

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 1004

INTRODUCER: Senator Torres

SUBJECT: Tax Exemptions for Disabled Ex-servicemembers

DATE: January 12, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hackett	Ryon	CA	Favorable
2.	_____	_____	FT	_____
3.	_____	_____	AP	_____

I. Summary:

SB 1004 increases the value of the ad valorem tax exemption for disabled ex-servicemembers from \$5,000 to \$10,000. This increase first applies to the 2025 tax roll.

The bill takes effect July 1, 2024.

II. Present Situation:

General Overview of Property Taxation

The ad valorem tax or “property tax” is an annual tax levied by counties, municipalities, 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 assessed or “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 are 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 taxes⁴ and limits the Legislature's authority to provide for property valuations at less than just value, unless expressly authorized.⁵

Ad Valorem Tax Exemption for Disabled Ex-Servicemembers

Article VII, s. 3(b) of the State Constitution, requires that general law establish an exemption of property tax for widows and widowers, and persons who are blind or totally and permanently disabled. The value of these exemptions may be provided by general law, with a constitutional minimum of \$500.⁶ Subsections (1) and (2) of s. 196.101, F.S., exempt the total value of a homestead used and owned by a person who is totally and permanently disabled.

Section 196.24, F.S., provides a \$5,000 property tax exemption to any resident ex-servicemember⁷ who was honorably discharged and has been disabled to a degree of 10 percent or more by misfortune or while serving during a period of wartime service.⁸ This exemption is extended to an unremarried surviving spouse of a disabled ex-servicemember.⁹

III. Effect of Proposed Changes:

The bill amends s. 196.24, F.S., to increase the value of the ad valorem tax exemption for disabled ex-servicemembers from \$5,000 to \$10,000. This increase first applies to the 2025 tax roll.

The bill takes effect July 1, 2024.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18(b) of the Florida Constitution provides that except upon the approval of each house of the Legislature by a two-thirds vote of the membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. The mandate requirement does not apply to laws having an insignificant impact, which for Fiscal Year 2024-2025 is forecast at approximately \$2.3 million.

⁴ FLA. CONST. art. VII, s. 1(a).

⁵ See FLA. CONST. art. VII, s. 4.

⁶ FLA. CONST. art. VII, s. 3(b).

⁷ Section 196.012(19), F.S., defines "ex-servicemember" as any person who has served as a member of the United States Armed Forces on active duty or state active duty, a member of the Florida National Guard, or a member of the United States Reserve Forces.

⁸ The U.S. Department of Veterans Affairs determines the severity of a veteran's disability based on evidence submitted by the veteran or present in the veteran's military records. This results in a disability rating from 0% to 100% in 10% increments. U.S. Department of Veterans Affairs, *Compensation*, available at <https://www.benefits.va.gov/compensation/rates-index.asp> (last visited Jan. 11, 2024).

⁹ Section 196.24(1), F.S.

The Revenue Estimating Conference has not reviewed the bill, however the State Tax Handbook estimates the 2024-25 fiscal year impact of the current \$5,000 exemption at \$13.6 million.¹⁰ Therefore, the mandates provision may apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not reviewed the bill at this time.

B. Private Sector Impact:

Citizens receiving the tax exemption will benefit from its increased value.

C. Government Sector Impact:

Local governments will see negative fiscal impact from increasing tax exemptions.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 196.24 of the Florida Statutes.

¹⁰ Florida Revenue Estimating Conference, *2023 Florida Tax Handbook*, Page 220, Oct. 2023, available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Jan. 9, 2024).

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.
