

**By** the Committees on Finance and Tax; and Community Affairs; and  
Senator Hays

593-03586-15

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1                                   A bill to be entitled  
2       An act relating to property prepared for a tax-exempt  
3       use; creating s. 196.1955, F.S.; consolidating and  
4       revising provisions relating to obtaining an ad  
5       valorem exemption for property owned by an exempt  
6       organization, including the requirement that the owner  
7       of an exempt organization take affirmative steps to  
8       demonstrate an exempt use; authorizing the property  
9       appraiser to serve a notice of tax lien on exempt  
10      property that is not in actual exempt use after a  
11      certain time; providing that the lien attaches to any  
12      property owned by the organization identified in the  
13      notice of lien; providing that the provisions  
14      authorizing the tax lien do not apply to a house of  
15      public worship; defining the term "public worship";  
16      amending s. 196.196, F.S.; deleting provisions  
17      relating to the exemption as it applies to public  
18      worship and affordable housing and provisions that  
19      have been moved to s. 196.1955, F.S.; amending s.  
20      196.198, F.S.; deleting provisions relating to  
21      property owned by an educational institution and used  
22      for an educational purpose that is included in s.  
23      196.1955, F.S.; providing an effective date.

24  
25   Be It Enacted by the Legislature of the State of Florida:

26  
27       Section 1. Section 196.1955, Florida Statutes, is created  
28   to read:

29       196.1955 Preparing property for educational, literary,

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30 scientific, religious, or charitable use.-

31 (1) Property owned by an exempt organization is used for an  
32 exempt purpose if the owner has taken affirmative steps to  
33 prepare the property for an exempt educational, literary,  
34 scientific, religious, or charitable use and no portion of the  
35 property is being used for a nonexempt purpose. The term  
36 "affirmative steps" means environmental or land use permitting  
37 activities, creation of architectural plans or schematic  
38 drawings, land clearing or site preparation, construction or  
39 renovation activities, or other similar activities that  
40 demonstrate a commitment to prepare the property for an exempt  
41 use.

42 (2) (a) If property owned by an organization granted an  
43 exemption under this section is transferred for a purpose other  
44 than an exempt use or is not in actual exempt use within 5 years  
45 after the date the organization is granted an exemption, the  
46 property appraiser making such determination shall serve upon  
47 the organization that received the exemption a notice of intent  
48 to record in the public records of the county a notice of tax  
49 lien against any property owned by that organization in the  
50 county, and such property must be identified in the notice of  
51 tax lien. The organization owning such property is subject to  
52 the taxes otherwise due and owing as a result of the failure to  
53 use the property in an exempt manner plus 15 percent interest  
54 per annum.

55 1. The lien, when filed, attaches to any property  
56 identified in the notice of tax lien owned by the organization  
57 that received the exemption. If the organization no longer owns  
58 property in the county but owns property in any other county in

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59 the state, the property appraiser shall record in each such  
60 county a notice of tax lien identifying the property owned by  
61 the organization in each respective county, which shall become a  
62 lien against the identified property.

63 2. Before such lien may be filed, the organization so  
64 notified must be given 30 days to pay the taxes and interest.

65 3. If an exemption is improperly granted as a result of a  
66 clerical mistake or an omission by the property appraiser, the  
67 organization improperly receiving the exemption may not be  
68 assessed interest.

69 4. The 5-year limitation specified in this subsection may  
70 be extended by the property appraiser if the holder of the  
71 exemption continues to take affirmative steps to develop the  
72 property for the purposes specified in this subsection.

73 (b) This subsection does not apply to property being  
74 prepared for use as a house of public worship. The term "public  
75 worship" means religious worship services and those activities  
76 that are incidental to religious worship services, such as  
77 educational activities, parking, recreation, partaking of meals  
78 and fellowship.

79 Section 2. Subsections (3), (4), and (5) of section  
80 196.196, Florida Statutes, are amended to read:

81 196.196 Determining whether property is entitled to  
82 charitable, religious, scientific, or literary exemption.—

83 ~~(3) Property owned by an exempt organization is used for a~~  
84 ~~religious purpose if the institution has taken affirmative steps~~  
85 ~~to prepare the property for use as a house of public worship.~~  
86 ~~The term "affirmative steps" means environmental or land use~~  
87 ~~permitting activities, creation of architectural plans or~~

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88 ~~schematic drawings, land clearing or site preparation,~~  
89 ~~construction or renovation activities, or other similar~~  
90 ~~activities that demonstrate a commitment of the property to a~~  
91 ~~religious use as a house of public worship. For purposes of this~~  
92 ~~subsection, the term "public worship" means religious worship~~  
93 ~~services and those other activities that are incidental to~~  
94 ~~religious worship services, such as educational activities,~~  
95 ~~parking, recreation, partaking of meals, and fellowship.~~

96 (3)~~(4)~~ Except as otherwise provided in this section herein,  
97 property claimed as exempt for literary, scientific, religious,  
98 or charitable purposes which is used for profitmaking purposes  
99 is ~~shall be~~ subject to ad valorem taxation. Use of property for  
100 functions not requiring a business or occupational license  
101 conducted by the organization at its primary residence, the  
102 revenue of which is used wholly for exempt purposes, is ~~shall~~  
103 ~~not be~~ considered profitmaking ~~profit-making~~. In this connection  
104 the playing of bingo on such property is ~~shall~~ not ~~be~~ considered  
105 as using such property in such a manner as would impair its  
106 exempt status.

107 ~~(5)(a) Property owned by an exempt organization qualified~~  
108 ~~as charitable under s. 501(c)(3) of the Internal Revenue Code is~~  
109 ~~used for a charitable purpose if the organization has taken~~  
110 ~~affirmative steps to prepare the property to provide affordable~~  
111 ~~housing to persons or families that meet the extremely low-~~  
112 ~~income, very-low-income, low-income, or moderate-income limits,~~  
113 ~~as specified in s. 420.0004. The term "affirmative steps" means~~  
114 ~~environmental or land use permitting activities, creation of~~  
115 ~~architectural plans or schematic drawings, land clearing or site~~  
116 ~~preparation, construction or renovation activities, or other~~

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117 ~~similar activities that demonstrate a commitment of the property~~  
118 ~~to providing affordable housing.~~

119 ~~(b)1. If property owned by an organization granted an~~  
120 ~~exemption under this subsection is transferred for a purpose~~  
121 ~~other than directly providing affordable homeownership or rental~~  
122 ~~housing to persons or families who meet the extremely low-~~  
123 ~~income, very-low-income, low-income, or moderate-income limits,~~  
124 ~~as specified in s. 420.0004, or is not in actual use to provide~~  
125 ~~such affordable housing within 5 years after the date the~~  
126 ~~organization is granted the exemption, the property appraiser~~  
127 ~~making such determination shall serve upon the organization that~~  
128 ~~illegally or improperly received the exemption a notice of~~  
129 ~~intent to record in the public records of the county a notice of~~  
130 ~~tax lien against any property owned by that organization in the~~  
131 ~~county, and such property shall be identified in the notice of~~  
132 ~~tax lien. The organization owning such property is subject to~~  
133 ~~the taxes otherwise due and owing as a result of the failure to~~  
134 ~~use the property to provide affordable housing plus 15 percent~~  
135 ~~interest per annum and a penalty of 50 percent of the taxes~~  
136 ~~owed.~~

137 ~~2. Such lien, when filed, attaches to any property~~  
138 ~~identified in the notice of tax lien owned by the organization~~  
139 ~~that illegally or improperly received the exemption. If such~~  
140 ~~organization no longer owns property in the county but owns~~  
141 ~~property in any other county in the state, the property~~  
142 ~~appraiser shall record in each such other county a notice of tax~~  
143 ~~lien identifying the property owned by such organization in such~~  
144 ~~county which shall become a lien against the identified~~  
145 ~~property. Before any such lien may be filed, the organization so~~

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146 notified ~~must be given 30 days to pay the taxes, penalties, and~~  
147 ~~interest.~~

148 ~~3. If an exemption is improperly granted as a result of a~~  
149 ~~clerical mistake or an omission by the property appraiser, the~~  
150 ~~organization improperly receiving the exemption shall not be~~  
151 ~~assessed a penalty or interest.~~

152 ~~4. The 5-year limitation specified in this subsection may~~  
153 ~~be extended if the holder of the exemption continues to take~~  
154 ~~affirmative steps to develop the property for the purposes~~  
155 ~~specified in this subsection.~~

156 Section 3. Section 196.198, Florida Statutes, is amended to  
157 read:

158 196.198 Educational property exemption.—

159 (1) Educational institutions within this state and their  
160 property used by them or by any other exempt entity or  
161 educational institution exclusively for educational purposes are  
162 exempt from taxation.

163 (a) Sheltered workshops providing rehabilitation and  
164 retraining of individuals who have disabilities and exempted by  
165 a certificate under s. (d) of the federal Fair Labor Standards  
166 Act of 1938, as amended, are declared wholly educational in  
167 purpose and are exempt from certification, accreditation, and  
168 membership requirements set forth in s. 196.012.

169 (b) Those portions of property of college fraternities and  
170 sororities certified by the president of the college or  
171 university to the appropriate property appraiser as being  
172 essential to the educational process are exempt from ad valorem  
173 taxation.

174 (c) The use of property by public fairs and expositions

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175 chartered by chapter 616 is presumed to be an educational use of  
176 such property and is exempt from ad valorem taxation to the  
177 extent of such use.

178 (2) Property used exclusively for educational purposes  
179 shall be deemed owned by an educational institution if the  
180 entity owning 100 percent of the educational institution is  
181 owned by the identical persons who own the property, or if the  
182 entity owning 100 percent of the educational institution and the  
183 entity owning the property are owned by the identical natural  
184 persons.

185 (a) Land, buildings, and other improvements to real  
186 property used exclusively for educational purposes shall be  
187 deemed owned by an educational institution if the entity owning  
188 100 percent of the land is a nonprofit entity and the land is  
189 used, under a ground lease or other contractual arrangement, by  
190 an educational institution that owns the buildings and other  
191 improvements to the real property, is a nonprofit entity under  
192 s. 501(c)(3) of the Internal Revenue Code, and provides  
193 education limited to students in prekindergarten through grade  
194 8.

195 (b) If legal title to property is held by a governmental  
196 agency that leases the property to a lessee, the property shall  
197 be deemed to be owned by the governmental agency and used  
198 exclusively for educational purposes if the governmental agency  
199 continues to use such property exclusively for educational  
200 purposes pursuant to a sublease or other contractual agreement  
201 with that lessee.

202 (c) If the title to land is held by the trustee of an  
203 irrevocable inter vivos trust and if the trust grantor owns 100

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204 percent of the entity that owns an educational institution that  
205 is using the land exclusively for educational purposes, the land  
206 is deemed to be property owned by the educational institution  
207 for purposes of this exemption. ~~Property owned by an educational~~  
208 ~~institution shall be deemed to be used for an educational~~  
209 ~~purpose if the institution has taken affirmative steps to~~  
210 ~~prepare the property for educational use. The term "affirmative~~  
211 ~~steps" means environmental or land use permitting activities,~~  
212 ~~creation of architectural plans or schematic drawings, land~~  
213 ~~clearing or site preparation, construction or renovation~~  
214 ~~activities, or other similar activities that demonstrate~~  
215 ~~commitment of the property to an educational use.~~

216 Section 4. This act shall take effect July 1, 2015.