

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 Committee on Community Affairs

BILL: SB 710

INTRODUCER: Senator Bradley

SUBJECT: Ad Valorem Taxation

DATE: January 8, 2016

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Present	Yeatman	CA	Pre-meeting
2.			FT	
3.			AP	

I. Summary:

SB 710 provides that property used exclusively to operate or directly support the activities of a nonprofit blood establishment is determined to be used for a charitable purpose and is exempt from ad valorem taxation within the purview of s. 3, Art. VII of the State Constitution.

II. Present Situation:

General Overview of Property Taxation

The ad valorem tax or “property tax” is an annual tax levied by counties, cities, school districts, and some special districts. The tax is based on the taxable value of property as of January 1 of each year.¹ The property appraiser annually determines the “just value”² of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”³ Tax bills are mailed in November of each year based on the previous January 1 valuation and payment is due by March 31.

¹ Both real property and tangible personal property can be subject to tax. Section 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. Section 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value capable of manual possession and whose chief value is intrinsic to the article itself.

² Property must be valued at “just value” for purposes of property taxation, unless the Florida Constitution provides otherwise. FLA. CONST. art VII, s. 4. Just value has been interpreted by the courts to mean the fair market value that a willing buyer would pay a willing seller for the property in an arm’s-length transaction. See *Walter v. Shuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *Southern Bell Tel. & Tel. Co. v. Dade County*, 275 So. 2d 4 (Fla. 1973).

³ See s. 192.001(2) and (16), F.S.

The Florida Constitution prohibits the state from levying ad valorem taxes,⁴ and it limits the Legislature's authority to provide for property valuations at less than just value, unless expressly authorized.⁵

The Florida Constitution authorizes the Legislature to provide an exemption for property predominantly used for educational, literary, scientific, religious or charitable purposes by general law.⁶

Blood Establishments

“Blood establishment” means any person, entity, or organization, operating within the state, which examines an individual for the purpose of blood donation or which collects, processes, stores, tests, or distributes blood or blood components collected from the human body for the purpose of transfusion, for any other medical purpose, or for the production of any biological product.⁷ A person, entity, or organization that uses a mobile unit to conduct such activities within the state is also a blood establishment.⁸

Determining nonprofit status under Chapter 196

Section 196.195, F.S., provides guidelines for determining the profit or nonprofit status of exemption applicants. Such applicants must provide records showing in reasonable detail the financial condition, record of operation, and exempt and nonexempt uses of the property, where appropriate, for the immediately preceding fiscal year.⁹ Subsections (2) and (3) provide criteria for determining profit or nonprofit status of applicants for exemptions. No application for exemption may be granted for religious, literary, scientific, or charitable use of property until the applicant has been found by the property appraiser, or upon appeal, by the value adjustment board, to be nonprofit as provided in this section.¹⁰

III. Effect of Proposed Changes:

Section 1 creates s. 196.1973, F.S., to provide that property used exclusively to operate or directly support the activities of a nonprofit blood establishment is determined to be used for a charitable purpose as defined in s. 196.012(7), F.S., and is exempt from ad valorem taxation under s. 3, Art. VII of the State Constitution. The bill also provides that it is the intent of the Legislature that this section implements the ad valorem tax exemption authorized in s. 3, Art. VII of the State Constitution for the purpose of granting such exemption to a nonprofit blood establishment.

Section 2 provides an effective date of July 1, 2016.

⁴ FLA. CONST. art. VII, s. 1(a)

⁵ See FLA. CONST. art. VII, s. 4.

⁶ FLA. CONST. art. VII, s. 3(a).

⁷ Section 381.06014(1)(a), F.S.

⁸ *Id.*

⁹ Section 196.195(1), F.S.

¹⁰ Section 196.195(4), F.S.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

The mandates provision does not apply to bills implementing a constitutional provision.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

To the extent that a previously unqualified nonprofit blood establishments is now eligible for an ad valorem tax exemption under this bill, a local government will see a corresponding reduction in its property tax base. The Revenue Estimating Conference has estimated that there will be a negative recurring impact of \$0.3 million beginning in 2016-2017.¹¹

B. Private Sector Impact:

Nonprofit blood establishments may receive an exemption from ad valorem taxation.

C. Government Sector Impact:

If the bill passes, the Department of Revenue would need to amend Chapter 12D-7, F.A.C.¹² The department would also need to amend the DR-504 form and the DR-489/403 series of forms.¹³

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Office of Economic and Demographic Research recommends that section 1 of the bill, beginning on line 13, be amended to provide that “Property owned by and used exclusively to operate or directly support the activities of a nonprofit blood establishment is determined to be

¹¹ Revenue Estimating Conference, *Blood Establishments HB515/SB710 with proposed amendment*, 235, (December 11, 2015) available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/_pdf/Impact1211.pdf (last visited December 16, 2015).

¹² Dep’t of Revenue, Legislative Bill Analysis of SB 710, at 2 (2016).

¹³ *Id.*

used for a charitable purpose... and is exempt from ad valorem taxation...’’¹⁴ This change is intended for clarity purposes.

VIII. Statutes Affected:

This bill creates section 196.1973 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

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

None.

B. Amendments:

None.

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

¹⁴ Revenue Estimating Conference, *Blood Establishments HB515/SB710 with proposed amendment*, 235, (December 11, 2015) available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/_pdf/Impact1211.pdf (last visited December 16, 2015).