

**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.)

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Prepared By: The Professional Staff of the Committee on Communications, Energy, and Public Utilities

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**BILL:** CS/SB 402

**INTRODUCER:** Communications, Energy and Public Utilities Committee and Senator Brandes

**SUBJECT:** Renewable Energy Source Devices

**DATE:** March 11, 2015      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Clift/Wiehle	Caldwell	CU	<b>Fav/CS</b>
2.	_____	_____	CA	_____
3.	_____	_____	FT	_____
4.	_____	_____	AP	_____

**Please see Section IX. for Additional Information:**  
COMMITTEE SUBSTITUTE - Substantial Changes

**I. Summary:**

CS/SB 402 is the implementing legislation for SJR 400 or a similar joint resolution having substantially the same specific intent and purpose.

The bill expands the definition of “renewable energy source device” to include devices that store solar energy or energy derived from geothermal deposits and expands the exemption for renewable energy source devices from consideration in appraised property value to all real property.

SB 402 also creates s. 196.182, F.S., exempting renewable energy source devices, and any components thereof, from the tangible personal property tax.

These changes would take effect January 1, 2017, should the constitutional amendments proposed in SJR 400 or a similar joint resolution having substantially the same specific intent and purpose be passed by three-fifths of the membership of each house of the Legislature and be approved by vote of at least 60 percent of the electors voting on the measure at the next general election, in which case the constitutional amendments proposed by SJR 400 will become effective 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 or revision.

The newly created section 196.182 F.S., expires December 31, 2036, and is repealed on that date.

## II. Present Situation:

The State Constitution authorizes finance and taxation, including local government ad valorem taxes on real property and tangible personal property,<sup>1</sup> assessment of taxes,<sup>2</sup> and exemptions to these taxes.<sup>3</sup> Among these provisions is authority for the Legislature to prohibit the consideration of the following in the determination of the assessed value of real property used for residential purposes:

- Any change or improvement made for the purpose of improving the property's resistance to wind damage.
- The installation of a renewable energy source device.<sup>4</sup>

The Legislature has implemented this prohibition in s. 193.624, F.S. The statute prohibits a property appraiser who is determining the assessed value of real property used for residential purposes from considering an increase in the just value of the property attributable to the installation of a renewable energy source device. The statute applies to a renewable energy source device installed on or after January 1, 2013, on new and existing residential real property. The statute defines the term "renewable energy source device" to mean any of the following equipment that collects, transmits, stores, or uses solar energy, wind energy, or energy derived from geothermal deposits:

- Solar energy collectors, photovoltaic modules, and inverters;
- Storage tanks and other storage systems, excluding swimming pools used as storage tanks;
- Rockbeds;
- Thermostats and other control devices;
- Heat exchange devices;
- Pumps and fans;
- Roof ponds;
- Freestanding thermal containers;
- Pipes, ducts, refrigerant handling systems, and other equipment used to interconnect such systems; however, such equipment does not include conventional backup systems of any type;
- Windmills and wind turbines;
- Wind-driven generators;
- Power conditioning and storage devices that use wind energy to generate electricity or mechanical forms of energy; and
- Pipes and other equipment used to transmit hot geothermal water to a dwelling or structure from a geothermal deposit.

## III. Effect of Proposed Changes:

SB 402 implements SJR 400 that amends Sections 3 and 4 of Article VII of the State Constitution, and creates Section 34 of Article XII of the State Constitution. These amendments to the State Constitution would exempt the assessed value of a renewable energy source device,

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<sup>1</sup> Article VII, section 9.

<sup>2</sup> Article VII, section 4.

<sup>3</sup> Article VII, section 3.

<sup>4</sup> Article VII, section 4.(i).

or a component of such a device, from the tangible personal property tax and prohibit the consideration of the installation of renewable energy source devices and related components in determining the assessed value of a property for the purpose of ad valorem taxation.

The bill amends s. 193.624, F.S. to expand the definition of “renewable energy source device” to include devices for the storage of solar energy, wind energy, and energy derived from geothermal deposits. Changes to s. 193.624, F.S., would also expand the exemption of renewable energy devices from property value appraisal to all real property, as opposed to exclusively to residential property, as of January 1, 2017.

SB 402 creates s. 196.182, F.S., to exempt a renewable energy source device, as defined in s. 193.624, F.S., and any component of such a device, from the tangible personal property tax.

The newly created section 196.182 F.S., takes effect as of January 1, 2017, and expires December 31, 2036, and is repealed on that date.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

See Tax/Fee Issues.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

The fiscal impact of this bill on local government’s ad valorem tax revenues is uncertain. If SJR 400 passes both the Legislature and the electorate, and if SB 402 or other implementing legislation is passed and becomes law, and if renewable energy source devices are installed on nonresidential real property, then some local governments may lose an opportunity for an unknown amount of an increase in ad valorem tax revenues that they would have had in absence of SJR 400 and this implementing legislation.

B. Private Sector Impact:

The bill may provide an incentive for owners of nonresidential property to install renewable energy source devices as this will no longer result in increased real property or intangible personal property taxes.

C. Government Sector Impact:

The bill may have some impact on the workload of property appraisers.

VI. Technical Deficiencies:

None.

VII. Related Issues:

This bill implements SJR 400.

VIII. Statutes Affected:

This bill substantially amends section 193.624 of the Florida Statutes.

This bill creates section 196.182 of the Florida Statutes.

This bill reenacts sections 193.155 and 193.1554 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

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

**CS/SB 402 by Communications, Energy, and Public Utilities on March 10, 2015:**

The amendment conforms the bill to the amended SJR 400, providing that the newly created section 196.182 F.S., expires December 31, 2036, and is repealed on that date.

B. Amendments:

None.