

Bill No. CS for SB 854

Barcode 700168

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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11 Senator Haridopolos moved the following amendment:

13 **Senate Amendment (with title amendment)**

14 Delete everything after the enacting clause

16 and insert:

17 Section 1. Subsection (4) of section 193.155, Florida  
18 Statutes, is amended to read:

19 193.155 Homestead assessments.--Homestead property  
20 shall be assessed at just value as of January 1, 1994.  
21 Property receiving the homestead exemption after January 1,  
22 1994, shall be assessed at just value as of January 1 of the  
23 year in which the property receives the exemption.

24 (4)(a) Except as provided in paragraph (b), changes,  
25 additions, or improvements to homestead property shall be  
26 assessed at just value as of the first January 1 after the  
27 changes, additions, or improvements are substantially  
28 completed.

29 (b) Changes, additions, or improvements that replace  
30 all or ~~do not include replacement of~~ a portion of homestead  
31 ~~real~~ property damaged or destroyed by misfortune or calamity

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1 shall not increase the homestead property's assessed value  
2 when the square footage of the homestead property as changed  
3 or improved does not exceed 110 percent of the square footage  
4 of the homestead property before the damage or destruction  
5 ~~just value of the damaged or destroyed portion as replaced is~~  
6 ~~not more than 125 percent of the just value of the damaged or~~  
7 ~~destroyed portion. Additionally, the homestead property's~~  
8 assessed value shall not increase if the total square footage  
9 of the homestead property as changed or improved does not  
10 exceed 1,500 square feet. Changes, additions, or improvements  
11 that do not cause the total to exceed 110 percent of the total  
12 square footage of the homestead property before the damage or  
13 destruction or that do not cause the total to exceed 1,500  
14 total square feet shall be reassessed as provided under  
15 subsection (1). The homestead property's assessed value shall  
16 be increased by the just value of that portion of the changed  
17 or improved homestead property~~any replaced real property, or~~  
18 ~~portion thereof, which is in excess of 110 125 percent of the~~  
19 square footage of the homestead property before the damage or  
20 destruction or of that portion exceeding 1,500 square feet  
21 ~~just value of the damaged or destroyed property shall be~~  
22 ~~deemed to be a change, addition, or improvement. Homestead~~  
23 ~~Replaced real property damaged or destroyed by misfortune or~~  
24 calamity which, after being changed or improved, has a square  
25 footage with a just value of less than 100 percent of the  
26 homestead original property's total square footage before the  
27 damage or destruction just value shall be assessed pursuant to  
28 subsection (5). This paragraph applies to changes, additions,  
29 or improvements commenced within 3 years after the January 1  
30 following the damage or destruction of the homestead.

31 (c) Changes, additions, or improvements that replace

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1 all or a portion of real property that was damaged or  
 2 destroyed by misfortune or calamity shall be assessed upon  
 3 substantial completion as if such damage or destruction had  
 4 not occurred and in accordance with paragraph (b) if the owner  
 5 of such property:

6       1. Was permanently residing on such property when the  
 7 damage or destruction occurred;

8       2. Was not entitled to receive homestead exemption on  
 9 such property as of January 1 of that year; and

10       3. Applies for and receives homestead exemption on  
 11 such property the following year.

12       ~~(d)(c)~~ Changes, additions, or improvements include  
 13 improvements made to common areas or other improvements made  
 14 to property other than to the homestead property by the owner  
 15 or by an owner association, which improvements directly  
 16 benefit the homestead property. Such changes, additions, or  
 17 improvements shall be assessed at just value, and the just  
 18 value shall be apportioned among the parcels benefiting from  
 19 the improvement.

20       Section 2. Subsection (7) is added to section 196.031,  
 21 Florida Statutes, to read:

22       196.031 Exemption of homesteads.--

23       (7) When homestead property is damaged or destroyed by  
 24 misfortune or calamity and the property is uninhabitable on  
 25 January 1 after the damage or destruction occurs, the  
 26 homestead exemption may be granted if the property is  
 27 otherwise qualified and if the property owner notifies the  
 28 property appraiser that he or she intends to repair or rebuild  
 29 the property and live in it as his or her primary residence  
 30 after it is repaired or rebuilt and does not claim a homestead  
 31 exemption on any other property or otherwise violate this

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1 section. Failure by the property owner to commence the repair  
 2 or rebuilding of the homestead property within 3 years after  
 3 January 1 following its damage or destruction constitutes  
 4 abandonment of the property as a homestead.

5 Section 3. (1) The Department of Revenue shall  
 6 conduct a study of the state's property tax structure to  
 7 analyze the impact of the current homestead exemptions and  
 8 homestead assessment limitations on different types of  
 9 property.

10 (a) The study shall include:

11 1. An analysis of the effects of Save Our Homes  
 12 provisions of s. 4(c), Art. VII of the State Constitution on  
 13 the distribution of property taxes among and between homestead  
 14 properties as well as between homesteads and other types of  
 15 property;

16 2. An analysis of the effect of the Save Our Homes  
 17 provisions of s. 4(c), Art. VII of the State Constitution on  
 18 affordable housing, as evidenced by the differential tax  
 19 burden on first-time homestead property owners and long-term  
 20 homestead property owners and the amendment's effect on  
 21 property taxes paid by nonhomestead residential property  
 22 owners;

23 3. The identification and analysis of the impact of  
 24 the differential under the Save Our Homes provisions of s.  
 25 4(c), Art. VII of the State Constitution on each county;

26 4. An analysis of the effects of the Save Our Homes  
 27 provisions of s. 4(c), Art. VII of the State Constitution on  
 28 the distribution of the school property taxes, including the  
 29 required local effort levy for the Florida Education Finance  
 30 Program, and other school levies;

31 5. An analysis of the fiscal impacts of allowing the

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1 assessments under the Save Our Homes provisions of s. 4(c),  
 2 Art. VII of the State Constitution to be transferred to newly  
 3 acquired homes, the resulting changes in the relative taxes  
 4 levied on all other classes of property, including other  
 5 homestead properties, nonhomestead properties and properties  
 6 purchased by first-time homestead owners, and in the  
 7 distribution of the required local effort for school funding;  
 8 and

9       6. An analysis of the millage rates adopted by local  
 10 governments compared to the rolled back rate as advertised in  
 11 the Truth In Millage (TRIM) Notices required under s. 200.069,  
 12 Florida Statutes.

13       (b) The Department of Revenue shall prepare a draft of  
 14 the study by November 15, 2006, and conclude the study by  
 15 January 2, 2007.

16       (2) The Office of Economic and Demographic Research  
 17 shall prepare a report summarizing the study conducted by the  
 18 Department of Revenue. The report must also contain findings  
 19 and policy options that may be available to the state. In  
 20 preparing the report, the Office of Economic and Demographic  
 21 Research may consider other available information.

22       (a) In addition to findings and policy options, the  
 23 report must include:

24       1. An evaluation of the assessment differentials under  
 25 the Save Our Homes provisions of s. 4(c), Art. VII of the  
 26 State Constitution on homeowners' willingness to purchase a  
 27 new homestead.

28       2. An evaluation of the effects of the Save Our Homes  
 29 provisions of s. 4(c), Art. VII of the State Constitution on  
 30 local government budget decisions, including whether the Truth  
 31 In Millage (TRIM) notification process under s. 200.069,

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1 Florida Statutes, adequately informs taxpayers of local  
2 governments' tax and budget decisions.

3 3. An evaluation of the effectiveness of the notice of  
4 proposed property taxes and non-ad valorem assessments created  
5 under s. 200.069, Florida Statutes. If the current notice is  
6 deemed ineffective, the evaluation should propose alternative  
7 methods of conveying the information contained in the notice.

8 (b) The findings and policy options must apply and  
9 consider the following principles of taxation described in the  
10 2002 Florida State Tax Reform Task Force Final Report:

11 1. Equity.--The Florida tax system should treat  
12 individuals equitably. It should impose similar tax burdens on  
13 people in similar circumstances and should minimize  
14 regressivity.

15 2. Compliance.--The Florida tax system should  
16 facilitate taxpayer compliance. The system should be simple  
17 and easy to understand so as to minimize compliance costs and  
18 increase the visibility and awareness of the taxes being paid.  
19 Enforcement and collection of tax revenues should be  
20 accomplished in a fair, consistent, professional, predictable,  
21 and cost-effective manner.

22 3. Pro-competitiveness.--The Florida tax system should  
23 be responsive to interstate and international competition in  
24 order to encourage savings and investment in physical plants,  
25 equipment, people, and technology in this state.

26 4. Neutrality.--The Florida tax system should affect  
27 competitors uniformly and not become a tool for social  
28 engineering. The system should minimize government involvement  
29 in investment decisions, making any such involvement explicit,  
30 and should minimize pyramiding.

31 5. Stability.--The Florida tax system should produce,

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1 in a stable and reliable manner, revenues that are sufficient  
2 to fund appropriate governmental functions and expenditures.

3 6. Integration.--The Florida tax system should balance  
4 the need for integration of federal, state, and local  
5 taxation.

6 (c) The Office of Economic and Demographic Research  
7 shall submit a progress report to the President of the Senate  
8 and the Speaker of the House of Representatives by February  
9 15, 2007. The progress report may include preliminary findings  
10 and any policy options that may be considered during the 2007  
11 regular legislative session.

12 (d) The final report must be submitted to the  
13 Governor, the President of the Senate, the Speaker of the  
14 House of Representatives, and the chair of the Taxation and  
15 Budget Reform Commission no later than September 1, 2007.

16 (e) The Office of Economic and Demographic Research  
17 may contract with state universities or a nationally  
18 recognized property appraisal education and certification  
19 organization for the purpose of developing findings and policy  
20 options to be included in the report.

21 Section 4. Section 12 of chapter 2005-187, Laws of  
22 Florida, is repealed.

23 Section 5. The sum of \$300,000 in nonrecurring general  
24 revenue is hereby appropriated to the Department of Revenue  
25 for the purpose of conducting the study required by this act.

26 Section 6. The sum of \$500,000 in nonrecurring general  
27 revenue is hereby appropriated to the Office of Economic and  
28 Demographic Research for the purpose of preparing the report  
29 required by this act.

30 Section 7. The unexpended balance of funds  
31 appropriated in section 13 of chapter 2005-187, Laws of

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1 Florida, shall revert immediately to the General Revenue Fund.

2 Section 8. Sections 1 and 2 of this act shall apply  
3 retroactively to homestead property replaced on or after  
4 January 1, 2006.

5 Section 9. Except as otherwise expressly provided in  
6 this act, this act shall take effect upon becoming a law.

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8

9 ===== T I T L E A M E N D M E N T =====

10 And the title is amended as follows:

11 Delete everything before the enacting clause

12

13 and insert:

14 A bill to be entitled  
15 An act relating to taxation; amending s.  
16 193.155, F.S.; revising exceptions applicable  
17 to damaged or destroyed homestead property to a  
18 requirement that changes, additions, or  
19 improvements to homestead property be assessed  
20 at just value under certain circumstances;  
21 providing for application to certain changes,  
22 additions, and improvements; providing for  
23 assessment of homestead property after  
24 substantial completion of changes, additions,  
25 and improvements; providing criteria; amending  
26 s. 196.031, F.S.; providing for the continued  
27 granting of a homestead exemption for certain  
28 damaged or destroyed homestead property under  
29 certain circumstances; specifying circumstances  
30 for abandonment of property as homestead;  
31 requiring the Department of Revenue to study



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1 the state's property tax structure; providing  
2 the contents of the study; requiring the Office  
3 of Economic and Demographic Research to prepare  
4 a report; requiring that the report recommend  
5 changes to achieve specified principles of  
6 taxation; providing deadlines; requiring a  
7 report to the Governor and the Legislature;  
8 repealing s. 12, ch. 2005-187, Laws of Florida,  
9 relating to dissolving the Communications  
10 Services Tax Task Force; providing  
11 appropriations; providing for reversion of  
12 unused funds to the General Revenue Fund;  
13 providing for retroactive application;  
14 providing effective dates.

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