2007-D Special Session

Summary of Legislation Passed

Compiled and Edited by
Office of the Senate Secretary

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CS/SJR 2-D — Ad Valorem Taxation

by Finance and Tax Committee and Senators Haridopolos, Fasano, and Crist

CS/SJR 2-D gives voters the opportunity to amend the Florida Constitution to provide property tax exemptions and assessment limitations for homestead and non-homestead property. For homestead property the amendment provides an additional $25,000 homestead exemption and allows portability of the Save Our Homes assessment differential. For non-homestead property the amendment provides a $25,000 exemption for tangible personal property and creates a 10 percent limit on annual assessment increases.

- The amendment provides an additional $25,000 homestead exemption for the assessed value of homestead property above $50,000, effective January 1, 2008. This exemption does not apply to school taxes.

- With portability, homestead property owners are allowed to transfer their Save Our Homes benefit (up to $500,000) to a new homestead within two years of giving up their previous homestead. If the just value of the new homestead is more than the previous home's just value, the entire differential up to $500,000 can be transferred; if the new homestead has a lower just value, the amount of the accumulated benefit that may be transferred is proportional to the value of the new homestead, and is capped at $500,000. (For those who gave up their homestead in 2007 before the amendment was passed, the differential may be transferred if they apply for a new homestead January 1, 2008 or January 1, 2009.) This provision applies to all taxes.

- A $25,000 exemption is provided for each tangible personal property return. This provision applies to all taxes and is effective January 1, 2008.

- Non-homestead property will have a 10 percent assessment cap (similar to the Save Our Homes limitation) but the cap will apply only to non-school levies. The 10 percent cap will sunset after 10 years, unless re-approved by the voters. Most residential property will be reassessed at just value when it is sold; commercial property and residential properties with 10 or more units will be reassessed after a significant improvement or sale. The legislature may provide that commercial and large residential property is not reassessed upon sale. This provision will not take effect until the 2009 tax roll. This provision does not apply to school taxes.

If approved by the electors, the double homestead exemption, portability and $25,000 exemption for tangible personal property take effect January 1, 2008. The assessment limitation for non-homestead property will apply to assessments beginning January 1, 2009.
Vote: Senate 35-4; House 97-18

SB 4-D — Ad Valorem Taxation

by Senators Atwater, Fasano, and Crist

SB 4-D implements CS/SJR 2-D, contingent upon its approval by the voters. It provides that Save Our Homes portability, the double homestead exemption, and the tangible personal property exemption will apply to the 2008 tax roll and the assessment limitation for non-homestead property will apply to the 2009 tax roll. It also ensures that fiscally constrained counties will receive funding from the state to offset any property tax revenues they lose as a result of the joint resolution.

Portability

The bill provides for portability of Save Our Homes differentials up to $500,000 for all tax levies, and explains how portability works in situations involving more than one property owner, e.g. a divorcing couple selling a house they owned jointly or two people who each had a homestead buying a home together.

- In the case of joint owners splitting up, each can transfer an equal share of the accumulated benefit to a new homestead as long as the original homestead is abandoned. If one person stays in the homestead there is no portability.
- In the case of two or more people establishing a new homestead, they can choose which person's differential they will apply to the new homestead.

The bill provides for dollar-for-dollar portability to a higher value home, up to $500,000, and proportional portability to a lower-value home.

If the joint resolution is adopted in January, anyone who had a homestead in 2007 is eligible for portability. In the future homestead property owners will have until the second January 1 after they abandon their prior homestead to establish a new one and transfer the Save Our Homes differential.

Double Homestead Exemption

The bill provides for an additional $25,000 homestead exemption on the assessed value from $50,000 to $75,000, for all taxes except school taxes, effective January 1, 2008.

Tangible Personal Property

The bill provides for a $25,000 exemption for all tax levies for tangible personal property, and relieves small businesses and mobile homeowners of filing yearly tax returns if their TPP is valued less than $25,000. This applies to the 2008 tax roll.

10 Percent Cap on Assessment of Non-Homestead Property

The bill caps assessment increases for non-homestead property at 10 percent a year for all taxes other than school district taxes. This assessment cap will operate like Save Our Homes in that the assessment will increase by 10 percent each year that the assessed value is less than the just value and the property is reassessed at just value if the property is sold. Changes, additions, or improvements to the property are assessed at just value when they are added to the property, but after the initial just value assessment they are capped at 10 percent. For nonresidential property and multifamily property of 10 or more units the property is reassessed at just value if an improvement to the property increases its value by at least 25 percent. If the joint resolution is adopted in January this limitation will first apply to the 2009 tax roll.

The bill establishes an application process for assessment under the assessment caps, and gives counties the authority to waive the requirement for yearly applications. Property owners are required to notify the property appraiser of changes in ownership or use of property subject to the assessment cap.

Fiscally Constrained Counties

The bill requires the Legislature to appropriate money to fiscally constrained counties to offset any reduction in property tax revenue resulting from the constitutional amendment. Each fiscally constrained county will be required to apply to the Governor's office for participation in the distribution of the appropriation and provide documentation supporting its estimated property tax revenue reduction.

Department of Revenue

The bill authorizes the Department of Revenue to adopt emergency rules needed to implement the double homestead exemption, portability, the tangible personal property tax exemption, and the assessment cap for non-homestead property.

It requires the Department of Revenue to submit a report on the results of the millage rollback and cap enacted in special session B that resulted in estimated tax reductions of $2.1 billion.

If approved by the Governor, these provisions take effect upon becoming law, except that sections 3 through 14 take effect only upon the effective date of a revision to the State Constitution contained in CS/SJR 2-D.
Vote: Senate 39-0; House 108-7

SB 6-D — Special Election/Ad Valorem Taxation

by Senator Constantine

SB 6-D (Chapter 2007-338, L.O.F.), provides that, pursuant to s. 5, Art. XI, State Constitution, a special election will be held on January 29, 2008, concurrently with Florida's presidential preference primary. At the special election, the electors of this state will vote on an amendment to the State Constitution, proposed by joint resolution, relating to tangible personal property tax exemptions, assessment of non-homestead property, increased homestead exemption, and portability of Save Our Homes benefits. The bill appropriates $560,000 in nonrecurring funds from the General Revenue Fund to the Department of State for fiscal year 2007-2008 for the purpose of advertising the constitutional amendments being submitted to the electors of Florida at the special election called by this act.

These provisions became law upon approval by the Governor on October 30, 2007.
Vote: Senate 37-2; House 112-3