

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 #: [HB 321](#)

TITLE: Ad Valorem Tax Exemption for Nonprofit Homes for the Aged

SPONSOR(S): Smith

COMPANION BILL: [SB 298](#) (Wright)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Ways & Means](#)

18 Y, 0 N



[Intergovernmental Affairs](#)

16 Y, 0 N



[State Affairs](#)

SUMMARY

Effect of the Bill:

The bill creates additional eligibility for exemption from ad valorem taxation for property used as a home for the aged to include property owned by a Florida limited partnership whose sole general partner is:

- An entity not licensed under ch. 429, F.S.;
- Wholly owned by a corporation not for profit under ch. 617, F.S.; and
- Exempt from federal income taxation under 501(c)(3) of the Internal Revenue Code.

The additional eligibility for the exemption provided by the bill would first apply to the 2026 ad valorem tax roll.

Fiscal or Economic Impact:

The Revenue Estimating Conference estimates that the bill will not impact state government revenues and will have a recurring negative impact on local government revenues of -\$0.6 million beginning in Fiscal Year 2025-26.

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ANALYSIS

EFFECT OF THE BILL:

The bill creates additional eligibility for exemption from ad valorem taxation for property used as a home for the aged to include property owned by a Florida limited partnership whose sole general partner is:

- An entity not licensed under ch. 429, F.S.;
- Wholly owned by a corporation not for profit under ch. 617, F.S.; and
- Exempt from federal income taxation under 501(c)(3) of the Internal Revenue Code. (Section [1](#))

Chapter 429, F.S., governs the [licensure of assisted living facilities, adult family-care homes, and adult day care centers](#). (Section [1](#))

The changes made by this bill to the [ad valorem tax exemption for nonprofit homes for the aged](#) will first apply to the 2026 ad valorem tax roll. (Section [2](#))

The effective date of the bill is January 1, 2026. (Section [3](#))

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The Revenue Estimating Conference estimates that the bill will not impact state government revenues.

STORAGE NAME: h0321c.IAS

DATE: 4/1/2025

LOCAL GOVERNMENT:

The Revenue Estimating Conference estimates that the bill will have a recurring negative impact on local government revenues of -\$0.6 million (-\$0.2 million school taxes; -\$0.4 million non-school taxes) in Fiscal Year 2025-26.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Ad Valorem Taxes

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 Ad valorem taxes are annual taxes levied by counties, cities, school districts, and certain special districts. These taxes are based on the just value (fair market value) of real and tangible personal property as determined by county property appraisers on January 1 of each year.² The just value may be subject to limitations and exemptions, which factor in to the property appraiser's calculation of taxable value. Each year, local governing boards levy millage rates (i.e., tax rates) on taxable value to generate the property tax revenue contemplated in their annual budgets.

Exemption for Property Used by Nonprofit Homes for the Aged

Florida law exempts from ad valorem taxation property used as a home for the aged by certain nonprofit corporations.³ In order to qualify for the exemption, the following criteria must be met:

- The applicant for exemption must be qualified as a 501(c)(3) exempt charitable organization under federal law by January 1 of the year it requests to be exempt from Florida ad valorem taxation; and be either:
 - A corporation not-for-profit pursuant to ch. 617, F.S.; or
 - A Florida limited partnership, the sole general partner of which is a corporation not-for-profit pursuant to ch. 617, F.S.;
- 75 percent of the occupants of the facility must be over 62 years of age or be totally and permanently disabled; and
- Certain facilities must also acquire licensing by the Agency for Health Care Administration.⁴

Upon sufficient proof that the applicant meets the above criteria, the property appraiser will exempt the portions of the facility that are devoted exclusively to the conduct of religious services or the rendering of nursing or medical services.⁵ In addition, the property appraiser may exempt individual units or apartments in the facility if residency in those units or apartments is reserved for or restricted to, or the unit or apartment is occupied by, a permanent resident of the state who is:

- An individual with a gross income⁶ of no more than \$41,662⁷ per year who is either at least 62 years of age or is totally and permanently disabled;
- A couple with a combined gross income of no more than \$46,773 per year, or the surviving spouse of such a couple, if the surviving spouse lived with the deceased at the time of the deceased's death in a home for the aged, at least one of whom must be at least 62 years of age or is totally and permanently disabled; or
- A totally and permanently disabled veteran who meets the requirements of [s. 196.081, F.S.](#)⁸

¹ [Art. VII, s. 1\(a\), Fla. Const.](#)

² [Art. VII, s. 4, Fla. Const.](#)

³ [Art. VII, ss. 3\(a\), 6\(c\), Fla. Const.](#), implemented by [s. 196.1975, F.S.](#)

⁴ [Ss. 196.1975\(1\) and \(2\), F.S.](#) Licensure by the Agency for Health Care Administration is required for facilities that furnish medical facilities or nursing services to residents or that qualifies as an assisted living facility under ch. 429, F.S.

⁵ [S. 196.1975\(3\), F.S.](#)

⁶ Social security benefits are considered gross income for the purposes of this exemption. [S. 196.1975\(6\), F.S.](#)

⁷ [S. 196.1975\(4\)\(b\), F.S.](#) See also Fla. Dept. of Revenue, Cost of Living Adjustments, <https://www.floridarevenue.com/property/Documents/CostofLivingAdjust.pdf> (last accessed February 28, 2025).

⁸ [S. 196.1975\(4\)\(a\), F.S.](#) Statute defines the maximum income limitation as \$7,200 (for individuals) or \$8,000 (for couples) in the year the provision was passed (1977), adjusted annually by the percentage change in U.S. Department of Labor's cost-of-living index. See [s. 196.1975 4\(a\)-\(b\), F.S.](#) The values above reflect those present adjustments for 2025. Fla. Dept. of Revenue,

If any portion of the facility is used for a non-exempt purpose, those portions may be valued and placed upon the tax rolls separately from any portion entitled to the exemption.⁹ Common areas of the home are exempt from taxation as long as at least 25 percent of the units or apartments of the home are restricted to or are occupied by persons who meet the income requirements.¹⁰

The facility must file an application annually with the property appraiser to demonstrate continuing qualification for the exemption.¹¹ The facility must also file an affidavit from each person residing in a unit or apartment in the facility who meets the disability or income requirements described above.¹² The person signing the affidavit must attest that he or she resides in the unit or apartment claiming the exemption and, in good faith, makes that unit or apartment his or her permanent residence.¹³

[Licensure of Assisted Care Communities](#)

In order to operate an assisted living facility, an adult family-care home, or an adult day care center, Florida law requires the Agency for Health Care Administration to issue a license authorizing operation.¹⁴ Statute prescribes a handful of exemptions from the ch. 429, F.S., licensure requirements. For example, a facility operated by the federal government¹⁵ or licensed by the Agency for Persons with Disabilities¹⁶ is not required to be licensed as an assisted living facility under ch. 429, F.S.

RECENT LEGISLATION:

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2023	<u>CS/HB 127</u>	Smith	Wright	Died in Senate Appropriations
2022	<u>CS/HB 401</u>	Smith	Rodriguez	Died in Senate Appropriations
2021	<u>CS/HB 571</u>	Smith	Rodriguez	Died in Senate Appropriations

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
<u>Ways & Means Committee</u>	18 Y, 0 N	3/13/2025	Aldridge	Hallaian
<u>Intergovernmental Affairs Subcommittee</u>	16 Y, 0 N	4/1/2025	Darden	Burgess
<u>State Affairs Committee</u>				

Cost of Living Adjustments, <https://www.floridarevenue.com/property/Documents/CostofLivingAdjust.pdf> (last accessed February 28, 2025).

⁹ S. [196.1975\(11\), F.S.](#)

¹⁰ S. [196.1975\(8\), F.S.](#)

¹¹ S. [196.1975\(9\)\(b\), F.S.](#) This application is known as a Form DR-504HA. Fla. Dept. of Revenue, Property Tax Oversight Forms, <https://floridarevenue.com/property/Documents/dr504ha.pdf> (last accessed February 28, 2025).

¹² S. [196.1975\(9\)\(b\), F.S.](#) This application is known as a Form DR-504S.

¹³ *Id.*

¹⁴ Ss. [429.07\(1\), F.S.](#), [429.67\(1\), F.S.](#), and [429.907\(1\), F.S.](#)

¹⁵ Ss. [429.04\(2\)\(a\), F.S.](#) and [429.905\(1\)\(a\), F.S.](#)

¹⁶ S. [429.04\(2\)\(b\), F.S.](#)

