

FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: [CS/HB 1259](#)

TITLE: Property Tax Exemption and Assessment
Limitation on Long-term Leased Property

SPONSOR(S): Busatta

COMPANION BILL: [SB 1512](#) (Avila)

LINKED BILLS: [CS/HJR 1257](#) Busatta

RELATED BILLS: [SJR 1510](#) (Avila)

Committee References

[Ways & Means](#)

14 Y, 4 N, As CS



[Housing, Agriculture & Tourism](#)

9 Y, 4 N



[Commerce](#)

SUMMARY

Effect of the Bill:

The bill implements the amendments to Article VII, Sections 3 and 4 of the Florida Constitution, proposed by HJR 1257, to create new ad valorem taxation benefits for certain nonhomestead residential real property. For real property that is subject to a bona fide long-term residential lease, is owned by a person or persons who also have a homestead exemption on another parcel of real estate, and the property could qualify as a homestead if it was the permanent residence of the owner, the qualifying nonhomestead property:

- Receives an exemption on the assessed value of the property between \$0 and \$25,000 and between \$50,000 and \$75,000; and
- Cannot have the assessed value increase more than the lesser of three percent or the change in the consumer price index for the year.

The bill also specifies application procedures and the tax treatment for when the property's status changes among qualifying nonhomestead property, nonqualifying nonhomestead property, and homestead property.

The bill takes effect on January 1, 2027, if the constitutional amendment proposed by HJR 1257 (2025), or a similar joint resolution, is approved by 60 percent of voters in the November 2026 general election.

Fiscal or Economic Impact:

The Revenue Estimating Conference has not estimated the impact of the bill. Staff estimates that the bill will have no direct impact on state revenues, and will have a recurring impact on local government revenues of -\$1.572 Billion if the constitutional amendment proposed by HJR 1257 is approved by the voters.

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ANALYSIS

EFFECT OF THE BILL:

The bill creates new [ad valorem taxation](#) benefits for certain [nonhomestead](#) residential real property. For real property that could qualify as a homestead property if it was the permanent residence of the owner, that is under a bona fide [long-term residential lease](#), and is owned by a person or persons who also have a [homestead exemption](#) on another parcel of real estate, the qualifying nonhomestead property:

- Receives an exemption on the assessed value of the property between \$0 and \$25,000 (for all levies) and between \$50,000 and \$75,000 (for all levies other than school district levies); (Section [3](#)) and
- Cannot have the assessed value increase more than the lesser of three percent or the change in the consumer price index for the year. (Section [1](#))

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DATE: 4/2/2025

The bill also provides specifies the tax treatment for when the property’s status changes among qualifying nonhomestead property, nonqualifying nonhomestead property, and homestead property. Generally speaking, the bill provides that property that qualifies for this treatment retains the benefit of the assessment limitation in future years, and does not reset to just value if the property transitions among property types. For example, a property that receives qualifying nonhomestead treatment under the bill in one year, but does not in the following year (as would happen if it is not subject to a bona fide long-term lease on January 1), will revert to the standard 10% assessment limitation for nonhomestead residential property under [s. 193.1554, F.S.](#), but the 10% assessment increase will be based on the prior year’s assessed value (which was capped at 3%) and will not reset to just value.

The exceptions to the rule about not resetting to just value are when there is a change in ownership, or the owner decides to make the rental to become his or her homestead. In the latter instance, the assessed value of the property resets to just value so that the owner does not (in essence) retain the homestead benefits on two properties: instead, the new homestead property (which will reset to just value and then receive a reduction of any transferred “Save Our Homes” benefit) will receive the two \$25,000 exemptions and assessment limitations for homestead property, and the new rental property (former homestead) will reset to just value and may receive the benefit of two \$25,000 exemptions and the assessment limitations for rental property moving forward for years when the property qualifies for the long-term rental property tax benefits. (Section [1](#)).

The bill includes conforming changes related to applying for the benefits (Section [2](#)), making a definitional change (Section [4](#)), and allowing assessments to be reviewed by the Value Adjustment Board (Section [5](#)).

The bill takes effect on January 1, 2027, if the constitutional amendment proposed by HJR 1257 (2025), or a similar joint resolution, is approved by 60 percent of voters in the November 2026 general election. (Section [6](#))

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The Revenue Estimating Conference estimated that the bill will have no direct impact on state revenues.

LOCAL GOVERNMENT:

The Revenue Estimating Conference has not estimated the impact of the bill. Staff estimates that the bill will have a recurring impact on local government revenues of -\$1.572 Billion (-\$533 million school taxes, -\$1.039 billion non-school taxes), if the constitutional amendment proposed by HJR 1257 is approved by the voters.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[Ad Valorem Taxation](#)

The ad valorem tax or “property tax” is an annual tax levied by counties, municipalities, school districts, and some special districts. The Florida Constitution reserves to local governments the authority to levy ad valorem taxes on real and tangible personal property.¹ Ad valorem taxes are levied annually by local governments based on the value of real and tangible personal property as of January 1 of each year.²

¹ FLA. CONST. art VII, ss. 1(a), 9(a)

² 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) of the Florida Constitution and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself.

The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,³ and 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 parcel of real property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.⁵

Unless expressly exempted from taxation, all real and personal property and leasehold interests in the state are subject to taxation.⁶ The Florida Constitution limits the Legislature's authority to grant an exemption or assessment limitation from taxes,⁷ and any modifications to existing ad valorem tax exemptions or limitations must be consistent with the constitutional provision authorizing the exemption or limitation.⁸

[Homestead Property](#)

"Homestead" property is defined in section 6 of Article VII of the Florida Constitution, and in [s. 196.031, F.S.](#), as property for which a person, on January 1, has the legal or beneficial title and who in good faith makes the property his or her permanent residence (or the permanent residence of another legally or naturally dependent on him or her). The property may be owned jointly, as tenancy by the entirety, or otherwise in common with others, and can be apportioned among such shared owners.⁹ Only one homestead exemption is allowed to any one person or on any one dwelling house.¹⁰ Individual condominium owners, however, can each qualify for a separate homestead designation.¹¹

[Homestead Exemption](#)

Every person having legal and equitable title to real estate and 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.¹² An additional \$25,000 exemption applies to homestead property value between \$50,000 and \$75,000.¹³ This exemption does not apply to ad valorem taxes levied by school districts.

Limitation on Annual Increases in Assessments for Homestead Properties

The Florida Constitution¹⁴ provides that, for those entitled to a homestead exemption, the assessed value of the homestead for all levies shall be changed annually on January 1st of each year. Those changes in assessments cannot exceed the lesser of three percent of the prior year's assessment or the percent change in the Consumer Price Index¹⁵ for the preceding calendar year.¹⁶

"Save our Homes" Benefit

³ FLA. CONST. art VII, s. 4

⁴ FLA. CONST. art VII, ss. 3, 4, and 6

⁵ S. [196.031, F.S.](#)

⁶ Section [196.001, F.S.](#); see also *Sebring Airport Authority v. McIntyre*, 642 So. 2d 1072, 1073 (Fla. 1994), noting exemptions are strictly construed against the party claiming them.

⁷ *Archer v. Marshall*, 355 So. 2d 781, 784 (Fla. 1978).

⁸ *Sebring Airport Auth. v. McIntyre*, 783 So. 2d 238, 248 (Fla. 2001); *Archer v. Marshall*, 355 So. 2d 781, 784. (Fla. 1978); *Am Fi Inv. Corp v. Kinney*, 360 So. 2d 415 (Fla. 1978); see also *Sparkman v. State*, 58 So. 2d 431, 432 (Fla. 1952).

⁹ S. [196.031\(1\)\(a\), F.S.](#)

¹⁰ *Id.*

¹¹ *Id.*

¹² FLA. CONST. art VII, s. 6(a) and [s. 196.031, F.S.](#)

¹³ Section [196.031\(1\)\(b\), F.S.](#)

¹⁴ As amended by Constitutional Amendment 10 (1992), commonly referred to as the "Save Our Homes" initiative.

¹⁵ Specifically, the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports.

¹⁶ FLA. CONST. art. VII, s. 4(d)(1), implemented by section [193.155, F.S.](#)

After the first year a homestead property receives the benefit of the assessment limitation in s. 193.155, F.S., the difference between the assessed value and the market value due to that limitation is known as the “Save our Homes” benefit, and that differential can be transferred to a subsequent homestead property (this process is often referred to as “portability.”)

Nonhomestead Property

Property that is residential real property but does not qualify as homestead property is assessed at just value on January 1 of the year the property is purchased or becomes nonhomestead property.¹⁷ In each subsequent year, for purposes of all levies other than school district levies, the property is reassessed each January 1, but cannot increase by more than 10 percent over the prior year’s assessed value.¹⁸ Property is generally reassessed at just value on the January 1 following a change of ownership,¹⁹ and changes, additions, or improvements are also generally assessed at just value on the January 1 following the change.²⁰

Long-Term Residential Leases

Under current law, there is no specific ad valorem benefit for properties used for residential leases of longer than 6 months. For sales tax purposes in Chapter 212, F.S., however, any person who rents property through a bona fide written agreement for continuous residence for longer than six months in duration at that property is exempt from sales tax and any applicable transient rental taxes (e.g., tourist development taxes²¹) for that lease.²²

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Ways & Means Committee	14 Y, 4 N, As CS	3/27/2025	Aldridge	Berg
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"> Clarifies that only property that could qualify for homestead (i.e., not apartment buildings) can qualify for these benefits. Specifies the treatment for property that becomes homestead property after being qualifying nonhomestead property. Makes technical clarifying changes. 			
Housing, Agriculture & Tourism Subcommittee	9 Y, 4 N	4/1/2025	Curtin	Fletcher
Commerce Committee				

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

¹⁷ S. [193.1554\(2\), F.S.](#), and [s. 193.1555\(2\), F.S.](#)

¹⁸ FLA. CONST. art. VII, s. 4(g)(1) and 4(h)(1), implemented by [s. 193.1554\(3\), F.S.](#), and [s. 193.1555\(3\), F.S.](#)

¹⁹ FLA. CONST. art. VII, s. 4(g)(3 and 4(h)(4), implemented by [s. 193.1554\(5\), F.S.](#), and [s. 193.1555\(5\), F.S.](#)

²⁰ FLA. CONST. art. VII, s. 4(g)(4) and 4(h)(5), implemented by [s. 193.1554\(6\), F.S.](#), and [s. 193.1555\(6\), F.S.](#)

²¹ Section [125.0104, F.S.](#)

²² Section [212.03\(1\)\(a\), F.S.](#)