxes. This reduction in the property tax base will result in a corresponding shift in property tax burden to other property owners.

### C. FISCAL COMMENTS: The Committee Substitute has a negative \$.95 million dollar fiscal impact on local government.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision: None.
2. Other: None.

### B. RULE-MAKING AUTHORITY: None.

### C. DRAFTING ISSUES OR OTHER COMMENTS: While the definition of surviving spouse provided in the Committee Substitute is consistent with federal law, it differs from the definition of surviving spouse contained in sections 196.081 and 196.091, F.S., and used to determine the eligibility of a widow or widower to continue receiving the benefit provide in those sections for totally and permanently disabled veterans and veterans confined to wheelchairs.

## IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

The Subcommittee on Veterans' & Military Affairs recommended a strike-everything amendment at its meeting on February 20, 2003. The strike-everything amendment changes the term "ex-service member" to "veteran". Veteran is defined in section 1.01(14), F.S. Ex-service member is not defined in Florida Statute, however there is a definition in Title 38, USC, sec. 4303(13)(16).<sup>3</sup> The strike-everything

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<sup>3</sup> Section 1.01(14), F.S. - The term "veteran" means a person who served in the active military, naval, or air service and who was discharged or released there from under honorable conditions only or who later received an upgraded discharge under honorable conditions, notwithstanding any action by the United States Department of Veterans Affairs on individuals discharged or released with other than honorable discharges. To receive benefits as a wartime veteran, a veteran must have served during one of the following periods of wartime service:

(a) Spanish-American War: April 21, 1898, to July 4, 1902, and including the Philippine Insurrection and the Boxer Rebellion.

amendment clarifies the definition of the term "surviving spouse" using language taken from federal law.<sup>4</sup> The strike-everything amendment also states that the unmarried widow or widower of a disabled veteran had to have been married to the disabled veteran for a period of at least 20 years.<sup>5</sup>

The effect of the amendment is to reduce the fiscal impacts by approximately \$.44 million. Ex-service members by definition are not necessarily also veterans under the lawful definition of veteran thereby excluding some persons who may have previously qualified for the exemption. Also, unless the surviving spouse, on the day of the veteran's death, has been married to the veteran at least 20 years, the surviving spouse would not qualify for the exemption.

The Committee on Local Government & Veterans' Affairs adopted the amendment and passed the bill on March 6, 2003.

On March 18, 2003, the Committee on Finance and Tax adopted an additional amendment to the bill. This amendment conformed the language of the bill to the Senate bill and added a grandfathering provision to ensure that ex-service members who are currently and properly receiving this exemption will continue to receive the exemption in the future

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- (b) Mexican Border Period: May 9, 1916, to April 5, 1917, in the case of a veteran who during such period served in Mexico, on the borders thereof, or in the waters adjacent thereto.
  - (c) World War I: April 6, 1917, to November 11, 1918; extended to April 1, 1920, for those veterans who served in Russia; also extended through July 1, 1921, for those veterans who served after November 11, 1918, and before July 2, 1921, provided such veterans had at least 1 day of service between April 5, 1917, and November 12, 1918.
  - (d) World War II: December 7, 1941, to December 31, 1946.
  - (e) Korean Conflict: June 27, 1950, to January 31, 1955.
  - (f) Vietnam Era: February 28, 1961, to May 7, 1975.
  - (g) Persian Gulf War: August 2, 1990, and ending on the date thereafter prescribed by presidential proclamation or by law.

Title 38, USC, sec. 4303 - (13) The term "service in the uniformed services" means the performance of duty on a voluntary or involuntary basis in a uniformed service under competent authority and includes active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty, and a period for which a person is absent from employment for the purpose of performing funeral honors duty as authorized by section 12503 of title 10 or section 115 of title 32.

(16) The term "uniformed services" means the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or national emergency.

<sup>4</sup> Title 10, USC, Chapter 55, Sec. 1072(2).

<sup>5</sup> Title 10, USC, Chapter 55, Sec. 1072(2)(G)