

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	CS/HJR 1003	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Economic Affairs Committee; Eisnaugle	112 Y's	2 N's
COMPANION BILLS:	CS/SJR 1064	GOVERNOR'S ACTION:	Pending

SUMMARY ANALYSIS

CS/HJR 1003 passed the House on March 2, 2012, and subsequently passed the Senate on March 8, 2012.

Currently, the Florida Constitution allows for a twenty-five thousand dollar exemption from ad valorem taxes on the assessed value of tangible personal property. The joint resolution proposes an amendment to the Florida Constitution that would provide an additional exemption from ad valorem taxes on tangible personal property valued between twenty-five thousand and fifty thousand dollars.

In addition, the constitutional amendment proposed by the joint resolution would authorize the legislature to permit counties and municipalities, pursuant to general law, to provide additional exemptions from ad valorem taxes on tangible personal property by ordinance.

The Revenue Estimating Conference estimated the provision of the amendment proposed by the joint resolution providing an additional exemption from ad valorem taxes on tangible personal property valued between twenty-five thousand and fifty thousand dollars. If approved by the voters, that provision would have a negative impact on local government revenues of \$20.1 million beginning in FY 2013-14. The Revenue Estimating Conference has not estimated the provision of the amendment proposed by the joint resolution authorizing the legislature to permit any county or municipality to provide additional exemptions from ad valorem taxes on tangible personal property by ordinance. However, the revenue impact on local governments of this provision negative to an indeterminate degree. This is because the constitutional amendment proposed by the joint resolution must first:

- be approved by the voters,
- be implemented by general law, and
- be adopted by ordinance by counties or municipalities wishing to offer the additional exemption.

The Department of State estimates that the cost of publishing the proposed constitutional amendment, as required by law, is \$108,475.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Current Situation

Tangible Personal Property

Article VII, section 1, of the Florida Constitution grants exclusive authority to local governments to levy ad valorem taxes, including ad valorem taxes on tangible personal property, and establishes requirements that the state legislature and local governments must follow when levying and administering ad valorem property taxes. It requires that all ad valorem taxation be at a uniform rate within each taxing district and that property must be assessed at just value unless the Constitution provides for a different assessment standard.

Tangible personal property is singled out for special treatment in the Constitution. Motor vehicles, boats, airplanes, trailers, trailer coaches and mobile homes are excluded from ad valorem taxation.¹ Household goods up to \$1,000 in value are exempt.² Tangible personal property held for sale as stock in trade and livestock may be valued for taxation at a specified percentage of its value, classified for tax purposes, or exempted by general law.³ Tangible personal property not specifically exempt from taxation is subject to ad valorem taxation.

Article VII, section 3(e), Florida Constitution, provides for a \$25,000 exemption from the assessed value of tangible personal property subject to ad valorem taxation.

Based on the statewide aggregate average 2011 millage rate of 17.67, ad valorem taxes on the tangible personal property included on the 2011 tax roll are expected to amount to \$1.72 billion.

Proposed Changes

Currently, the Florida Constitution allows for a twenty-five thousand dollar exemption from ad valorem taxes on the assessed value of tangible personal property. The joint resolution proposes an amendment to the Florida Constitution that would provide an additional exemption from ad valorem taxes on tangible personal property valued between twenty-five thousand and fifty thousand dollars.

In addition, the constitutional amendment proposed by the joint resolution would authorize the legislature to permit counties and municipalities, pursuant to general law, to provide additional exemptions from ad valorem taxes on tangible personal property by ordinance.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Article XI, section 5(d) of the Florida Constitution, requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each county where a newspaper is published. The amendment or revision must be published once in the 10th week and again in the

¹ Article VII, section 1(b), Florida Constitution

² Article VII, section 3(b), Florida Constitution

³ Article VII, section 4(b), Florida Constitution

sixth week immediately preceding the week the election is held. The Division of Elections within the Department of State estimated that the full publication costs for advertising the proposed amendment to be \$108,475.⁴

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference estimated the provision of the amendment proposed by the joint resolution providing an additional exemption from ad valorem taxes on tangible personal property valued between twenty-five thousand and fifty thousand dollars, if approved by the voters, would have a negative impact on local government revenues of \$20.1 million beginning in FY 2013-14. The Revenue Estimating Conference has not estimated the provision of the amendment proposed by the joint resolution authorizing the legislature to permit any county or municipality to provide additional exemptions from ad valorem taxes on tangible personal property by ordinance. However, the revenue impact on local governments of this provision negative to an indeterminate degree. This is because the constitutional amendment proposed by the joint resolution must first:

- be approved by the voters,
- be implemented by general law, and
- be adopted by ordinance by counties or municipalities wishing to offer the additional exemption.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the amendment proposed by the joint resolution is approved by the voters, persons owning tangible personal property with an assessed value less than fifty thousand dollars could see a reduction in their taxes. If approved by the voters and implemented by the legislature, counties and municipalities could, by ordinance, provide additional relief from taxes on tangible personal property to persons owning taxable tangible personal property.

D. FISCAL COMMENTS:

None.

⁴ Department of State, *House Joint Resolution 1003 (2012) Fiscal Analysis* (December 21, 2011).