

**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.)

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Prepared By: The Professional Staff of the Committee on Finance and Tax

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BILL: CS/SB 176

INTRODUCER: Finance and Tax Committee and Senator DiCeglie

SUBJECT: Assessment of Homestead Property

DATE: March 27, 2025

REVISED: \_\_\_\_\_

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

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 176 is linked to SJR 174, which 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.

The bill increases the amount to which certain property may be expanded in size after suffering damage or destruction without the property becoming subject to an assessment at just value. The amount increases from 1,500 square feet to 2,000 square feet.

The bill provides that the assessed value of homestead property elevated to meet National Flood Insurance Program and Florida Building Code elevation requirements or to mitigate damage from a previous flood event must be calculated based upon the assessment of the property on the January 1 immediately before such elevation if the size of the property after the elevation does not exceed 2,000 feet or 110 percent of its original size. Elevation of property unable to be used before elevation as a result of damage or destruction must commence construction within 5 years. Additionally, the assessment limitation will not apply to the property if, after elevation, the property's classification changes.

The Revenue Estimating Conference determined that the fiscal impact of the implementing bill is contingent upon passage of an amendment to Florida's Constitution, which makes the impact of

the bill zero or negative indeterminate. **See Section V. Fiscal Impact Statement** for more detail on the fiscal impact should an amendment to Florida’s Constitution be approved..

The bill will take effect on the effective date of the amendment proposed by SJR 174 or a similar joint resolution having substantially the same specific intent and purpose. If approved by the electors in the next general election in November 2026, the proposed amendment (SJR 174) and this bill 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.<sup>1</sup> The property appraiser annually determines the “just value”<sup>2</sup> of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”<sup>3</sup> The state constitution prohibits the state from levying ad valorem taxes<sup>4</sup> and it limits the Legislature’s authority to provide for property valuations at less than just value, unless expressly authorized.<sup>5</sup>

### 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 limitation<sup>6</sup> and exemption from taxes.<sup>7</sup> Second, the homestead provisions protect the homestead from forced sale by creditors.<sup>8</sup> Third, the homestead provisions delineate the restrictions a homestead owner faces when attempting to alienate or devise the homestead property.<sup>9</sup>

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

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<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> *See* ss. 192.001(2) and (16), F.S.

<sup>4</sup> FLA. CONST. art. VII, s. 1(a).

<sup>5</sup> *See* FLA. CONST. art. VII, s. 4.

<sup>6</sup> *Id.* at (d)

<sup>7</sup> FLA. CONST. art. VII, s. 6.

<sup>8</sup> FLA. CONST. art. X, s. 4.

<sup>9</sup> *Id.* at (c).

school districts.<sup>10</sup> 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.<sup>11</sup>

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 income<sup>12</sup> or veterans who are partially or totally permanently disabled.<sup>13</sup>

### **Save Our Homes Assessment Limitation and Portability**

In 1992, Florida voters approved the Save Our Homes amendment to the state constitution.<sup>14</sup> 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.<sup>15</sup> 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.<sup>16</sup> Due to the homestead exemption effects and the Save Our Homes assessment limitation, many homestead property owners have significant tax savings.

### **Changes, Additions, and Improvements to Real Property**

In general, changes, additions, or improvements to real property are assessed at just value as of the first January 1 after they are substantially completed.<sup>17</sup> However, when property is damaged or destroyed by calamity or misfortune, the property may be repaired or replaced without the change, addition, or improvement being assessed at just value; rather, the change, addition, or improvement is assigned the taxable value and other tax characteristics (i.e., assessment limitation) that the damaged or replaced property had before being damaged or destroyed. This treatment has certain limitations. For homestead property, two possible limitations apply: 1) the change, addition, or improvement may not exceed 110 percent of the square footage of the property before it was damaged or destroyed; or 2) the total square footage of the property as changed or improved may not exceed 1,500 square feet.<sup>18</sup> Any square footage greater than 110 percent of the replaced property or beyond a total of 1500 square feet is assessed at just value.

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<sup>10</sup> FLA. CONST. art VII, s. 6(a).

<sup>11</sup> *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. 18, 2025).

<sup>12</sup> FLA. CONST. art VII, s. 6(d).

<sup>13</sup> FLA. CONST. art VII, s. 6(e).

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

<sup>15</sup> FLA. CONST. art. VII, s. 4(d).

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

<sup>17</sup> Sections 193.155(4)(a), 193.1554(6)(a), and 193.1555(6)(a), F.S.

<sup>18</sup> Section 193.155(4)(b), F.S.

The rebuilding of damaged property must commence within 5 years of the damage to qualify for the assessment limitation described above.<sup>19</sup>

### **National Flood Insurance Program**

The National Flood Insurance Program (NFIP) was created by the passage of the National Flood Insurance Act of 1968.<sup>20</sup> The NFIP is administered by the Federal Emergency Management Agency (FEMA) and enables homeowners, business owners, and renters in flood-prone areas to purchase flood insurance protection from the federal government.<sup>21</sup> Participation in the NFIP by a community is voluntary.<sup>22</sup> To join, a community must:

- Complete an application;
- Adopt a resolution of intent to participate and cooperate with the FEMA; and
- Adopt and submit a floodplain management ordinance that meets or exceeds the minimum NFIP criteria.<sup>23</sup>

In coordination with participating communities, FEMA develops flood maps called Flood Insurance Rate Maps (FIRMs) that depict the community's flood risk and floodplain.<sup>24</sup> While FEMA is largely responsible for the creation of the FIRM, the community itself must pass the map into its local regulations in order for the map to be effective.<sup>25</sup> An area of specific focus on the FIRM is the Special Flood Hazard Area (SFHA).<sup>26</sup> The SFHA is intended to distinguish the flood risk zones that have a chance of flooding during a 1-in-100 year flood or greater frequency. This means that properties in the SFHA have a risk of 1 percent or greater risk of flooding every year<sup>27</sup> and at least a 26 percent chance of flooding over the course of a 30-year mortgage.<sup>28</sup> In a community that participates in the NFIP, owners of properties in the mapped SFHA are required to purchase flood insurance as a condition of receiving a federally backed mortgage.<sup>29</sup>

### ***Community Floodplain Management***

Key conditions of the NFIP minimum floodplain management standards include, among things, that communities:

- Require permits for development in the SFHA;

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<sup>19</sup> *Id.*

<sup>20</sup> The National Flood Insurance Act of 1968, Pub. L. 90-448, 82 Stat. 572 (codified as amended at 42 U.S.C. 4001 et seq.). See also FEMA, *Laws and Regulations*, <https://www.fema.gov/flood-insurance/rules-legislation/laws> (last visited Mar. 18, 2025).

<sup>21</sup> See FEMA, *Flood Insurance*, <https://www.fema.gov/flood-insurance> (last visited Mar. 18, 2025).

<sup>22</sup> FEMA, *Participation in the NFIP*, <https://www.fema.gov/glossary/participation-nfip> (last visited Mar. 18, 2025).

<sup>23</sup> *Id.*

<sup>24</sup> See Congressional Research Service, *Introduction to the National Flood Insurance Program*, 3 (2023), available at <https://crsreports.congress.gov/product/pdf/R/R44593> (last visited Mar. 18, 2025).

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> FEMA, *Coastal Hazards & Flood Mapping: A Visual Guide*, 6, available at [https://www.fema.gov/sites/default/files/documents/fema\\_coastal-glossary.pdf](https://www.fema.gov/sites/default/files/documents/fema_coastal-glossary.pdf) (last visited Mar. 18, 2025).

<sup>29</sup> Congressional Research Service, *Introduction to the National Flood Insurance Program*, 10 (2023), available at <https://crsreports.congress.gov/product/pdf/R/R44593>. Such lenders include federal agency lenders, such as the Department of Veterans Affairs, government-sponsored enterprises Fannie Mae, Freddie Mac, and federally regulated lending institutions, such as banks covered by the Federal Deposit Insurance Corporation or the Office of the Comptroller of the Currency. *Id.* at 10.

- Require elevation of the lowest floor of all new residential buildings in the SFHA to or above the base flood elevation (BFE)<sup>30</sup>;
- Restrict development in floodways to prevent increasing the risk of flooding; and
- Require certain construction materials and methods that minimize future flood damage.<sup>31</sup>

The Community Rating System (CRS) within the NFIP is a voluntary incentive program that rewards communities for implementing floodplain management practices that exceed the minimum requirements of the NFIP.<sup>32</sup> Property owners within communities that participate in the CRS program receive discounts on flood insurance premiums.<sup>33</sup> Premium discounts range from 5 to 45 percent based on a community's CRS credit points.<sup>34</sup> Communities earn credit points by implementing a variety of FEMA-approved activities or programs, such as:

- Limiting floodplain development or providing increased protection to development through more restrictive mapping standards or higher regulatory standards; or
- Reduce risk to existing development through floodproofing, elevation, or minor flood control projects.<sup>35</sup>

### ***Substantial Improvement and Substantial Damage***

In communities participating in the NFIP, local officials must determine whether a proposed repair or construction project qualifies as substantial improvement<sup>36</sup> or repair of substantial damage<sup>37</sup> (a "SI/SD determination").<sup>38</sup> If officials determine that the proposed work is SI/SD, then the entire building must be brought into compliance with NFIP requirements for new construction, including the requirement that lowest floors be elevated to or above the BFE.<sup>39</sup>

<sup>30</sup> The "base flood elevation" is the elevation of surface water resulting from a flood that has a 1 percent chance of happening annually. See FEMA, *Base Flood Elevation (BFE)*, (Mar. 5, 2020), <https://www.fema.gov/about/glossary/base-flood-elevation-bfe> (last visited Mar. 18, 2025).

<sup>31</sup> Congressional Research Service, *Introduction to the National Flood Insurance Program*, 6 (2023), available at <https://crsreports.congress.gov/product/pdf/R/R44593> (last visited Mar. 18, 2025).

<sup>32</sup> FEMA, *Community Rating System*, <https://www.fema.gov/floodplain-management/community-rating-system> (last visited Mar. 18, 2025).

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> FEMA, *Community Rating System: A Local Official's Guide to Saving Lives, Preventing Property Damage, and Reducing the Cost of Flood Insurance*, 3-6 (2023), available at [https://www.fema.gov/sites/default/files/documents/fema\\_crs-brochure\\_032023.pdf](https://www.fema.gov/sites/default/files/documents/fema_crs-brochure_032023.pdf) (last visited Mar. 18, 2025).

<sup>36</sup> Substantial improvement (SI) means any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure (or smaller percentage if established by the community) before the "start of construction" of the improvement. This term includes structures that have incurred "substantial damage," regardless of the actual repair work performed. FEMA, *Substantial Improvement/Substantial Damage Desk Reference* (May 2010), available at [https://www.fema.gov/sites/default/files/documents/fema\\_nfip\\_substantial-improvement-substantial-damage-desk-reference.pdf](https://www.fema.gov/sites/default/files/documents/fema_nfip_substantial-improvement-substantial-damage-desk-reference.pdf) (last visited Mar. 18, 2025).

<sup>37</sup> Substantial damage (SD) means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred. Work on structures that are determined to be substantially damaged is considered to be substantial improvement, regardless of the actual repair work performed. *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

### *NFIP Elevation Certificate*

An NFIP Elevation Certificate is a form produced by FEMA used to provide information which can ensure compliance with community floodplain ordinances, determine a property's insurance rate, and be used as evidence to have a FEMA flood plain map altered.<sup>40</sup> An elevation certificate must in most cases be completed by a licensed land surveyor, engineer, architect, or designated local official.<sup>41</sup> The completed document includes location and elevation data from the property, the corresponding FIRM, community information, and photographic proof.<sup>42</sup> Nationwide, the cost for having an elevation certificate completed is on average \$600.<sup>43</sup>

### **The Florida Building Code**

In 1974, Florida passed legislation requiring all local governments to adopt and enforce a minimum building code that would ensure that Florida's minimum standards were met.<sup>44</sup> Local governments could choose from four separate model codes. The state's role was limited to adopting all or relevant parts of new editions of the four model codes. Local governments could amend and enforce their local codes as they saw fit.<sup>45</sup>

In 1992, Hurricane Andrew destroyed many structures that were built according to code, demonstrating that Florida's system of local codes was flawed.<sup>46</sup> The Governor appointed a study commission to review the system of local codes and make recommendations for its modernization. The 1998 Legislature adopted the study commission's recommendations for a single state building code and enhanced the oversight role of the state over local code enforcement. The 2000 Legislature authorized implementation of the Building Code, and that first edition replaced all local codes on March 1, 2002.<sup>47</sup>

The Building Code is updated every three years.<sup>48</sup> The current edition of the Building Code is the 8th edition, which is referred to as the 2023 Florida Building Code. Among other things, the Building Code sets limitations on building height and size.<sup>49</sup> Height restrictions are determined based on the type of construction, occupancy classification, and whether there is an automatic sprinkler system installed throughout the building.<sup>50</sup>

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<sup>40</sup> FEMA, *Elevation Certificate and Instructions*, (2022) available at: [https://www.fema.gov/sites/default/files/documents/fema\\_form-ff-206-fy-22-152.pdf](https://www.fema.gov/sites/default/files/documents/fema_form-ff-206-fy-22-152.pdf) (last visited Mar. 18, 2025).

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> Cassidy Horton, *What Is an Elevation Certificate?*, Nerdwallet.com, <https://www.nerdwallet.com/article/insurance/elevation-certificate> (last visited Mar. 18, 2025).

<sup>44</sup> Dep't of Community Affairs, *The Florida Building Commission Report to the 2006 Legislature*, 4 (2006), available at [http://www.floridabuilding.org/fbc/publications/2006\\_Legislature\\_Rpt\\_rev2.pdf](http://www.floridabuilding.org/fbc/publications/2006_Legislature_Rpt_rev2.pdf) (last visited Mar. 18, 2025).

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*; Dep't of Business and Professional Regulation, *Building Code Information System*, <https://floridabuilding.org/c/default.aspx> (last visited Mar. 18, 2025).

<sup>48</sup> Section 553.73(7)(a), F.S. See also Fla. Bldg. Commission, *Florida Building Code Effective Dates*, (2018), available at [https://www.floridabuilding.org/fbc/Publications/2023\\_Effective\\_Dates.pdf](https://www.floridabuilding.org/fbc/Publications/2023_Effective_Dates.pdf) (last visited Mar. 18, 2025).

<sup>49</sup> Florida Building Code, *2023 Florida Building Code, Building: 8th Edition*, s. 503 (2023), available at [https://codes.iccsafe.org/content/FLBC2020P1/chapter-5-general-building-heights-and-areas#FLBC2020P1\\_Ch05\\_Sec502](https://codes.iccsafe.org/content/FLBC2020P1/chapter-5-general-building-heights-and-areas#FLBC2020P1_Ch05_Sec502) (last visited Mar. 18, 2025)..

<sup>50</sup> *Id.* at s. 504.1.

The Florida Building Commission was statutorily created to implement the Building Code.<sup>51</sup> The commission, which is housed within the Department of Business and Professional Regulation, is a 19-member technical body made up of design professionals, contractors, and government experts in various disciplines covered by the Building Code.<sup>52</sup> The commission reviews International Codes published by the International Code Council,<sup>53</sup> the National Electric Code, and other nationally adopted model codes during its triennial update of the Building Code.<sup>54</sup> Local governments may adopt amendments to the technical provisions of the Building Code that apply solely within the jurisdiction of such government and that provide for more stringent requirements than those specified in the Building Code.<sup>55</sup> A local government must determine there is a need to strengthen the requirements of the Building Code based on a review of local conditions.<sup>56</sup> Such amendments may not introduce a new subject not addressed in the Building Code.<sup>57</sup> Most technical amendments sunset upon adoption of the newest edition of the Building Code, unless adopted into the Building Code.<sup>58</sup>

### ***Local Enforcement of the Florida Building Code***

Local governments have the power to inspect all buildings, structures, and facilities within their jurisdiction in protection of the public's health, safety, and welfare.<sup>59</sup> Every local government must enforce the Building Code and issue building permits.<sup>60</sup> It is unlawful for a person, firm, or corporation to construct, erect, alter, repair, secure, or demolish any building without first obtaining a permit from the local government enforcing agency or from such persons as may, by resolution or regulation, be directed to issue such permit.<sup>61</sup> Any construction work that requires a building permit also requires plans and inspections to ensure the work complies with the Building Code, including certain building, electrical, plumbing, mechanical, and gas inspections.<sup>62</sup> Construction work may not be done beyond a certain point until it passes an inspection.

### ***Florida Building Code Flood Area Requirements***

The Florida Building Code requires the construction or reconstruction of residential properties follow specific guidelines to mitigate potential damage that might be caused by flood waters in areas designated as "flood hazard areas" and "coastal high-hazard areas." For example, buildings

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<sup>51</sup> See section 553.74(1), F.S.

<sup>52</sup> *Id.*

<sup>53</sup> The International Code Council (ICC) is an association that develops model codes and standards used in the design, building, and compliance process to construct safe, sustainable, affordable and resilient structures. ICC, *About the International Code Council*, <https://www.iccsafe.org/about/who-we-are/> (last visited Mar. 18, 2025).

<sup>54</sup> Section 553.73(3), F.S.

<sup>55</sup> Section 553.73(4)(b), F.S.

<sup>56</sup> Section 553.73(4)(b)1., F.S.

<sup>57</sup> Section 553.73(4)(b)3., F.S.

<sup>58</sup> Section 553.73(4)(e), F.S.

<sup>59</sup> Section 553.72(2), F.S.

<sup>60</sup> Sections 125.01(1)(bb), 125.56(1), and 553.80(1), F.S.

<sup>61</sup> Sections 125.56(4)(a) and 553.79(1), F.S.

<sup>62</sup> Florida Building Code, *2023 Florida Building Code: 8th Edition*, s. 110 (2023), available at [https://codes.iccsafe.org/content/FLBC2023P1/chapter-1-scope-and-administration#FLBC2023P1\\_Ch01\\_SubCh02\\_Sec110](https://codes.iccsafe.org/content/FLBC2023P1/chapter-1-scope-and-administration#FLBC2023P1_Ch01_SubCh02_Sec110) (last visited Mar. 18, 2025).



in flood hazard areas must have their lowest floors elevated above the BFE plus one foot, or the design flood elevation, whichever is higher.<sup>63</sup>

### 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.<sup>64</sup> Florida is among the top five states with coastal populations, having 16.2 million residents living in coastal counties as of 2020.<sup>65</sup> 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.<sup>66</sup> As of 2023, Florida held over one-third of the flood insurance policies issued by the NFIP.<sup>67</sup> Over 1.7 million Floridian policyholders carry \$342 billion in NFIP coverage.<sup>68</sup>

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.<sup>69</sup> It may also entail reinforcing basement walls, applying waterproof sealants or membranes, anchoring the home to its foundation, and installing sump pumps.<sup>70</sup> They might also include non-structural mitigation as well, such as berms and floodwalls and elevating all utilities above flood elevation.<sup>71</sup>

An important initial consideration for a building elevation project is consulting the area's FIRM to determine the BFE for a given area.<sup>72</sup> Homes constructed before a community was under elevation regulations or before FEMA produced the area's first FIRM may now be considered below safe elevation, and at high risk for flood damage. A home that has not experienced SI/SD will be subject to fewer requirements, though it may be exposed to greater risk if it is elevated below the BFE.<sup>73</sup> If a SI/SD determination has been made, the home's lowest floors will have to be elevated above the BFE.

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<sup>63</sup> Florida Building Code, *2023 Florida Building Code, Residential, 8th Edition*, (2023), Section 322.2.1, available at: [https://codes.iccsafe.org/content/FLRC2023P1/chapter-3-building-planning#FLRC2023P1\\_Pt03\\_Ch03\\_SecR322.2.1](https://codes.iccsafe.org/content/FLRC2023P1/chapter-3-building-planning#FLRC2023P1_Pt03_Ch03_SecR322.2.1) (last visited Mar. 18, 2025).

<sup>64</sup> 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. 18, 2025); University of Florida Emergency Management, *Flood*, <https://emergency.ufl.edu/storm-ready/weather-hazards/flood/> (last visited Mar 18, 2025).

<sup>65</sup> National Oceanic and Atmospheric Administration, *Economics and Demographics*, <https://coast.noaa.gov/states/fast-facts/economics-and-demographics.html> (last visited Mar. 18, 2025).

<sup>66</sup> 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. 18, 2025).

<sup>67</sup> Florida Division of Emergency Management, *State Floodplain Management Program*, <https://www.floridadisaster.org/dem/mitigation/floodplain/> (last visited Mar. 18, 2025).

<sup>68</sup> *Id.*

<sup>69</sup> Association of State Floodplain Managers, *Mitigation Strategies*, <https://www.reducefloodrisk.org/mitigation-library/> (last visited Mar. 18, 2025)

<sup>70</sup> *Id.*

<sup>71</sup> 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. 18, 2025).

<sup>72</sup> *Chapter 5: Elevating Your House*, Homeowner's Guide to Retrofitting, FEMA, available at: <https://www.fema.gov/pdf/rebuild/mat/sec5.pdf> (last visited Mar. 18, 2025).

<sup>73</sup> *Id.*



Buildings may be raised after construction either by lifting an existing house and constructing a new foundation below, or by leaving the house in place and building an elevated floor within the house or adding an upper story.<sup>74</sup> When a house is lifted, its new foundation may be made of continuous walls, or columns or pilings which would allow access to the area below the newly elevated house.<sup>75</sup>

### III. Effect of Proposed Changes:

The bill amends s. 193.155, F.S., to specify that changes, additions, or improvements that replace all or a portion of homestead property that is damaged or destroyed by misfortune or calamity shall be assessed based upon the assessed value of the property on January 1 immediately preceding such calamity if the square footage of the property after substantial completion of the change, addition or improvement does not exceed 2,000 square feet. This will result in portions of the homestead beyond the 2,000 total square foot threshold or 110 percent of the square footage of the original homestead to be assessed at just value.

The bill specifies that the term “elevation,” “elevated,” or “elevate” means raising an existing homestead:

- To the minimum height or higher as required by the NFIP or Florida Building Code elevation requirements; or
- To mitigate flood damage from a previous flood event, as long as the elevation doesn’t exceed the height required by the NFIP or Florida Building Code elevation requirements at the property nearest the homestead property.

The bill defines the term “previous flood event” to mean, for homestead property in a county where a state of emergency was declared, partial or complete inundation from overflow of inland or tidal waters, the unusual and rapid accumulation of runoff or surface waters from any established water source, or sustained periods of standing water from rainfall.

The bill specifies that changes, additions, or improvements that replace or are made to a homestead property to elevate the property shall be assessed based upon the assessed value of the property on January 1 immediately preceding such elevation if the square footage of the property as elevated does not exceed 110 percent of the square footage of the property before the elevation or 2,000 square feet.

For a homestead that was unable to be used due to damage or destruction from misfortune or calamity on the January 1 before elevation was begun, the property appraiser must use the homestead’s assessed value from the January 1 before the damage or destruction, subject to the “Save Our Homes” assessment limitation. Elevation of the property must begin within 5 years after the January 1 following the damage or destruction of the homestead.

If the elevation of the homestead property results in the property exceeding more than 110 percent of its previous square footage or 2,000 square feet, the assessed value must be increased

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<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

by the just value of that portion in excess of the previous area. Areas below an elevated structure designated only for parking, storage, or access may not be included in the 110 percent calculation unless the area exceeds 110 percent of the square footage before the elevation. If the elevated homestead has an area that is smaller than the original square footage, the assessed value of the property must be reduced by the value of the removed portion of property.

The bill authorizes property appraisers to require evidence showing eligibility for the assessment limitation, including elevation certificates or documentation showing damage from a prior flood event.

The homestead must comply with all applicable NFIP building requirements and Florida Building Code elevation requirements to be eligible for the assessment limitation. Homesteads elevated to mitigate flood damage from a previous flood event must comply with building and elevation requirements nearest the property.

If the property is reclassified to a use other than homestead on the January 1 after the elevation was substantially completed, the property is not eligible for the assessment limitation.

The assessment limitation for elevated homesteads applies to homesteads for which the owner begins elevation on or after January 1, 2027.

The bill takes effect on the same date that SJR 174, or a similar joint resolution, is approved by the electors at the general election held in November 2026 or at an earlier special election specifically authorized for that purpose. If approved by the voters, the joint resolution and this bill will take effect on January 1, 2027.

#### IV. Constitutional Issues:

##### A. Municipality/County Mandates Restrictions:

Article VII, s. 18(b) of the State 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,<sup>76</sup> which for Fiscal Year 2025-2026 is forecast at approximately \$2.4 million.

The Revenue Estimating Conference estimated a reduction greater than \$2.4 million to local government property tax revenue if voters approve a constitutional amendment allowing for a prohibition on the assessment of homestead property elevated to mitigate the susceptibility of flood damage. **See Section V. Fiscal Impact Statement** for more

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<sup>76</sup> FLA. CONST. art. VII, s. 18(d). An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. *See* Fla. S. Comm. on Cmty. Affairs, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), available at: <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Mar. 18, 2025).

detail on the fiscal impact should an amendment to Florida’s Constitution be approved. Therefore, this bill may be a mandate subject to the requirements of Art. VII, s. 18(b) of the State Constitution.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

Article VII, s. 19 of the State Constitution requires that legislation that increases or creates taxes or fees be passed by a 2/3 vote of each chamber in a bill with no other subject. The bill does not increase or create new taxes or fees. Thus, the constitutional requirements related to new or increased taxes or fees do not apply.

**E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

The Revenue Estimating Conference has not adopted an estimate for the bill; however, the committee substitute is not expected to deviate from the previously adopted estimate.

The estimated reduction to local government property tax revenue if voters approve a constitutional amendment allowing for a prohibition on the assessment of homestead property elevated to mitigate the susceptibility of flood damage is presented below.<sup>77</sup> The earliest local governments may experience a reduction in revenue as a result of the bill is Fiscal Year 2027-2028.

<b>Local Property Tax Revenue (\$million)</b>			
	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>
School Revenue	0	0	(10.8)
Non-school Revenue	0	0	(19.1)

In Fiscal Year 2030-2031, the bill is estimated to reduce school tax revenue by \$44.6 million and non-school tax revenue by \$79.0 million.

<sup>77</sup> Revenue Estimating Impact Conference, *Elevation of Homestead Property SB 176/CS/HB 1041*, (Mar. 21, 2025), pg. 129-134. <https://edr.state.fl.us/Content/conferences/revenueimpact/index.cfm>

**B. Private Sector Impact:**

Citizens receiving the limitation in assessed value will benefit from a reduction in property taxes due.

**C. Government Sector Impact:**

Local governments will likely see a negative fiscal impact from the limitation in the value of property on which taxes may be assessed.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 193.155 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS by Finance and Tax on March 26, 2025:**

Clarifying that homestead property owners elevating in a zone that requires elevation standards comply with all applicable NFIP and Florida building requirements.

**B. Amendments:**

None.