

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HB 1105 Rescinding a Homestead Exemption Application

**SPONSOR(S):** Ways & Means Committee, Caruso

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	21 Y, 0 N, As CS	Rexford	Aldridge
2) State Affairs Committee	21 Y, 0 N	Burgess	Williamson

**SUMMARY ANALYSIS**

The Florida Constitution requires all property to be assessed at just value as of January 1 of each year for purposes of ad valorem taxation. The taxable value against which local governments levy tax rates each year reflects the just value as reduced by applicable exceptions and exemptions allowed by the Florida Constitution. The Florida Constitution provides that every person who holds legal or equitable title to real estate and uses said real estate as a permanent residence for themselves or a legal or natural dependent is entitled to exemption from taxes on the first \$25,000 in assessed value. Further, there is an exemption on the assessed value between \$50,000 and \$75,000, which is exempt from all taxes other than school district taxes.

Florida law requires a taxpayer applying for a homestead exemption for the first time to apply to the property appraiser before March 1, listing and describing the property for which the exemption is claimed and certifying its ownership and use. If the property appraiser determines that the taxpayer is entitled to a homestead exemption, the exemption will appear on the taxpayer’s Truth in Millage notice, which is sent out annually before August 25 and contains specific information about each taxpayer’s parcel.

The bill allows a taxpayer who filed a homestead exemption application to rescind the application between August 1 and September 15 of the same taxable year in which he or she filed the homestead application. To rescind the application, the taxpayer must notify the property appraiser. A taxpayer can only rescind if:

- The taxpayer owned the property when it was assessed on January 1 of the previous year.
- The property was assessed as non-homestead property on January 1 of the previous year.
- The taxpayer has had continuous ownership of the property from the time of assessment on January 1 of the previous year until the time in which the taxpayer filed an application for a homestead exemption on the property.

The bill authorizes the Department of Revenue to adopt emergency rules.

The bill does not appear to have a fiscal impact on state or local government.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Current Situation**

##### Property Taxes in Florida

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> The ad valorem tax is an annual tax levied by counties, municipalities, school districts, and some special districts based on the value of real and tangible personal property as of January 1 of each year.<sup>2</sup> The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,<sup>3</sup> and it provides for specified assessment limitations, property classifications, and exemptions.<sup>4</sup> After the property appraiser considers any assessment limitation or use classification affecting the just value of a property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.<sup>5</sup>

##### Exemptions

Article VII, s. 6 of the Florida Constitution provides that every person who owns real estate with legal and equitable title, and maintains their permanent residence or the permanent residence of their dependent upon such real estate, is eligible for a \$25,000 homestead tax exemption applicable to all ad valorem tax levies, including school district levies. An additional \$25,000 homestead exemption applies to homesteads that have an assessed value greater than \$50,000 and up to \$75,000, excluding school district levies.

##### Ad Valorem Tax Exemption Application

Generally, Florida law requires that every person entitled to an ad valorem exemption, including a homestead exemption, annually apply with the property appraiser before March 1, listing and describing the property for which the exemption is claimed and certifying its ownership and use;<sup>6</sup> however, there are exceptions. For instance, certain types of properties are exempt from the annual application,<sup>7</sup> a property appraiser may modify the annual application requirement in some situations,<sup>8</sup> and a county may waive the annual application requirement for most exemptions.<sup>9</sup> Applications filed after the first year the exemption is granted are referred to as “renewal applications.”<sup>10</sup> Failure to timely file a required application constitutes a waiver of the exemption for that year.<sup>11</sup>

##### The Truth in Millage (TRIM) Notice

Every year, a notice of proposed property taxes and non-ad valorem assessments is sent out by the property appraiser to all taxpayers, providing specific information about their parcel.<sup>12</sup> This notice is

---

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

<sup>2</sup> S. 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. The terms “land,” “real estate,” “realty,” and “real property” may be used interchangeably. S. 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in Art. VII, s. 1(b), Fla. Const., and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself.

<sup>3</sup> Art. VII, s. 4, Fla. Const.

<sup>4</sup> Art. VII, ss. 3, 4, and 6, Fla. Const.

<sup>5</sup> S. 196.031, F.S.

<sup>6</sup> S. 196.011(1), F.S.

<sup>7</sup> S. 196.011(3), F.S.

<sup>8</sup> S. 196.011(4), F.S.

<sup>9</sup> S. 196.011(9)(a), F.S.

<sup>10</sup> See s. 196.011(6), F.S.

<sup>11</sup> S. 196.011(1), F.S.

<sup>12</sup> S. 200.069, F.S.

commonly referred to as a Truth in Millage (TRIM) notice.<sup>13</sup> TRIM notices are typically mailed to property owners in mid-August, but generally must be mailed no later than August 25.<sup>14</sup>

The TRIM notice lists each taxing authority that levies taxes on the property, how much they collected from that parcel in the previous year, how much they propose to collect this year, and how much would be levied on the property if the taxing authority levied the rolled-back rate.<sup>15</sup> It also lists the day and time the taxing authority will hold its preliminary budget hearing so that the taxpayer can participate in the process and provide input to the taxing authority if they disagree with the proposed taxes.<sup>16</sup>

The TRIM notice also provides key information about the valuation of the property. It lists the value the property appraiser has placed on the property, shows any reductions that have been made to that value due to a classification or assessment limitation, and shows what exemptions have been granted on that property and the value of those exemptions.<sup>17</sup> This gives taxpayers notice of the assessment of their property, lets them review any assessment limitations or classifications applied, allows them to check to make sure they are getting all of the exemptions they are entitled to receive, and allows them to dispute any of these matters before the tax bills are sent out.

### **Effect of Proposed Changes**

The bill amends s. 196.011, F.S., to allow a taxpayer who timely filed a homestead exemption application to rescind the application between August 1 and September 15 of the same taxable year in which he or she filed the homestead application. To rescind the application, the taxpayer must notify the property appraiser and can only rescind if:

- The taxpayer owned the property when it was assessed on January 1 of the previous year.
- The property was assessed as non-homestead property on January 1 of the previous year.
- The taxpayer has had continuous ownership of the property from the time of assessment on January 1 of the previous year until the time in which the taxpayer filed an application for a homestead exemption on the property.

If a taxpayer elects to rescind his or her filed application, the property appraiser must adjust the tax roll before certifying the tax roll to the tax collector.

The bill gives emergency rulemaking authority to the Department of Revenue to implement the act.

The bill provides that the act first applies to the 2025 tax roll.

### **B. SECTION DIRECTORY:**

Section 1: Amends s. 196.011, F.S., relating to annual application required for exemption.

Section 2: Authorizes the Department of Revenue to adopt emergency rules to implement the act.

Section 3: Provides that the act first applies to the 2025 tax roll.

Section 4: Provides an effective date of July 1, 2024.

---

<sup>13</sup> See Florida Department of Revenue, *Florida's Property Tax System*, <https://floridarevenue.com/property/Documents/PTSDetail.pdf> (last visited Feb. 2, 2024).

<sup>14</sup> Pursuant to s. 200.065(2)(b), F.S., property appraisers have 55 days from the time in which they certify the taxable value of properties in the jurisdiction to the taxing authorities, which, under s. 193.023, F.S., must be done no later than July 1.

<sup>15</sup> S. 200.069(2)(a), F.S.

<sup>16</sup> S. 200.069(4)(g), F.S.

<sup>17</sup> S. 200.069(6), F.S.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

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

If the bill passes, certain taxpayers will have the option to rescind a homestead exemption application during a specific period.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

The bill authorizes the Department of Revenue to adopt emergency rules to implement the act. The bill provides that the emergency rules are effective for six months after adoption and may be renewed during the pendency of procedures to adopt permanent rules.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

On February 8, 2024, the Ways & Means Committee considered a Proposed Committee Substitute (PCS) and reported the bill favorably as a committee substitute. The PCS:

- Removed language authorizing newly established homesteads meeting certain conditions to be assessed at no more than 10 percent of the assessment for the previous year.
- Revised the effective date by removing language that made the effect of the bill contingent upon the adoption of HJR 1103 or a similar joint resolution.
- Created a process by which an owner of a new homestead property meeting certain conditions can rescind his or her application for a homestead exemption during a specific time period.
- Created the requirement for the property appraiser to adjust the tax roll if a taxpayer chooses to rescind his or her application for homestead exemption.
- Added emergency rulemaking authority for the Department of Revenue.

This analysis is drafted to the committee substitute as approved by the Ways & Means Committee.