

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: SB 450

INTRODUCER: Senator Polsky

SUBJECT: Ad Valorem Tax Exemption for Disabled Veterans

DATE: February 11, 2026 REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>Black</u>	<u>Khan</u>	<u>FT</u>	<u>Pre-meeting</u>
2. _____	_____	<u>AP</u>	_____
3. _____	_____	<u>RC</u>	_____

I. Summary:

SB 450 amends s. 196.081, F.S., which grants a full exemption from property tax to the surviving spouses of certain totally and permanently disabled veterans and the surviving spouses of veterans and first responders who lost their lives in service. When a surviving spouse establishes a new homestead, the exemption that can be transferred may not exceed the exemption amount granted on the previous homestead as shown on the most recent property tax roll. The bill removes the limit on the exemption that a surviving spouse can transfer to a new homestead. As a result, surviving spouses who establish a new homestead where the taxable value of the new property exceeds the exemption granted on the previous property, may continue to receive a full exemption from property tax. To receive the exemption on the new homesteaded property, the residence must be the surviving spouse's primary home and the spouse cannot remarry.

Additionally, the bill provides certain permanently and totally disabled veterans, their surviving spouses or the surviving spouses of veterans or first responders who died in the line of duty will be granted the exemption provided in s. 196.081, F.S. when the applicant first became eligible for such exemption.

The Revenue Estimating Conference determined that the bill would reduce local government's property tax revenue by \$0.2 million in Fiscal Year 2026-2027. See Section V. Fiscal Impact Statement for details.

The bill takes effect July 1, 2026.

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.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 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 exemption from taxes⁶ and an assessment limitation.⁷ Second, the homestead provisions protect the homestead from forced sale by creditors.⁸ Third, the homestead provisions outline 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 eligible for a \$25,000 tax exemption applicable to all ad valorem tax levies, including levies by school districts.¹⁰ An additional \$25,000 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.¹¹

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 FLA. CONST. art. VII, s. 6.

⁷ *See* FLA. CONST. art. VII, s. 4(d)

⁸ FLA. CONST. art. X, s. 4.

⁹ *Id.* at (c).

¹⁰ FLA. CONST. art VII, s. 6(a); s. 196.031, F.S.

¹¹ FLA. CONST. art VII, s. 6(a); s. 196.031(1)(b), F.S.

Homestead Exemptions for Certain Veterans and First Responders

In addition to exemptions granted to each person who makes property his or her homestead, the state constitution also authorizes other homestead exemptions based on the status, profession or condition of the person maintaining the homestead property.¹² Specifically, Florida law provides several property tax exemptions and discounts for disabled veterans and first responders.¹³ These include exemptions and discounts for the following persons:

- A veteran or first responder¹⁴ with a total and permanent service-connected disability is entitled to a complete exemption for property owned and used as a homestead.¹⁵
- A veteran with a total service-connected disability that confines him or her to a wheelchair is entitled to a complete exemption for property owned and used as a homestead.¹⁶
- Certain combat-disabled veterans who are age 65 or older are entitled to discounts on the taxable value of the property in an amount equal to the percentage of the veteran's permanent, service-connected disability.¹⁷

Homestead Exemptions for the Surviving Spouses of Certain Deceased Veterans and First Responders

Florida law also provides instances where homestead exemptions granted by way of the status or condition of one's spouse carry over to the surviving spouse.¹⁸ In those instances when certain veterans or first responders predecease their spouse, the surviving spouse may qualify for or continue to receive the exemption that would be granted or was granted to the veteran or first responder.¹⁹ An exemption granted to a surviving spouse of a disabled or deceased veteran or first responder continues so long as the surviving spouse holds title to the homestead property, permanently resides thereon, and does not remarry. The amount exempted may be carried forward to a new homestead if the first property is sold, the newly acquired property is established as a homestead, and the surviving spouse does not remarry.

Applicant Documentation

The presentation of a letter of total and permanent disability from the United States Government or United States Department of Veterans Affairs (USDVA) or its predecessor by the surviving spouse to the property appraiser is *prima facie* evidence of entitlement to the exemption provided in 196.081(3), F.S.²⁰ Likewise, the presentation of a letter by the surviving spouse of a veteran who died from service-connected causes while active duty as a member of the United States Armed Forces which attests to the veteran's death while on active duty is *prima facie* evidence that the surviving spouse is entitled to the exemption provided in 196.081(4), F.S.; and the

¹² See, e.g., FLA. CONST. art. VII, s. 6(d); Sections 196.081, 196.082, 196.091, and 196.102, F.S.

¹³ FLA. CONST. art VII, s. 6(f) Sections 196.081, and 196.102, F.S.

¹⁴ "First responder" in this context means a federal law enforcement officer as defined in s. 901.1505(1), a law enforcement officer or correctional officer as defined in s. 943.10, a firefighter as defined in s. 633.102, or an emergency medical technician or paramedic as defined in s. 401.23 who is a full-time paid employee, part-time paid employee, or unpaid volunteer. Section 196.081(6)(c)1., F.S.

¹⁵ FLA. CONST. art. VII, s. 3(b); ss. 196.081 and 196.102, F.S.

¹⁶ FLA. CONST. art. VII, s. 3(b); s. 196.091(1), F.S.

¹⁷ Section 196.082, F.S.

¹⁸ FLA. CONST. art. VII, s. 3(b); Section 196.081, 196.091, and 196.102, F.S.

¹⁹ *Id.*

²⁰ Section 196.081(2), F.S.

presentation of the letter by the surviving spouse of a first responder who died in the line of duty while employed by certain governmental entities which attests to the first responder's death in the line of duty is *prima facie* evidence that the surviving spouse is entitled to the exemption provided in 196.081(6), F.S.

Determination of Applicant's Eligibility

When the property appraiser receives the applicant documentation, the exemption is granted as of the date of the original application, and any excess taxes paid are required to be refunded, subject to the four years of limitation under s. 197.182(1)(e), F.S.²¹

III. Effect of Proposed Changes:

SB 450 amends s. 196.081, F.S., and removes the limit on the exemption that a surviving spouse can transfer to a new homestead. As a result, surviving spouses who establish a new homestead where the taxable value of the new property exceeds the exemption granted on the previous property, may continue to receive a full exemption from property tax. To receive the exemption on the new homesteaded property, the residence must be the surviving spouse's primary home and the spouse cannot remarry.

Additionally, the bill provides certain permanently and totally disabled veterans, their surviving spouses or the surviving spouses of veterans or first responders who died in the line of duty will be granted the exemption provided in s. 196.081, F.S. when the applicant first became eligible for such exemption.

The bill takes effect July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Section 18 of Article VII of the Florida Constitution governs laws that require counties and municipalities to spend funds, limit the ability of counties and municipalities to raise revenue, or reduce the percentage of state tax shared with counties and municipalities.

Section 18(b) of the Florida 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,²² which for Fiscal Year 2026-2027 is forecast at approximately \$2.4 million or less.

²¹ Section 196.081(5), F.S.

²² 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 Cnty. Affairs, *Interim Report 2012-115: Insignificant Impact*, (Sept. 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Jan. 10, 2026).

The Revenue Estimating Conference estimated a reduction of less than \$2.4 million to local government revenue beginning in Fiscal Year 2026-2027.²³ Therefore, this bill is not a mandate subject to the requirements of Art. VII, s. 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 has estimated a reduction to local government's property tax revenue, which results from a surviving spouse transferring the exemption to a new residence rather than transferring the amount most recently granted.²⁴ The recurring impact of the bill is estimated to reduce revenue each year by \$1.4 million. The following table shows the school and non-school reduction in revenue for the Fiscal Years 2026-27, 2027-28 and 2028-29.

Fund	Fiscal Year 2026-2027	Fiscal Year 2027-2028	Fiscal Year 2028-2029 and on
School Revenue	(0.1)	(0.2)	(0.2)
Non-School Revenue	(0.1)	(0.2)	(0.4)

²³ OFF. OF ECON. & DEMOGRAPHIC RSCH., Revenue Estimating Conference Impact Results: *Surviving Spouses of Certain Veterans and First Responders HB 393 & SB 450*, 283-287, Dec. 5, 2025; Dec. 12, 2025, February 6, 2026), available at https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2026/_pdf/page283-287.pdf (last visited Feb. 10, 2026).

²⁴ *Id.*

Total	(0.2)	(0.4)	(0.6)
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By Fiscal Year 2030-2031, the bill is estimated to reduce local government's property tax revenue by a total of \$1.1 million.

B. Private Sector Impact:

Surviving spouses of certain deceased veterans and first responders who received a full exemption on their homestead property will no longer be limited by the value of their previous exemption on a new homesteaded property. As a result, there would be no property tax liability on a new homestead.

C. Government Sector Impact:

The bill may negatively impact local government property tax revenue as surviving spouses of certain deceased veterans and first responders may become eligible for an exemption of higher value.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill amends s. 196.081, 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.