

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7113 PCB FTC 12-06 Additional Ad Valorem Tax Exemption for Deployed Servicemembers

SPONSOR(S): Finance & Tax Committee, Precourt

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Finance & Tax Committee	22 Y, 0 N	Aldridge	Langston
1) Economic Affairs Committee	15 Y, 0 N	Tait	Tinker

SUMMARY ANALYSIS

The bill amends s. 196.173(2), F.S., to make changes to the designated operations for which deployed servicemembers may qualify for an ad valorem tax exemption. The changes are based upon the report required to be delivered by the Department of Military Affairs to the legislature of all known and unclassified military operations outside the continental United States, Alaska, or Hawaii for which servicemembers based in the continental United States have been deployed during the previous calendar year. The bill makes the following changes to the statutory list of operations:

- Operation Noble Eagle, which began on September 15, 2001, and is ongoing, is added,
- Operation Odyssey Dawn which began March 19, 2011, and ended on October 31, 2011, is added,
- Operation New Dawn, which began September 1, 2010, and is currently identified in statute, has its ending date of December 15, 2011 added.

The bill amends 196.173(3), F.S., to recognize these changes in statute.

The bill provides an exception to the March 1 application deadline in s. 196.173(5), F.S., for 2012 only, by establishing June 1, 2012, as the deadline for an eligible servicemember to file a claim for an additional tax exemption for qualifying deployment during the 2011 calendar year.

The Revenue Estimating Conference estimated a negative \$0.1 million impact on local governments in FY 2012-13.

The bill is effective upon becoming law and first applies to ad valorem tax rolls for 2012.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Section 196.173, F.S., provides an additional ad valorem tax exemption for homestead property owned by a person who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard deployed outside of the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature.

Eligible Military Operations

The exemption is available to servicemembers who were deployed during the previous calendar year on active duty outside the continental United State, Alaska, or Hawaii in support of:

- Operation Enduring Freedom which began on October 7, 2001;
- Operation Iraqi Freedom which began on March 19, 2003 and ended on August 31, 2010; or
- Operation New Dawn which began September 1, 2010.

Annual Report of All Known and Unclassified Military Operations

By January 15 of each year, the Department of Military Affairs must submit to the President of the Senate, the Speaker of the House of Representatives, and the tax committees of each house of the Legislature a report of all known and unclassified military operations outside the continental United States, Alaska, or Hawaii for which servicemembers based in the continental United States have been deployed during the previous calendar year. To the extent possible, the report must include:

- the official and common names of the military operations;
- the general location and purpose of each military operation;
- the number of servicemembers deployed to each military operation;
- the number of servicemembers deployed to each military operation who were based in this state at the time of deployment, including the number by county of residence or military base, if known;
- the date each military operation commenced;
- the date each military operation terminated, unless the operation is ongoing; and
- any other relevant information.

Amount of Exemption

The amount of the exemption is equal to the taxable value of the homestead of the servicemember on January 1 of the year in which the exemption is sought multiplied by the number of days that the servicemember was on a qualifying deployment in the preceding calendar year and divided by the number of days in that year.

Exemption Application

A servicemember who seeks to claim the additional tax exemption must file an application for exemption with the property appraiser on or before March 1 of the year following the year of the qualifying deployment. The application must be made on a form prescribed by the Department of Revenue and furnished by the property appraiser. The servicemember must provide:

- proof that the servicemember participated in a qualifying deployment;
- the dates of the qualifying deployment; and
- other information necessary to verify eligibility for and the amount of the exemption.

In the event a servicemember is unable to apply for the deployed servicemember exemption for reasons such as deployment, a spouse who also owns the homestead as entireties or jointly with the right of survivorship, an individual with the servicemember's power of attorney, or the personal representative of the servicemember's estate may apply for the exemption on the servicemember's behalf.

Exemption Approval or Denial

The property appraiser must consider a servicemember's application for the exemption within 30 days after receipt of the application. If a servicemember's application for the exemption is denied, the property appraiser must send a notice of disapproval no later than July 1, citing the reason for disapproval and advising the servicemember of the right to appeal the decision to the value adjustment board along with the procedures for filing such appeal.

Definition of "Servicemember"

The term "servicemember" as used in this section, is defined to mean "a member or former member of any branch of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard."

Effect of Proposed Changes

The Department of Military Affairs has submitted the report required by s. 196.173(3), F.S., described above and providing the names, dates, locations and general purposes of all known and unclassified military operations that occurred outside the United States in calendar year 2011.¹

The report identified three differences from the designated operations currently identified in s. 196.173(2), F.S.:

- Operation Noble Eagle, which began on September 15, 2001, and is ongoing, is not currently identified in statute;
- Operation New Dawn, which began September 1, 2010, and is currently identified in statute, ended on December 15, 2011; and
- Operation Odyssey Dawn which began March 19, 2011, and ended on October 31, 2011, is not currently identified in statute.

The bill amends 196.173(3), F.S., to recognize these changes in statute.

The bill provides an exception to the March 1 application deadline in s. 196.173(5), F.S., for 2012 only, by establishing June 1, 2012, as the deadline for an eligible servicemember to file a claim for an additional tax exemption for qualifying deployment during the 2011 calendar year. Any applicant who fails to meet the June 1 deadline must subsequently submit an application to the property appraiser on or before the 25th day following the mailing by the property appraiser of the notices required under s.194.011(1), F.S. Upon receipt of the application, the property appraiser may grant the tax exemption if the property appraiser determines the applicant failed to meet the application deadline due to extenuating circumstances.

¹ On file with the Finance and Tax Committee.

If the property appraiser determines that extenuating circumstances did not prevent an applicant from meeting the deadline and denies the application, the applicant may file a petition with the value adjustment board requesting that the exemption be granted. No filing fee is due for this petition. The value adjustment board may grant the exemption for the current year if the board determines that extenuating circumstances existed.

B. SECTION DIRECTORY:

Section 1: Amends s. 196.173(2), F.S., to designate military operations for which deployed servicemembers may qualify for an additional homestead property tax exemption.

Section 2: Moves the March 1 application deadline to June 1 for qualifying deployment during calendar year 2011.

Section 3: Provides an effective date.

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 Revenue Estimating Conference estimated a negative \$0.1 million impact on local governments in FY 2012-13.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Qualifying servicemembers who were deployed overseas during 2011 on or in support of the operations designated by this bill may see a reduction in their property taxes.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, section 18, of the Florida Constitution may apply because this bill expands the designated operations which certain deployed servicemembers may be eligible for an exemption from ad valorem taxes; however, an exemption may apply because the fiscal impact is insignificant.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES