

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7183 PCB FT 06-05 Property Tax Exemptions
SPONSOR(S): Finance & Tax Committee
TIED BILLS: **IDEN./SIM. BILLS:** SB 2676

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|--------------------------------------|----------|---------|----------------|
| Orig. Comm.: Finance & Tax Committee | 6 Y, 2 N | Monroe | Diez-Arguelles |
| 1) Fiscal Council | | Monroe | Kelly |
| 2) | | | |
| 3) | | | |
| 4) | | | |
| 5) | | | |

SUMMARY ANALYSIS

Under Article VII, section (3)(a), of the Florida Constitution the Legislature is authorized to provide an exemption from the property tax for property used predominately for religious purposes. This bill creates section 196.1987, F.S. to specifically describe one type of property eligible for the religious exemption.

Under the bill, the exemption applies if the property:

- is owned by an entity exempt under section 501(c)(3) of the Internal Revenue Code;
- is used for activities which, according to written correspondence from the Internal Revenue Service, do not endanger its status as an exempt entity;
- is open to the public free of charge at least one day each year;
- is used to exhibit, illustrate, and interpret biblical manuscripts, codices, stone tablets, and other biblical archives;
- is used to provide live and recorded demonstrations, explanations, reenactments, and illustrations of biblical history and biblical worship; and
- is used to exhibit times, places, and events of biblical history and significance.

This bill has an effective date of July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Lower Taxes – This bill would ensure that taxpayers operating biblical history displays will continue to be exempt from paying taxes.

B. EFFECT OF PROPOSED CHANGES:

Under Article VII, section (3)(a), of the Florida Constitution the Legislature is authorized to provide an exemption from the property tax for property used predominately for religious purposes. Section 196.196, F.S., enacts this exemption and provides some guidance as to how it is to be administered. However, occasionally there is a dispute as to what constitutes a religious use of property.

For example, in the recent case of Zion's Hope v. Donegan (Fla. 9th Cir. Ct., March 3, 2006), the issue was whether the property was being used for a religious purpose and exempt from taxation. The Property Appraiser maintained that the property was a theme park that simply had a biblical theme, while the taxpayer maintained that the land was being used "to impact Christian and non-Christians alike with the life-changing message of Jesus Christ, through the format of a living Biblical museum."

The court entered a summary judgment for the taxpayers stating that their use of the property was a religious use and that the property was exempt from ad valorem taxation.

This bill amends s. 196.196, F.S., to specifically describe and limit the religious purposes exemption. Under the bill, the exemption applies if the property:

- is owned by an entity exempt under section 501(c)(3) of the Internal Revenue Code;
- is used for activities which, according to written correspondence from the Internal Revenue Service, do not endanger its status as an exempt entity;
- is open to the public free of charge at least one day each year;
- is used to exhibit, illustrate, and interpret Biblical manuscripts, codices, stone tablets, and other Biblical archives;
- is used to provide live and recorded demonstrations, explanations, reenactments, and illustrations of Biblical history and Biblical worship; and
- is used to exhibit times, places, and events of Biblical history and significance.

This bill has an effective date of July 1, 2006.

C. SECTION DIRECTORY:

Section 1. Creates section 196.1987, F.S., to specifically provide a property tax exemption for property owned by an entity exempt under 501(c)(3) and used for biblical history displays.

Section 2. Provides that the bill shall take effect on July 1, 2006.

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:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

Because this bill clarifies present law, it has no impact on local government revenues.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES