

**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 Agriculture

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BILL: SB 786

INTRODUCER: Senator Truenow

SUBJECT: Improvements to Structures on Agricultural Lands

DATE: March 10, 2025

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Burse	Becker	AG	<b>Pre-meeting</b>
2.			FT	
3.			AP	

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**I. Summary:**

SB 786, permits any agricultural improvements used for an agricultural purpose located on lands classified as agricultural lands to be exempt from assessments.

It provides that amendments made by this act to s. 193.461, F.S., first apply to the 2026 ad valorem tax roll.

The bill takes effect July 1, 2025.

**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 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 jurisdiction and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”<sup>3</sup> Property tax bills are mailed in

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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* s. 192.001(2) and (16), F.S.

November of each year based on the previous January 1 valuation, and payment is due by March 31 of the following year.<sup>4</sup>

The Florida Constitution prohibits the state from levying ad valorem taxes,<sup>5</sup> and it limits the Legislature's authority to provide for property valuations at less than just value, unless expressly authorized.<sup>6</sup>

### **Ad Valorem Taxation of Tangible Personal Property**

Article VII, section 1, also grants exclusive authority to local governments to levy ad valorem taxes on tangible personal property.<sup>7</sup> The Florida Constitution includes the following exemptions and authorization for exemptions for tangible personal property:

- Section 1 specifies that motor vehicles, boats, airplanes, trailers, trailer coaches, and mobile homes are subject to license taxes, but may not be subject to ad valorem taxes.
- Under section 3, household goods and personal effects are granted an exemption of at least \$1,000.
- Local governments are authorized under section 3 to grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, which may apply to tangible personal property.
- Also exempt under section 3 is \$25,000 of the assessed value of tangible personal property<sup>8</sup>, and the assessed value of solar or renewable energy devices may be exempt pursuant to general law<sup>9</sup>.
- Under section 4, tangible personal property “held for sale as stock in trade” may be exempted from taxation.<sup>10</sup>

### **Agricultural Land Valuation**

Property appraisers annually classify, for assessment purposes, all lands within a county as either agricultural or nonagricultural.<sup>11</sup> Only lands that are used primarily for “bona fide agricultural purposes” shall be classified agricultural.<sup>12</sup> In determining whether the use of the land for agricultural purposes is bona fide, the following factors may be taken into consideration:

- The length of time the land has been so used.
- Whether the use has been continuous.
- The purchase price paid.
- Size, as it relates to specific agricultural use, but a minimum acreage may not be required for agricultural assessment.

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<sup>4</sup> Sections 197.162 and 197.322, F.S.; *see also* FLA. DEP'T OF REVENUE, *Florida Property Tax Calendar* (Dec. 2016), available at: <https://floridarevenue.com/property/Documents/taxcalendar.pdf>.

<sup>5</sup> FLA. CONST. art. VII, s. 1(a)

<sup>6</sup> FLA. CONST. art. VII, s. 4.

<sup>7</sup> *See also* FLA. CONST. art. VII, s. 9(a).

<sup>8</sup> Section 196.183, F.S., specifies the conditions for the general exemption of \$25,000 of the assessed value of tangible personal property.

<sup>9</sup> Section 196.182, F.S., specifies the conditions for exemption of renewable energy source devices.

<sup>10</sup> This exemption for inventory is restated at section 196.185, F.S., and inventory is defined at section 192.001(11)(c), F.S.

<sup>11</sup> Section 193.461(1), F.S.

<sup>12</sup> Section 193.461(3)(b), F.S.

- Whether an indicated effort has been made to care sufficiently and adequately for the land in accordance with accepted commercial agricultural practices, including, without limitation, fertilizing, liming, tilling, mowing, reforestation, and other accepted agricultural practices.
- Whether the land is under lease and, if so, the effective length, terms, and conditions of the lease.
- Such other factors as may become applicable.

When the land is classified as agricultural, the property appraiser shall consider the following use factors only:

- The quantity and size of the property;
- The condition of the property;
- The present market value of the property as agricultural land;
- The income produced by the property;
- The productivity of land in its present use;
- The economic merchantability of the agricultural product.
- Such other agricultural factors as may from time to time become applicable, which are reflective of the standard present practices of agricultural use and production.<sup>13</sup>

### III. Effect of Proposed Changes:

**Section 1** permits any agricultural improvements used for an agricultural purpose located on lands classified as agricultural lands to be exempt from assessments.

**Section 2** provides that amendments made by this act to s. 193.461, F.S., first apply to the 2026 ad valorem tax roll.

**Section 3** provides that the bill shall take effect July 1, 2025.

### IV. Constitutional Issues:

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

None.

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

None.

#### C. Trust Funds Restrictions:

None.

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

None.

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<sup>13</sup> Section 193.461(6)(a), F.S.

E. Other Constitutional Issues:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Landowners making any agricultural improvements on agricultural land will be exempt from assessments. This will result in an indeterminate positive fiscal impact as landowners take advantage of ad valorem tax savings.

C. Government Sector Impact:

This could result in a reduction of revenue to local governments. An exact impact has not been determined.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 193.461 of the Florida Statutes.

**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.