

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1161 Verification of Eligibility for Homestead Exemption

SPONSOR(S): Ways & Means Committee, Arrington, Keen and others

TIED BILLS: **IDEN./SIM. BILLS:** CS/CS/SB 172

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	23 Y, 0 N, As CS	Berg	Aldridge
2) State Affairs Committee	17 Y, 0 N	Burgess	Williamson

SUMMARY ANALYSIS

Sections 196.081, 196.082, and 196.091, F.S., provide property tax benefits for homestead properties of certain veterans and surviving spouses. These benefits require an application to the property appraiser and documentation that supports the eligibility of the applicant to receive the benefit. The application and approval process take place after a property is purchased.

The bill requires the Department of Revenue to provide a form that a county property appraiser may use to tentatively verify the eligibility of a veteran or surviving spouse who believes they will qualify for an exemption under s. 196.081, s. 196.082, or s. 196.091, F.S., once they purchase a homestead property. The form may only be issued if the person provides the forms, documentation, or other proof necessary to qualify for the relevant exemption, and the person must still apply for the exemption after the purchase and in each subsequent year in order to receive the exemption (unless an annual application is otherwise not required). The tentative verification by the property appraiser is not binding on the taxpayer or the property appraiser. Decisions by the property appraiser regarding whether to issue a letter are not subject to administrative or judicial appeal.

The bill may have an insignificant negative fiscal impact on state and local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present 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.¹ 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.² The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,³ and it provides for specified assessment limitations, property classifications, and exemptions.⁴ 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.⁵

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.

The Florida Constitution provides other specific ad valorem exemptions. For example, Article VII, s. 3 of the Florida Constitution provides for specific exemptions from property taxes for widows and widowers, blind persons, and persons who are totally and permanently disabled.

Property Tax Exemptions for Veterans and Surviving Spouses

Florida law provides several property tax exemptions for disabled veterans and their surviving spouses. These include exemptions for the following persons:

- A veteran with a total and permanent service-connected disability is entitled to a complete exemption for property owned and used as a homestead.⁶
- A veteran aged 65 or older with a partial or total permanent service-connected disability is entitled to an exemption equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veterans Affairs.⁷
- A veteran with a total service-connected disability that confines him or her to a wheelchair is entitled to a complete exemption for property owned and used as a homestead.⁸ Upon the veteran's death, the exemption carries over to the veteran's un-remarried surviving spouse.⁹

¹ Art. VII, s. 1(a), Fla. Const.

² Section 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. Section 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.

³ Art. VII, s. 4, Fla. Const.

⁴ Art. VII, ss. 3, 4, and 6, Fla. Const.

⁵ S. 196.031, F.S.

⁶ Art. VII, s. 3(b), Fla. Const.; s. 196.081, F.S.

⁷ Art. VII, s. 6(e)(1), Fla. Const; s. 196.082, F.S.

⁸ S. 196.091(1), F.S.

⁹ S. 196.091(3), F.S.

- The un-remarried surviving spouse of a veteran who died while on active duty is entitled to a complete exemption for property owned and used as a homestead if the veteran was a permanent resident of Florida on the day he or she died.¹⁰

Applications for Property Tax Exemptions for Veterans and Surviving Spouses

Each person or organization that meets the criteria for an ad valorem tax exemption may claim the exemption if the claimant held legal title to the real or personal property subject to the exemption on January 1.¹¹ The application for exemption must be filed with the property appraiser on or before March 1, and failure to make an application constitutes a waiver of the exemption for that year. The application must list and describe the property for which the exemption is being claimed and certify the ownership and use of the property. The claimant must reapply for the exemption on an annual basis, unless the property appraiser (subject to approval by a vote of the governing body of the county) has waived the annual application requirement for property after an initial application is made and the exemption is granted.¹²

No formal application can be made for an ad valorem tax exemption before the purchase of the property.

Effect of the Bill

The bill requires the Department of Revenue to provide a form that a county property appraiser may use to tentatively verify a veteran or surviving spouse who believes he or she will qualify for an exemption under s. 196.081, 196.082, or 196.091, F.S., once he or she purchases a homestead property. The form may only be issued if the person provides the forms, documentation, or other proof necessary to qualify for the relevant exemption, and the person must still apply after the purchase and in each subsequent year in order to receive the exemption (unless an annual application is otherwise not required). The tentative verification by the property appraiser is not binding on the taxpayer or the property appraiser. Decisions by the property appraiser regarding whether to issue a letter are not subject to administrative or judicial appeal.

B. SECTION DIRECTORY:

Section 1: Creates s. 196.092, F.S., relating to verification of eligibility for certain disabled veterans and surviving spouses.

Section 2: Provides an effective date of July 1, 2024.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill may have an insignificant negative fiscal impact on the Department of Revenue for costs associated with creating the form required by the bill.

¹⁰ Art. VII, s. 6(f)(1), Fla. Const.; s. 196.081(4), F.S.

¹¹ S. 196.011(1)(a), F.S.

¹² S. 196.011(5) and (9)(a), F.S.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

The bill may have an insignificant negative fiscal impact on local governments to extent veterans or their surviving spouses apply for tentative verification of eligibility; however, any additional costs will likely be absorbed within existing resources.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Individuals who receive a tentative verification letter under this provision may be able to qualify for a larger mortgage than would otherwise be available to them, depending on lender practices.

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:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On January 31, 2024, the Ways & Means Committee considered a Proposed Committee Substitute (PCS) and reported the bill favorably as a committee substitute. The PCS:

- Clarified the responsibility of the Department of Revenue with respect to providing a form to property appraisers.
- Gave additional guidance on the documentation requirements before a property appraiser could issue a tentative verification of eligibility for certain exemptions.
- Provided that decisions about whether to consider a request for tentative verification, or whether to issue a tentative verification after receipt of documentation from a taxpayer, are not subject to administrative or judicial review.

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