

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HJR 631 World War II Permanently Disabled Veterans' Discount on Homestead  
Ad Valorem Tax  
**SPONSOR(S):** Sansom and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SJR 194

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Military &amp; Veteran Affairs Committee</u>	<u>7 Y, 0 N</u>	<u>Marino</u>	<u>Cutchins</u>
2) <u>Finance &amp; Tax Committee</u>	<u></u>	<u>Monroe</u>	<u>Diez-Arguelles</u>
3) <u>State Administration Council</u>	<u></u>	<u></u>	<u></u>
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### SUMMARY ANALYSIS

House Joint Resolution 631, if approved by the electorate, would allow certain disabled veterans of World War II to receive a discount from the amount of the ad valorem tax otherwise owed on homestead property. In order to qualify for this discount, the World War II veteran must demonstrate:

- He or she was a Florida resident at the time of entering the military service;
- The disability was combat-related; and
- The veteran was honorably discharged upon separation from military service.

The amount of the discount is a percentage equal to the percentage of the veteran's permanent, combat-related disability, as determined by the U.S. Department of Veterans Affairs. For example, a veteran with a 70 percent disability would receive a 70 percent discount on their ad valorem tax bill.

The Division of Elections estimates the cost to the state to be approximately \$50,000 to meet constitutional requirements to publish this joint resolution to the electorate. In addition, the Revenue Estimating Conference has estimated that the recurring fiscal impact to local governments will be (\$1.0) million, assuming no change in millage rates.

This constitutional amendment, if approved, would take effect December 7, 2006, be self-executing, and not need implementing legislation.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes - This joint resolution lowers taxes for certain disabled World War II veterans by allowing them to take a discount on their homestead property tax based on the percentage of their disability as determined by the United States Department of Veteran's Affairs.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation:**

##### Property Tax Exemptions for Disabled Veterans

The Legislature may only grant property tax exemptions that are authorized in the constitution, and modifications to property tax exemptions must be consistent with the constitutional provision authorizing the exemption. Article VII, Section 3(b) of the State Constitution authorizes the Legislature to enact homestead exemptions "to every widow or widower or person who is blind or totally and permanently disabled." Chapter 196, F.S., establishes a number of homestead property tax exemptions for permanently and totally disabled veterans and, in some cases, their spouses.

Section 196.081, F.S., provides an exemption from taxation on homesteads owned by certain veterans who received a disability or died as a result of their military service. The surviving un-remarried spouses may receive this tax exemption upon the death of such veterans. The Department of Revenue (DOR) reported that in 2005, 30,080<sup>1</sup> parcels of property received this exemption.

Section 196.091, F.S., provides an exemption from taxation on homesteads owned by certain ex-service members who have a service-connected total disability and are confined to a wheelchair. The surviving un-remarried spouses may receive this homestead tax exemption upon the death of such ex-service members as long as they reside on that property. The DOR reported that in 2005, 240<sup>2</sup> parcels of property were exempted through this statute.

Section 196.24, F.S., provides a reduction of \$5,000 off property values for homesteads owned by certain ex-service members who are disabled at a rate of 10% or more provided such disability occurred during wartime or through misfortune. The surviving un-remarried spouses may receive this property value reduction upon the death of such ex-service members if they had been married for 5 years. The DOR reported that in 2005, 89,583<sup>3</sup> parcels of property received this exemption.

##### **Effect of Proposed Changes:**

This joint resolution would allow certain partially disabled veterans of World War II to receive a discount from the amount of the ad valorem tax otherwise owed on homestead property. In order to qualify for this discount, the World War II veteran must demonstrate:

- He or she was a Florida resident at the time of entering the military service;
- The disability was combat-related; and
- The veteran was honorably discharged upon separation from military service.

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<sup>1</sup> Communication with Brian Jacobik, Florida Department of Revenue. February 10, 2006. Email on file with Committee on Military & Veteran Affairs.

<sup>2</sup> Id.

<sup>3</sup> Id.

The amount of the discount is a percentage equal to the percentage of the veteran's permanent, combat-related disability, as determined by the U.S. Department of Veterans Affairs. For example, a veteran with a 70 percent disability would receive a 70 percent discount on their ad valorem tax bill.

Applicants for this discount are required to submit documentation supporting their eligibility to the county property appraiser at least 180 days before the scheduled mailing of the current year's property tax notice. Required documentation includes the following:

- Proof of residency at the time of entering military service;
- Proof that the injury was combat-related; an official letter from the United States Department of Veteran's Affairs stating the percentage of the veteran's permanent disability; and
- A copy of the veteran's honorable discharge.

The joint resolution provides that if the property appraiser denies the request for a discount, the appraiser must notify the applicant in writing of the reasons for the denial, and the veteran may reapply.

The joint resolution provides ballot language and specifies that the amendment shall be submitted to the electors of Florida at the next general election or at an earlier special election specifically authorized for that purpose.

The DOR reported that in 2005, 89,583 partially disabled veterans used the reduction of property value provided in s. 196.24, F.S. The number of partially disabled veterans that would qualify for this joint resolution would be from this population. Since, the 89,583 includes veterans of all conflicts, the number of partially disabled World War II veterans, as specified in this joint resolution, would be a small portion of this number.

This constitutional amendment, if approved, would take effect December 7, 2006, be self-executing, and not need implementing legislation.

#### C. SECTION DIRECTORY:

Not Applicable.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

This joint resolution does not appear to have a fiscal impact on state revenues.

##### 2. Expenditures:

###### **Non-Recurring**

###### **FY 2006-07**

Department of State, Division of Elections  
Publications Costs<sup>4</sup>

\$50,000<sup>5</sup>

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

##### 1. Revenues:

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<sup>4</sup> See Art. XI, Sec. 5(d), Fla. Const.

<sup>5</sup> Communication with Logan Mitchell, Department of State Division of Elections. February 10, 2006.

The Revenue Estimating Conference has estimated that the recurring fiscal impact of this constitutional amendment to local governments will be (\$1.0) million, assuming no change in millage rates.

2. Expenditures:

This joint resolution does not appear to have a fiscal impact on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Those partially disabled World War II veterans that this joint resolution would benefit could, depending on the extent of their disability rating, receive a substantial discount on their homestead property taxes.

D. FISCAL COMMENTS:

Article XI, s. 5(d) of the State Constitution requires the state to publish the proposed amendment along with notice of the date of the election at which it will be submitted before electors in one newspaper in each county in which a newspaper is published once in the tenth week and once in the sixth week immediately preceding the week the election is held. The Division of Elections estimates this cost to be approximately \$50,000<sup>6</sup> to meet the requirements of this provision.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provisions of Article VII, section 18 of the Florida Constitution do not apply to joint resolutions.

2. Other:

Article XI, s. 1 of the Florida Constitution, provides the Legislature the authority to propose amendments to the constitution by joint resolution approved by three-fifths of the membership of each house. The amendment must be placed before the electorate at the next general election held after the proposal has been filed with the Secretary of State's office or may be placed at a special election held for that purpose.

This constitutional amendment, if approved, would take effect December 7, 2006, be self-executing, and not need implementing legislation.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Because this amendment is intended to be self-executing it includes provisions regarding the application for this exemption. Therefore, the ability of the Legislature to modify these requirements is extremely limited. As such, it appears that this exemption would require the veteran to reapply for the exemption each year and supply the Property Appraiser with new copies of the documents showing eligibility each year.

In addition, confusion may arise as to when the deadline for application is, since the resolution states that the application must be submitted "at least 180 days before the scheduled mailing of the current year's property tax notice". Arguably, this deadline may mean the application is due by May 5, which is

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<sup>6</sup> Communication with Logan Mitchell, Department of State Division of Elections. February 10, 2006.

180 days before November 1, the day the tax roll is supposed to be certified for collection, unless an extension has been granted. On the other hand, applications may be due May 25 which is 180 days before the last day for tax notices to be mailed assuming that the roll was certified November 1. However, the deadline may be earlier since tax rolls are often certified in October so that tax bills can be mailed before November 1. This confusion illustrates the problem with the date included in the bill – it is not a clear cut date that is easy to calculate and which would allow everyone to clearly understand when application must be made.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

None.