

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes - The bill will provide ad valorem tax relief to renters who are permanent residents and have a written lease, signed by the lessor, with duration of at least one year.

B. EFFECT OF PROPOSED CHANGES:

Current Situation:

Article VII, section 6 (e), Florida Constitution, authorizes the Legislature to provide renters, who are permanent residents of Florida, ad valorem tax relief in the form and amount established by general law. No current law implements the constitutional authorization. Section 196.015, F.S., currently contains eight criteria the property appraiser may find relevant in making a factual determination of permanent residency.

Effect of Proposed Changes:

Permanent residents of Florida who have possession of a dwelling unit as the result of a written lease with duration of at least one year will be entitled to an exemption from ad valorem taxation up to an assessed value of \$15,000. The exemption will apply to ad valorem taxes levied by counties, municipalities, and special districts.

Every permanent resident may file at any time a notice of permanent residency with the property appraiser pursuant to s. 196.015, F.S. The property appraiser will have 60 days in which to consider the application for permanent resident status. If permanent resident status is granted, then the property appraiser will notify the permanent resident by first class mail. If the status is denied, the resident is entitled to an administrative review by the value adjustment board and subsequent action in circuit court for a declaratory judgment.

Permanent residents seeking a homestead exemption are required to file a notice with the property appraiser no later than March 1. The initial exemption provided is for $.08\bar{3}$ for each month of paid rent in the prior year. In the event that the property appraiser denies all or part of the exemption, the permanent resident is entitled to administrative and judicial remedies similar to those provided to a resident seeking permanent resident status. Once the amount of exemption has been determined, the tax collector has 30 days in which to prepare a warrant for the permanent resident.

Exemptions in subsequent years are computed on the basis of months of paid rental occupancy pursuant to a written lease. After the year in which an individual is entitled to 100 percent of the exemption, future exemptions will be determined pursuant to s. 196.106, F.S., and the annual application and affirmation required by s. 196.011(5), F.S.

Section 196.015, F.S., is amended to include as a ninth factor the property appraiser may consider in determining permanent residency: the written rental agreement for a dwelling unit signed by the lessor and having duration of no less than one year.

The ad valorem tax exemption for permanent resident renters will be available for years commencing January 1, 2008.

C. SECTION DIRECTORY:

Section 1. Creates s. 196.105, F.S., homestead exemption for permanent residents.

Section 2. Creates s. 196.106, F.S., procedures for property appraisers to determine exemption amounts in subsequent years.

Section 3. Creates subsection (9) of s. 196.015, F.S., concerning the rental agreement of the permanent resident.

Section 4. Amends s. 196.011(5), F.S., to include an additional affirmation by those seeking renewal of their permanent residence renter's exemption that the permanent resident paid rent for all twelve months in the prior year and the landlord did not recover possession of the dwelling unit based on nonpayment of rent.

Section 5. Makes a legislative finding of an important state interest in providing ad valorem tax relief to permanent resident renters.

Section 6. The exemption created by the bill is available for ad valorem tax relief commencing in January 1, 2008.

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:

The impact on local government will depend upon the millage levied. Every permanent resident receiving the full ad valorem exemption for permanent resident renters will be entitled to an amount generally not exceeding \$300 annually.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Residential residence renters will have additional income at their disposal.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill implements a homestead exemption for renters; this results in the first \$15,000 of assessed valuation of the dwelling unit being exempt from ad valorem taxation. No tax is due on this assessed amount. But the property owner has paid taxes on the full value of the dwelling unit. The payment to the permanent resident renter may be characterized as: (1) a refund of taxes which were never due; or (2) a payment by the local taxing entities to the permanent residence renter. If the transaction is viewed as a payment, the bill would require counties and municipalities to spend funds; and the exemption could be viewed as a mandate. It is recommended that the bill be considered a mandate that fulfills an important state interest and be passed by a two-thirds vote in each house of the Legislature.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On April 11, 2007, the Governmental Efficiency & Accountability Council adopted five amendments: two of these corrected cross-references; one clarified that the property appraiser certifies the taxes on the exemption and not the amount of the exemption; and the remaining two made a finding of important state interest and raised the amount of the exemption from \$5,000 to \$15,000. The bill analysis has been changed to incorporate these amendments.