

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HJR 469 Revised Limitation on Increases of Homestead Property Tax Assessments

**SPONSOR(S):** Ways & Means Committee, Fernandez-Barquin and others

**TIED BILLS:** HB 471 **IDEN./SIM. BILLS:** SJR 122

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	13 Y, 8 N	McCain	Aldridge
2) Local Administration, Federal Affairs & Special Districts Subcommittee			
3) State Affairs Committee			

**SUMMARY ANALYSIS**

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. 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. The just value may be subject to limitations, such as the “save our homes” limitation on homestead property assessment increases. The “Save Our Homes” assessment limitation limits any increase in the annual assessment of homestead property to 3% of the assessment for the prior year or the percent change in the Consumer Price Index, whichever is lower. When there is a change in ownership or control of homestead property, the assessment is not limited by the assessed value of the previous year and it is reassessed at just value.

This joint resolution proposes to amend Section 4(d)(1) of Article VII of the Florida Constitution to reduce the maximum increase of the annual assessment of homestead property under the Save Our Homes assessment limitation from 3% to 2% of the previous year’s assessment, or the percent changes in the consumer price index, whichever is lower.

Subject to approval by 60 percent of voters during the 2024 general election or earlier special election, the amendment proposed in the joint resolution will take effect on January 1, 2025. The joint resolution is not subject to the governor’s veto powers.

The Revenue Estimating Conference estimated that the impact of the joint resolution on local government revenues is zero or negative indeterminate because the amendment proposed by the joint resolution is subject to voter approval.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Current Situation

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.<sup>1</sup> 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.<sup>2</sup> The just value may be subject to limitations, such as the “Save Our Homes” limitation on homestead property assessment increases.<sup>3</sup> The value arrived at 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.<sup>4</sup> 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.

The voters in 1992 approved an amendment to the Florida Constitution limiting any increase in the annual assessment of homestead property to 3% of the assessment for the prior year or the percent change in the Consumer Price Index, whichever is lower.<sup>5</sup> This amendment is what is known as the “Save Our Homes” provision of the Florida Constitution. When there is a change in ownership or control of homestead property, the assessment is not limited by the assessed value of the previous year and it is reassessed at just value.<sup>6</sup> Future assessments are then limited by the Save Our Homes provision as applied to the reassessed just value.

#### Effect of Proposed Changes

This joint resolution proposes to amend Section 4(d)(1) of Article VII of the Florida Constitution to reduce the maximum increase of the annual assessment of homestead property from 3% to 2% of the previous year’s assessment. The provision related to the percent change in the Consumer Price Index in unchanged, so the revised limitation would be a maximum increase of 2% or the percent change in the Consumer Price Index, whichever is lower. Approving the joint resolution would place the amendment on the ballot during either the 2024 general election or an earlier special election held for the purpose of proposing this amendment to the voters.<sup>7</sup> Pending voter approval, the amendment will take effect on January 1, 2025.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

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<sup>1</sup> Art. VII, s. 1(a), Fla. Const.

<sup>2</sup> Art. VII, s. 4, Fla. Const.

<sup>3</sup> S. 193.155(1), F.S.

<sup>4</sup> S. 196.031, F.S.

<sup>5</sup> Art. VII, s. 4(d)(1), Fla. Const.

<sup>6</sup> Art. VII, s. 4(d)(3), Fla. Const.; s. 193.155(3), F.S.

<sup>7</sup> Note: Pursuant to Article XI, Section 5 of the Florida Constitution, placing the joint resolution on a special election ballot would require the legislature to pass a general law by 3/4<sup>th</sup> vote of each house.

Article 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.<sup>8</sup>

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

The Revenue Estimating Conference (REC) estimated that the impact of the joint resolution on local government revenues is zero or negative indeterminate because the amendment is subject to voter approval. If the constitutional amendment proposed by HJR 469 does not pass, the impact is zero. If it is approved, because the amendment is self-executing, the impact would be negative indeterminate due to the inherent forecasting complexities between market conditions and changes in the Consumer Price Index. However, the REC noted that if the provision had been in place in 2022, the impact on local government revenues would have been approximately -\$150 million.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Owners of homestead property in Florida would realize lower property tax bills over time due to the lower limitation of increases in the annual value assessment of their property.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The mandates provision applies only to a general law, not 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**