

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 1219 w/CS Homestead Assessments

**SPONSOR(S):** Representative Mealor

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 2444, SB 2794

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Government &amp; Veterans' Affairs</u>	<u>19 Y, 0 N w/CS</u>	<u>Morris</u>	<u>Cutchins</u>
2) <u>Finance and Tax</u>	<u>18 Y, 1 N</u>	<u>Monroe</u>	<u>Diez-Arguelles</u>
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

**SUMMARY ANALYSIS**

The Save our Homes provision of the Florida Constitution limits the annual increase in the assessed value of homestead property until it is sold or otherwise changes ownership. Upon a change of ownership, the property is assessed at full just value. Section 193.155(3), F.S., provides a list of circumstances which will not be considered a change of ownership triggering reassessment.

This bill adds to that list of exceptions, an exception when the current owner adds new owners, but the current owner retains the original homestead exemption claim and the new owners do not file for that claim.

This bill would reduce the authority that municipalities or counties have to raise revenues in the aggregate, as such authority existed on February 1, 1989. As such, it is subject to the mandates provision of Article VII, section 18, Florida Constitution, and will require a two-thirds majority to pass. The Revenue Impact Conference has estimated that this bill will reduce the authority that counties and municipalities have to reduce revenue by \$13.5 million.

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

**STORAGE NAME:** h1219c.ft.doc  
**DATE:** April 15, 2004

## 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 checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |

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

#### B. EFFECT OF PROPOSED CHANGES:

In 1992, Florida citizens amended the Florida Constitution adopting the “Save our Homes” amendment. That provision limits the annual increase in the assessed value of homesteaded property to 3% or the consumer price index, whichever is less. Upon the sale or transfer of the homestead property, its assessed value is increased to the full just value of the property, unless one of the exceptions in section 193.155(3), F.S., applies. Those exceptions are:

- If the homeowner previously claiming the homestead continues to claim the homestead and the transfer of title is to correct an error or the transfer is between legal and equitable title; or
- The transfer is between husband and wife, including a transfer to a surviving spouse or a transfer due to a dissolution of marriage; or
- The transfer occurs by operation of law under s. 732.4015<sup>1</sup>; or
- Upon the death of the owner, the transfer is between the owner and another who is permanent resident and is legally or naturally dependent upon the owner.

Attorney General Legal Advisory Opinion 2002-28 concluded that if the sole owner of property receiving a homestead exemption added another individual to the title, this would be a change of ownership and subject to a just value property assessment on the following January 1 under current law.

This bill adds an additional circumstance to the list, providing an exception to the reassessment requirement if the current owner adds new owners, but the current owner retains the original homestead exemption claim and the new owners do not file a claim.

#### C. SECTION DIRECTORY:

**Section 1** creates paragraph (e) in s. 193.155(3), F.S. The new paragraph provides additional circumstances for a transfer of title of real property without a change of ownership for the purpose of assessing the property value.

**Section 2** provides that this act shall take effect upon becoming a law.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

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<sup>1</sup> Section 732.4015, F.S., authorizes a homestead to be devised to the owner's spouse if there is no minor child, without written documentation.

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Impact Conference has estimated that this bill will reduce the authority of counties and municipalities to raise revenues by \$13.5 million.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The Revenue Impact Conference has estimated that this bill will reduce the tax base upon which local governments may levy taxes. Assuming that all counties and municipalities levied their maximum millage rate, the reduction in revenue raising authority is \$13.5 million. As such, this bill is subject to the mandates provision of the Constitution and will require a two-thirds vote to pass

2. Other:

None.

B. RULE-MAKING AUTHORITY:

N/A.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill does not indicate if application by the added owners for a homestead exemption on the property at a future time should constitute a change in ownership and trigger the reassessment of the property.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

The Committee on Local Government & Veterans' Affairs adopted an amendment which clarifies that the new owners may not apply for, or claim, a homestead exemption for the particular property they are being added to without being reassessed.