

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HJR 159 Homestead Tax Exemption for Certain Senior, Low-income, Long-term residents

SPONSOR(S): Borrero, Garcia and others

TIED BILLS: CS/HB 161 **IDEN./SIM. BILLS:** SJR 126

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	24 Y, 0 N	McCain	Aldridge
2) Local Administration, Federal Affairs & Special Districts Subcommittee	15 Y, 0 N	Mwakyanjala	Darden
3) State Affairs Committee	18 Y, 0 N	Mwakyanjala	Williamson

SUMMARY ANALYSIS

The Florida Constitution requires all property to be assessed at just value (market value) as of January 1 of each year for purposes of ad valorem taxation. Ad valorem assessments are used to calculate property taxes that fund counties, municipalities, district school boards, and special districts. The taxable value against which local governments levy tax rates each year reflects the just value as reduced by applicable limitations and exemptions allowed by the Florida Constitution. One such exemption is on the first \$25,000 of assessed value of a homestead property, which is exempt from all taxes. A second homestead exemption is on the value between \$50,000 and \$75,000, which is exempt from all taxes other than school district taxes.

The joint resolution amends art. VII, s. 6 of the Florida Constitution, revising the just value limitation for the existing additional homestead exemption for low-income seniors who have maintained permanent residence on a property for at least 25 years. The just value limit is increased from \$250,000 to \$300,000.

The joint resolution provides for the proposed constitutional amendment to be submitted to the electors of Florida for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose.

The Constitution requires 60 percent voter approval for passage of a proposed constitutional amendment. If approved by the voters, this amendment will take effect January 1, 2025.

The Revenue Estimating Conference estimated that the joint resolution will not have an impact on local government revenue as the amendment it proposes is subject to voter approval and is not self-executing.

A joint resolution proposing an amendment to the State Constitution must be passed by three-fifths of the membership of each house of the Legislature.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Ad Valorem Taxation

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property.¹ Ad valorem taxes are annual taxes levied by counties, cities, school districts, and certain special districts. These taxes are based on the just or fair market value of real and tangible personal property as determined by county property appraisers on January 1 of each year.² The just value may be subject to limitations, such as the “save our homes” limitation on homestead property assessment increases.³ The value determined after accounting for applicable limitations is known as the assessed value. Property appraisers then calculate taxable value by reducing the assessed value in accordance with any applicable exemptions, such as the exemptions for homestead property.⁴ Each year, local governing boards levy millage rates (i.e. tax rates) on taxable value to generate the property tax revenue contemplated in their annual budgets.

Property Tax Assessment Limitations Exemptions Available to Seniors

Homestead Exemption

Every person having legal and equitable title to real estate who maintains a permanent residence on the real estate (homestead property) is eligible for a \$25,000 tax exemption applicable to all ad valorem tax levies, including levies by school districts.⁵ An additional \$25,000 exemption applies to homestead property value between \$50,000 and \$75,000. This additional exemption does not apply to ad valorem taxes levied by school districts.

Additional Homestead Exemption for Low-income Seniors

The Florida Constitution authorizes the Legislature to allow counties and municipalities, by general law, to grant an additional homestead exemption to persons aged 65 or older with a household income that does not exceed \$20,000 (low-income seniors).⁶ The income limitation is adjusted each year to reflect changes in the consumer price index.⁷ For 2023, the income threshold for this exemption is \$35,167.⁸ An owner must hold legal or equitable title to the property and maintain it as his or her permanent residence to qualify for the exemption.⁹ If title to the property is held jointly with a right of survivorship, the exemption may be claimed if one of the owners is residing on the property and would otherwise qualify.¹⁰

¹ Art. VII, s. 1(a), Fla. Const.

² Art. VII, s. 4, Fla. Const.

³ S. 193.155(1), F.S.

⁴ S. 196.031, F.S.

⁵ Art. VII, s. 6(a), Fla. Const.

⁶ Art. VII, s. 6(d), Fla. Const.

⁷ S. 196.075(3), F.S.

⁸ Fla. Dept. of Revenue, *Two Additional Homestead Exemptions for Persons 65 and Older (Revised January 2023)*, available at <http://floridarevenue.com/property/Documents/AdditionalHomesteadExemptions.pdf> (last visited Mar. 10, 2023).

⁹ Art. VII, s. 6(d), Fla. Const.

¹⁰ S. 196.075(8), F.S.

Under this section of the Constitution, a county or municipality may grant either (or both) of the following exemptions:

- An additional homestead exemption of up to \$50,000 for all low-income seniors;¹¹ or
- The entire assessed value of the homestead property, if the just value is less than \$250,000 in the year the low-income senior owner applies for the exemption, and the owner has maintained a permanent residence on the property for at least 25 years.¹²

The exemption authorized under this section only applies to ad valorem taxes levied by the county or municipality granting the exemption.¹³ This includes taxes levied by dependent special districts or municipal service taxing units of the government granting the exemption.

Effect of Proposed Changes

The joint resolution proposes an amendment to art. VII, s. 6 of the Florida Constitution, revising the just value limitation for the existing additional homestead exemption for low-income seniors who have maintained permanent residence on a property for at least 25 years. The just value limit for the property in the first year the owner qualifies and applies for the exemption is increased from \$250,000 to \$300,000.

The joint resolution must pass each chamber with a three-fifths vote before it may be placed on the ballot. Thereafter, it must be approved by at least 60 percent of the electors voting on the measure.

If approved, the amendment will take effect January 1, 2025.

B. SECTION DIRECTORY:

Not applicable.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Art. XI, s. 5(d) of the Florida Constitution requires publication of a proposed amendment in a newspaper of general circulation in each county. The Division of Elections within the Department of State must advertise the full text of the amendment twice in a newspaper of general circulation in each county where the amendment will appear on the ballot. The Division must also provide each supervisor of elections with either booklets or posters displaying the full text of each proposed amendment.¹⁴

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference adopted a zero impact since this is a joint resolution proposing an amendment to be submitted to the voters, which is not self-executing.

¹¹ Art. VII, s. 6(d)(1), Fla. Const.

¹² Art. VII, s. 6(d)(2), Fla. Const.

¹³ S. 196.075(4)(b), F.S.

¹⁴ S. 101.171, F.S.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None, because the amendment proposed by the joint resolution is subject to voter approval and is not self-executing.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The mandates provision of the state Constitution does not apply to a joint resolution proposing to amend the state Constitution.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.