

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Military Affairs and Domestic Security Committee

BILL: CS/SJR 1550

INTRODUCER: Ethics and Elections Committee; Senator Aronberg and others

SUBJECT: Property Tax Discount/Veterans and Military

DATE: April 7, 2009 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Pardue	Skelton	MS	Favorable
2.	Murphy	Yeatman	CA	Fav/2 amendments
3.	Fox	Rubinas	EE	Fav/CS
4.			FT	
5.			WPSC	
6.			RC	

Please see Section VIII. for Additional Information:

- A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes
 B. AMENDMENTS..... Technical amendments were recommended
 Amendments were recommended
 Significant amendments were recommended

I. Summary:

Committee Substitute for Senate Joint Resolution 1550 proposes an amendment to the Florida Constitution to allow disabled veterans who were not Florida residents prior to entering military service to qualify for the disabled veteran’s ad valorem tax discount on homestead property. It also authorizes the Legislature to provide an additional homestead exemption for certain members of the United States Military who received imminent-danger or hostile-fire pay in the previous year, proportionate to the amount of time during the previous year that such pay was received.

This joint resolution amends Article VII, Section 6 of the Florida Constitution, and creates Article VII, Sections 6 (g) and (h) of the Florida Constitution.

II. Present Situation:

Disabled Veteran’s Ad Valorem Tax Discount

Article VII, Section 6 of the Florida Constitution, contains provisions that grant certain exemptions from ad valorem taxation on homestead property. Included in this section is a provision that grants a discount on ad valorem taxes owed on homestead property to partially or

totally disabled veterans who are 65 or older and were Florida residents when they entered military service. Section 6 (e), provides that the ad valorem tax discount percentage shall be equal to the veteran’s percentage of disability, as determined by the United States Department of Veterans Affairs.

In order to qualify for the discount the veteran must submit proof of the veteran’s disability percentage to the county property appraiser. The veteran must also prove that the:

- Disability is combat related;
- Veteran was a Florida resident prior to entering the military; and
- Veteran was honorably discharged.

The U. S. Department of Veterans Affairs (USDVA) indicates that there were 227,190 veterans in Florida receiving compensation for service related conditions at the end of Fiscal Year 2007.¹ The table below illustrates the number of veterans by percentage of assessed disability. The number of veterans in this population who were 65 years of age or older by percentage category, the number who were Florida residents at the time of entry into military service, and the number of veterans whose compensation is the result of combat are indeterminate at this time.

Number of Veterans in Florida Receiving Service-Connected Compensation by Percentage of Assessed Disability FY-2007

0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
941	67,474	35,239	27,363	20,599	13,080	15,279	13,237	9,601	4,971	19,406

Source: U. S. Department of Veterans Affairs

According to the USDVA, approximately 80% of the veterans in Florida who are receiving 100% VA disability compensation served during a wartime period.² The national percentage of veterans 65 years of age or older is 39.4%.³

Hostile-Fire and Imminent-Danger Pay Ad Valorem Tax Discount

Florida does not currently provide an exemption from ad valorem taxation on homestead property for service persons who have received hostile-fire or imminent-danger pay.

U. S. Department of Defense regulations provide for the payment of Hostile-Fire/Imminent Danger Pay to members of the U. S. military. Military members receive \$225 per month for each month in which they meet pay entitlement requirements.⁴

The regulations define Hostile-Fire Pay entitlement as payable when certified by the appropriate commander that a member is:

¹ U. S. Department of Veterans Affairs response to Military Affairs and Domestic Security Committee staff request for information.

² Id.

³ U. S. Department of Veterans Affairs, VA Stats At A Glance at <http://www1.va.gov/vetdata/>.

⁴ U. S. Department of Defense Financial Management Regulation, Volume 7A, Chapter 10.

- Subjected to hostile fire or explosion of a hostile mine;
- On duty in an area in close proximity to a hostile fire incident and the member is in danger of being exposed to the same dangers actually experienced by other service members subjected to hostile fire or explosion of hostile mines; or
- Killed, injured or wounded by hostile fire, explosion of a hostile mine, or any other hostile act.⁵

Entitlement to Imminent-Danger Pay (IDP) begins as soon as a member enters a designated IDP area in an official duty capacity. An IDP area may include land, sea, or air-space or a combination of thereof. Currently, there are 47 locations around the world designated as IDP areas.⁶

Constitutional Amendment Process

Article XI of the Florida Constitution sets forth various methods for proposing amendments to the constitution along with the methods for approval or rejection of proposals. One method by which constitutional amendments may be proposed is by joint resolution agreed to by three-fifths of the membership of each house of the Legislature.⁷ Any such proposal must be submitted to the electors, either at the next general election held more than 90 days after the joint resolution is filed with the Secretary of State, or, if pursuant to law enacted by the affirmative vote of three-fourths of the membership of each house of the Legislature and limited to a single amendment or revision, at an earlier special election held more than 90 days after such filing.⁸ If the proposed amendment is approved by a vote of at least 60 percent of the electors voting on the measure it becomes effective as an amendment to the Florida Constitution on the first Tuesday after the first Monday in January following the election, or on such other date as may be specified in the amendment.⁹

III. Effect of Proposed Changes:

Committee Substitute for Senate Joint Resolution 1550 allows disabled veterans who were not Florida residents prior to entering military service to qualify for the disabled veteran's ad valorem tax discount on homestead property.

The joint resolution also authorizes the Legislature to provide an additional homestead exemption to members of: the U.S. Military or military reserves; the U.S. Coast Guard or its reserves; and the Florida National Guard, who received imminent-danger or hostile-fire pay while deployed in support of military operations on active duty outside the continental United States, Alaska, or Hawaii in the previous calendar year. This additional exemption is a percentage of the taxable value of the homestead property, equal to the percentage of time during the previous calendar year for which the service person received hostile-fire or imminent-danger pay.

⁵ Id.

⁶ Id.

⁷ FLA. CONST. art. XI, s. 1.

⁸ FLA. CONST. art. XI, s. 5(a).

⁹ FLA. CONST. art. XI, s. 5(e).

Finally, CS/SJR 1550 deletes an effective date reference in the section that would become outdated upon passage of the amendment.

This joint resolution provides no effective date for the constitutional amendment. In accordance with Article XI, Section 5 of the Florida Constitution, it would take effect on the first Tuesday after the first Monday in January following the election at which it was approved by the electorate.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

In order for the Legislature to submit CS/SJR 1550 to the voters for approval, the Joint Resolution must be agreed to by three-fifths of the membership of each house.¹⁰ If CS/SJR 1550 is agreed to by the Legislature, it will be submitted to the voters at the next general election held more than 90 days after the amendment is filed with the Department of State.¹¹ As such, CS/SJR 1550 would be submitted to the voters at the 2010 General Election. In order for CS/SJR 1550 to take effect, it must be approved by at least 60 percent of the voters voting on the measure.¹²

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

¹⁰ FLA. CONST. art. XI, s. 1.

¹¹ FLA. CONST. art. XI, s. 5(a).

¹² FLA. CONST. art. XI, s. 5(e).

C. Government Sector Impact:

Each constitutional amendment is required to be published in a newspaper of general circulation in each county, once in the sixth week and once in the tenth week preceding the general election.¹³ Costs for advertising vary depending upon the length of the amendment. According to the Department of State, the average cost of publishing a constitutional amendment with the ballot summary is \$102,053. The cost varies depending on the length of the full text. The average cost per word is \$94.68.

Disabled Veteran's Ad Valorem Tax Discount

The fiscal impact in terms of lost ad valorem tax revenues to local governments is indeterminate pending a review by the Revenue Estimating Conference. However, based on a population of 227,190 veterans in Florida receiving disability compensation, a percentage of 39.4% of all veterans in the VA system who are 65 years of age or older, and an estimated 80% of veterans' service during wartime, the maximum number of veterans who might qualify for the benefit proposed in this bill is estimated at 71,610. This figure likely overstates the number of veterans who might qualify for further ad valorem tax discounts because the combat related injury variable is unknown.

Hostile-Fire and Imminent-Danger Pay Ad Valorem Tax Discount

The fiscal impact in terms of reduced ad valorem tax revenues to local governments is indeterminate pending a review by the Revenue Estimating Conference.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Ethics and Elections on April 7, 2009:

The Committee Substitute differs from the original bill in that it authorizes the Legislature to provide an additional homestead exemption for certain members of the United States Military who received imminent-danger or hostile-fire pay in the previous year.

B. Amendments:

None.

¹³ FLA. CONST. art. XI, s. 5(d).

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
