

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 Finance and Tax

BILL: SJR 174

INTRODUCER: Senator DiCeglie

SUBJECT: Assessment of Homestead Property

DATE: March 25, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Shuler</u>	<u>Fleming</u>	<u>CA</u>	Favorable
2.	<u>Gross</u>	<u>Khan</u>	<u>FT</u>	Favorable
3.	_____	_____	<u>AP</u>	_____

I. Summary:

SJR 174 proposes an amendment to the state constitution to authorize the Legislature to prohibit the consideration of any change or improvement made to mitigate a homestead property’s susceptibility to flood damage in determining the assessed value of the property.

The Revenue Estimating Conference has determined that the proposed amendment has no fiscal impact as it requires approval by the voters and is not self-executing.

If passed by the Legislature, the proposed amendment will be submitted to Florida’s electors for approval or rejection at the next general election in November 2026.

If approved by at least 60 percent of the electors, the proposed amendment will take effect on January 1, 2027.

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 a property as of

January 1 of each year.¹ The property appraiser annually determines the “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 The state constitution prohibits the state from levying ad valorem taxes⁴ and it limits the Legislature’s authority to provide for property valuations at less than just value, unless expressly authorized.⁵

Homestead Exemptions

The state constitution establishes homestead protections for certain residential real estate in three distinct ways. First, it provides homesteads, property owned and maintained as a person’s primary residence, with an assessment limitation⁶ and exemption from taxes.⁷ Second, the homestead provisions protect the homestead from forced sale by creditors.⁸ Third, the homestead provisions delineate the restrictions a homestead owner faces when attempting to alienate or devise the homestead property.⁹

Every person having legal or equitable title to real estate and who maintains a permanent residence on the real estate is deemed to establish homestead property. Homestead property is eligible for a \$25,000 tax exemption applicable to all ad valorem tax levies, including levies by school districts.¹⁰ An additional exemption applies to homestead property value between \$50,000 and \$75,000. This exemption is adjusted annually for inflation from the 2024 value of \$25,000 and does not apply to ad valorem taxes levied by school districts.¹¹

In addition to the exemptions granted to each person who makes property his or her homestead, persons who meet specific criteria or circumstances can receive additional exemptions. For example, persons who have attained the age of 65 and have limited income¹² or veterans who are partially or totally permanently disable.¹³

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, e.g., Walter v. Schuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *S. Bell Tel. & Tel. Co. v. Dade Cnty.*, 275 So. 2d 4 (Fla. 1973).

³ *See* ss. 192.001(2) and (16), F.S.

⁴ FLA. CONST. art. VII, s. 1(a).

⁵ *See* FLA. CONST. art. VII, s. 4.

⁶ *Id.* at (d)

⁷ FLA. CONST. art. VII, s. 6.

⁸ FLA. CONST. art. X, s. 4.

⁹ *Id.* at (c).

¹⁰ FLA. CONST. art VII, s. 6(a).

¹¹ *Id.* The percent change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100 is used to adjust the exemption, if such percent change is positive. *Id.* For the 2025 tax year, the exemption amount is \$25,722. *See* Volusia County Property Appraiser, Homestead Exemption, <https://vcpa.vcgov.org/exemption/homestead> (last visited Mar. 8, 2025).

¹² FLA. CONST. art VII, s. 6(d).

¹³ FLA. CONST. art VII, s. 6(e).

Save Our Homes Assessment Limitation and Portability

In 1992, Florida voters approved the Save Our Homes amendment to the state constitution.¹⁴ The Save Our Homes assessment limitation limits the amount that a homestead property's assessed value may increase annually to the lesser of 3 percent or the percentage increase in the Consumer Price Index.¹⁵ The accumulated difference between the assessed value and the just value is the Save Our Homes benefit. The Save Our Homes assessment limitation is considered portable because a homestead property owner may transfer this benefit when moving from one homestead property to another.¹⁶ Due to the homestead exemption effects and the Save Our Homes assessment limitation, many homestead property owners have significant tax savings.

Resistance to Flood Damage

Florida faces the year-round risk of flooding from slow-moving and severe storms and hurricanes, and sea level rise may increase the risk.¹⁷ Florida is among the top five states with coastal populations, having 16.2 million residents living in coastal counties as of 2020.¹⁸ The South Atlantic Coastal Study predicts that coastal areas of the state are at risk of \$9 billion in damages annually from storm surge, and \$24 billion in the future with three feet of sea level rise.¹⁹ As of 2023, Florida held over one-third of the flood insurance policies issued by the National Flood Insurance Program (NFIP), a federal entity created in 1968 to provide standardized flood insurance.²⁰ Over 1.7 million Floridian policyholders carry \$342 billion in NFIP coverage.²¹

Flood damage can be mitigated by homeowners using a variety of strategies. These might include improvements such as elevating the home on posts, columns, or fill.²² It may also entail reinforcing basement walls, applying waterproof sealants or membranes, anchoring the home to its foundation, and installing sump pumps.²³ They might also include non-structural mitigation as well, such as berms and floodwalls and elevating all utilities above flood elevation.²⁴

¹⁴ FLA. CONST. art. VII, s. 4(d). The Florida Legislature implemented the Save Our Homes amendment in s. 193.155, F.S.

¹⁵ FLA. CONST. art. VII, s. 4(d).

¹⁶ See FLA. CONST. art. VII, s. 4(d)(8); see also s. 193.155, F.S.

¹⁷ See Rebecca Lindsey, National Oceanic and Atmospheric Administration, *Climate Change: Global Sea Level*, (Aug. 22, 2023), <https://www.climate.gov/news-features/understanding-climate/climate-change-global-sea-level> (last visited Mar. 6, 2025); University of Florida Emergency Management, *Flood*, <https://emergency.ufl.edu/storm-ready/weather-hazards/flood/> (last visited Mar 6, 2025).

¹⁸ National Oceanic and Atmospheric Administration, *Economics and Demographics*, <https://coast.noaa.gov/states/fast-facts/economics-and-demographics.html> (last visited Mar. 6, 2025).

¹⁹ U.S. Army Corps of Engineers, *South Atlantic Coastal Study(SACS) Main Report*, (Oct. 2021) at 5-22, <https://usace.contentdm.oclc.org/utis/getfile/collection/p16021coll7/id/23162> (last visited Mar. 6, 2025).

²⁰ Florida Division of Emergency Management, *State Floodplain Management Program*, <https://www.floridadisaster.org/dem/mitigation/floodplain/> (last visited Mar. 6, 2025).

²¹ *Id.*

²² Association of State Floodplain Managers, *Mitigation Strategies*, <https://www.reducefloodrisk.org/mitigation-library/> (last visited Mar. 6, 2025)

²³ *Id.*

²⁴ U.S. Army Corps of Engineers, *Nonstructural Flood Risk Management Measures*, <https://www.nwd-mr.usace.army.mil/rcc/MRFTF/docs/USACE-NFPC%20Nonstructural%20Measures%20Definitions.pdf> (last visited Mar. 6, 2025).

III. Effect of Proposed Changes:

The joint resolution proposes an amendment to the state constitution to authorize the Legislature to prohibit the consideration of any change or improvement made to mitigate a homestead property's susceptibility to flood damage in determining the property's assessed value.

If adopted by the Legislature, the proposed amendment will be submitted to Florida's electors for approval or rejection at the next general election in November 2026.

If approved by at least 60 percent of the electors, the proposed amendment will take effect on January 1, 2027.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The mandate provisions in Art. VII, s. 18 of the Florida Constitution, do not apply to joint resolutions.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

Not applicable.

E. Other Constitutional Issues:

Article XI, s. 1 of the Florida Constitution authorizes the Legislature to propose amendments to the Florida Constitution by joint resolution approved by a three-fifths vote of the membership of each house. Article XI, s. 5(a) of the Florida Constitution requires the amendment to be placed before the electorate at the next general election held more than 90 days after the proposal has been filed with the Secretary of State or at a special election held for that purpose. Constitutional amendments submitted to the electors must be printed in clear and unambiguous language on the ballot.

Article XI, s. 5(d) of the Florida Constitution requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each county where a newspaper is published. The amendment or revision must be published once in the 10th week and again in the 6th week immediately preceding the week the election is held.

Article XI, s. 5(e) of the Florida Constitution requires approval by 60 percent of voters for a constitutional amendment to take effect. The amendment, if approved, becomes effective on the first Tuesday after the first Monday in January following the election, or on such other date as may be specified in the amendment.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has determined that the proposed amendment has no fiscal impact as it requires approval by the voters and is not self-executing.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Article XI, Section 5(d) of the Florida Constitution requires proposed amendments or constitutional revisions to be published in a newspaper of general circulation in each county where a newspaper is published. The amendment or revision must be published in the 10th week and again in the 6th week immediately preceding the week the election is held.

The Division of Elections (division) within the Department of State pays for publication costs to advertise all constitutional amendments in both English and Spanish,²⁵ typically paid from non-recurring General Revenue funds.²⁶ Accurate cost estimates for the next constitutional amendment advertising cannot be determined until the total number of amendments to be advertised is known and updated quotes are obtained from newspapers.

There is an unknown additional cost for the printing and distributing of the constitutional amendments, in poster or booklet form, in English and Spanish, for each of the 67 Supervisors of Elections to post or make available at each polling room or each voting site, as required by s. 101.171, F.S. Historically, the division has printed and distributed booklets that include the ballot title, ballot summary, text of the constitutional amendment, and, if applicable, the financial impact statement.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

²⁵ Pursuant to Section 203 of the *Voting Rights Act* (52 U.S.C.A. § 10503).

²⁶ See, e.g., Ch. 2022-156, Specific Appropriation 3137, Laws of Fla.

VIII. Statutes Affected:

This resolution substantially amends section 4, Article VII of the Florida Constitution.

This resolution creates a new section of Article XII of the Florida Constitution.

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.
