

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HJR 441 Commercial or Residential Rental Property Assessment Increase  
Limitation  
**SPONSOR(S):** Government Efficiency & Accountability Council, Domino and others  
**TIED BILLS:** **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Government Efficiency & Accountability Council	15 Y, 0 N, As CS	Levin/Dykes	Cooper
2) Policy & Budget Council			
3)			
4)			
5)			

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**SUMMARY ANALYSIS**

House Joint Resolution 441 amends Article VII, s. 4 of the Florida Constitution. The amendment would limit increases in assessments of real property used for commercial or residential rental purposes to the greater of 5 percent or the average annual percentage growth in revenues derived from the property over the preceding 3 years if ownership has not changed.

If approved by the electorate at the November 2008 general election, or at an earlier special election specifically authorized by law for that purpose, the House Joint Resolution would take effect pursuant to general law.

The joint resolution appears to have a fiscal impact on state government. It is estimated that it will create a non-recurring cost of approximately \$60,000 for FY 2008-09. The cost is a result of placing the joint resolution on the ballot and publishing required notices.

HJR 441 has not been to a Revenue Estimating Impact Conference. As such, neither the total cost to local government nor the savings to taxpayers are known.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes – HJR 441 would limit increases in the tax assessments of real property used for commercial or residential rental purposes.

#### B. EFFECT OF PROPOSED CHANGES:

HJR 441 amends Article VII, s. 4(f) of the Florida Constitution. The amendment would limit assessments of real property used for commercial or residential rental purposes to the greater of five percent or the average annual percentage growth in revenues derived from the property over the preceding three years if ownership has not changed.

If approved by the electorate at the November 2008 general election, or at an earlier special election specifically authorized by law for that purpose, the House Joint Resolution would take effect pursuant to general law.

#### C. SECTION DIRECTORY:

Not applicable to a joint resolution.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

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

##### 1. Revenues:

None.

##### 2. Expenditures:

#### **Non-Recurring FY 2008-09**

Department Of State, Division of Elections  
Publication Costs \$60,000 (General Revenue)

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

##### 1. Revenues:

The ad valorem tax base would be reduced if the constitutional changes proposed by the House Joint Resolution are approved by the voters. The Revenue Estimating Impact Conference has not considered these issues.

##### 2. Expenditures:

Property Appraisers may incur additional costs in order to implement the provisions of the House Joint Resolution.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Taxpayers who pay taxes on residential rental property or property used for commercial purposes may experience lower taxes.

D. FISCAL COMMENTS:

The Florida Constitution requires publication of a proposed amendment or revision to the constitution in one newspaper of general circulation in each county in which a newspaper is published, once in the tenth week and once in the sixth week immediately preceding the week in which the election is held. The estimated non-recurring cost of compliance would be approximately \$60,000.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision is not applicable to joint resolutions.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

With the constitutional amendment approved by the electorate in January 2008, the constitutional reference to (f) may be incorrect. There is also no specific effective date for the HJR.

D. STATEMENT OF THE SPONSOR

Passage of this House Joint Resolution would result in giving commercial and rental properties owners an opportunity to seek relief when they cannot pass along tax increases.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**

On April 9, 2008, the Government Efficiency & Accountability Council adopted 2 amendments which The Council temporarily Postponed the bill.

On April 22, 2008, the Council adopted 2 amendments. Amendment 1 which permits the owners of residential rental property containing nine or fewer units and all commercial real property to challenge their ad valorem assessment if the assessment is greater than five percent more than the previous year's assessment. The owners, at their option, could produce evidence of the average annual growth in revenues of the property over the preceding three years if the ownership of the property has not changed. This new lower assessment amount would not apply to school district levies. A technical amendment to amendment was also adopted. The Council reported the bill favorably as a Council Substitute.