

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: CS/SB 110

INTRODUCER: Finance and Tax Committee and Senator Arrington

SUBJECT: Homestead Exemptions

DATE: January 30, 2026 REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>Black</u>	<u>Khan</u>	<u>FT</u>	<u>Fav/CS</u>
2. _____	_____	<u>AP</u>	_____
3. _____	_____	<u>RC</u>	_____

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

COMMITTEE SUBSTITUTE - Substantial Changes

## **I. Summary:**

CS/SB 110 amends s. 196.041, F.S. to provide that lessees owning the leasehold interest in a bona fide lease of 98 years or more in a homesteaded residential parcel or a condominium parcel have legal or beneficial and equitable title to said property for homestead exemption purposes, even if the lease contains a provision that terminates the leasehold interest upon the death of the lessees.

The bill states that this change is remedial and clarifying in nature.

The Revenue Estimating Conference determined that SB 110 will not affect local government revenue. The Revenue Estimating Conference has not adopted an estimate for CS/SB 110; however, the committee substitute is not expected to deviate from the previously adopted estimate.

The bill takes effect upon becoming law.

## **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 Property Tax Exemption and Assessment Limitation**

Every person having legal or equitable title to real estate and who maintains a permanent residence on 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.<sup>6</sup> An additional exemption applies to the assessed valuation of homestead property between \$50,000 and \$75,000. This exemption is adjusted annually for inflation and does not apply to ad valorem taxes levied by school districts.<sup>7</sup>

Additionally, 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>8</sup> The accumulated difference between the just value and the assessed value is the Save Our Homes benefit.

### **Extending Homestead Exemption Benefits to Leaseholds**

Homestead benefits extend to those with equitable title including vendees in possession of real estate under bona fide contracts to purchase; persons residing on real estate by virtue of dower or other estates therein limited in time by deed, will, jointure, or settlement; and lessees who own the leasehold interests in a bona fide lease with an original term of 98 years or more.<sup>9</sup>

A leasehold interest is a type of property ownership that grants a person or entity the right to use and occupy real estate for a specified period.<sup>10</sup> A lessee is deemed to be the leased property's equitable owner if the lessee holds “virtually all the benefits and burdens of ownership” of the leased property.<sup>11</sup>

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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> FLA. CONST. art VII, s. 6(a).

<sup>7</sup> Section 196.031(1)(b), F.S.

<sup>8</sup> FLA. CONST. art. VII, s. 4(d).

<sup>9</sup> Section 196.041, F.S.

<sup>10</sup> *See* [\*https://legal-resources.uslegalforms.com/l/leasehold-interest\*](https://legal-resources.uslegalforms.com/l/leasehold-interest) *(last visited Jan. 20, 2026).*

<sup>11</sup> *Robbins v. Mt. Sinai Med. Ctr., Inc.*, 748 So.2d 349, 351 (Fla. 3d DCA 1999) (citation omitted)

## Qualified Personal Residence Trust

A type of equitable title under the Internal Revenue Code is a Qualified Personal Residence Trust (QPRT).<sup>12</sup> A QPRT is an estate planning device that allows a settlor to transfer his or her personal property into an irrevocable trust while retaining the right to reside on the property for a specified term of years, after which the property is then transferred to the beneficiaries.<sup>13</sup> Generally, Florida courts have held that the settlor<sup>14</sup> of a QPRT is allowed to retain their homestead exemption while residing on the property throughout their retained term.<sup>15</sup> Settlors who survive the expiration of the retained term often enter a lease agreement with the subsequent owner of the residential property. In *Higgs v. Warrick*, the Third District Court of Appeal held that a 98-year plus lessee of a residential property which is permanently occupied as a residence qualifies for a homestead exemption pursuant to the statutory language provided in ss. 196.031, and 196.041, F.S.<sup>16</sup>

### III. Effect of Proposed Changes:

This bill amends s. 196.041, F.S. to provide that lessees owning the leasehold interest in a bona fide lease of 98 years or more in a homesteaded residential parcel or a condominium parcel have legal or beneficial and equitable title to said property for homestead exemption purposes, even if the lease contains a provision that terminates the leasehold interest upon the death of the lessees.

The bill provides that this change is remedial and clarifying in nature.

The bill takes effect upon becoming law.

### IV. Constitutional Issues:

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

Article VII, section 18(b) of the Florida Constitution provides that except upon approval of each house of the Legislature by 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>17</sup> which for Fiscal Year 2026-2027<sup>18</sup> is forecast at approximately \$2.4 million or less.

<sup>12</sup>See <https://www.irs.gov/pub/irs-drop/rp-03-42.pdf> (last visited Jan. 20, 2026)

<sup>13</sup> Baskies, Jeffrey A. *Understanding Estate Planning With Qualified Personal Residence Trusts*, 73 Fla. B.J. 72 (1999).

<sup>14</sup> Section 736.0103(21), F.S.

<sup>15</sup> Robbins v. Welbaum, 664 So. 2d 1 (Fla. 3d DCA 1995)

<sup>16</sup> Higgs v. Warrick, 994 So.2d 492, 493 (Fla. 3d DCA 2008).

<sup>17</sup> 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. SENATE COMM. ON COMTY. AFFAIRS, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Jan. 15, 2026).

<sup>18</sup> Based on the Demographic Estimating Conference's estimated population adopted on June 30, 2025,

<https://edr.state.fl.us/Content/conferences/population/archives/250630demographic.pdf> (last visited Jan. 10, 2026).

The Revenue Estimating Conference determined that the SB 110 does not affect local government revenue.<sup>19</sup> The Revenue Estimating Conference has not adopted an estimate for CS/SB 110, however, the committee substitute is not expected to deviate from the previously adopted estimate. Therefore, this bill may not be a mandate subject to the requirements of Art. VII, section 18(b) of the Florida 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 Florida Constitution requires legislation pass each chamber by a 2/3 vote and be contained in a separate bill with no other subject if the legislation imposes, authorizes an imposition, increases, or authorizes an increase in a state tax or fee or if it decreases or eliminates a state tax or fee exemption or credit.

The bill does not affect the imposition or increasing of a state tax or fee nor decreases or eliminates a state tax or fee exemption or credit. Thus, the constitutional requirements may not apply.

**E. Other Constitutional Issues:**

None identified.

**V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

The Revenue Estimating Conference determined that SB 110 has no impact on local government ad valorem revenue.<sup>20</sup> The Revenue Estimating Conference has not adopted an estimate for CS/SB 110, however, the committee substitute is not expected to deviate from the previously adopted estimate.

**B. Private Sector Impact:**

Lessees with leasehold interests in a bona fide lease having an original term of 98 years or more in a residential parcel may benefit from the clarification provided by the bill.

<sup>19</sup> OFF. OF ECON. & DEMOGRAPHIC RSCH., *Revenue Estimating Conference Impact Results: HB 227& SB 110*, 80, (Nov. 14, 2025), available at [https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2026/\\_pdf/impact1114.pdf](https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2026/_pdf/impact1114.pdf) (last visited Jan. 15, 2026).

<sup>20</sup> OFF. OF ECON. & DEMOGRAPHIC RSCH., *Revenue Estimating Conference Impact Results: HB 227& SB 110*, 80, (Nov. 14, 2025), available at [https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2026/\\_pdf/impact1114.pdf](https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2026/_pdf/impact1114.pdf) (last visited Jan. 15, 2026).

**C. Government Sector Impact:**

The bill is not expected to affect local governments.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill amends section 196.041, 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 January 28, 2026:**

The committee substitute adds specificity to the bill. It clarifies that leases that contain a provision that terminates the leasehold interest upon the death of the lessees are valid under current law.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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