

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SJR 124

SPONSOR: Senator Geller

SUBJECT: Property Tax Exemption

DATE: March 14, 1999

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Fournier</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable</u>
2.	_____	_____	<u>CA</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

SJR 124 proposes to amend the Florida Constitution to provide for an ad valorem tax exemption for the purposes of disaster preparedness. Implementation by general law is subject to the requirements therein. The bill provides ballot language.

If the Florida Constitution is amended pursuant to the provisions of SJR 124, then implementing legislation will be necessary to effectuate its provisions. The Revenue Impact Conference has determined that implementation of such provisions would have an indeterminate yet substantial negative fiscal impact on local governments.

This Senate Joint Resolution amends section 3, Article VII, of the Florida Constitution.

## II. Present Situation:

Subsequent to the massive destruction of many permanent structures during Hurricane Andrew in South Florida in 1992, the Florida Department of Community Affairs (FDCA) has developed a set of comprehensive disaster preparedness and mitigation programs.

FDCA's master program "Breaking the Cycle" coordinates the following redevelopment, mitigation and disaster preparedness programs:

- ◆ The Florida Coastal Monitoring Project
- ◆ Fannie Mae Pilot Loan Program for residential disaster-resistant home improvements
- ◆ The Florida Alliance for Safe Homes (FLASH) public awareness and education campaign
- ◆ The Homeowners Incentive Team

One of the Homeowners Incentive Team's missions is to identify and develop a comprehensive set of financial and administrative benefits to homeowners in order to encourage homeowners to make disaster preparedness home improvements prior to natural disasters.

### **Current Ad Valorem Tax Exemptions in the Florida Constitution**

Currently, Section 3, Article VII, of the Florida Constitution, provides, in pertinent part, the following:

- (a) All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation.
- (b) There shall be exempt from taxation, cumulatively, to every head of a family residing in this state, household goods and personal effects to the value fixed by general law, not less than one thousand dollars, and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than five hundred dollars.
- © Any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of this subsection and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law.
- (d) By general law and subject to conditions specified therein, there may be granted an ad valorem tax exemption to a renewable energy source device and to real property on which such device is installed and operated, to the value fixed by general law not to exceed the original cost of the device, and for the period of time fixed by general law not to exceed ten years.
- (e) Any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of this subsection and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties.

### **III. Effect of Proposed Changes:**

SJR 124 amends Section 3, Article VII, of the Florida Constitution, authorizing, by general law subject to conditions specified therein, an ad valorem tax exemption for "the value attributable to improvements made for purposes of disaster preparedness." SJR 124 provides ballot language.

### **IV. Constitutional Issues:**

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

Any implementing bill might require counties to expend funds to implement the ad valorem tax exemption. This Senate Joint Resolution does not require municipalities to spend funds or take action requiring the expenditure of funds.

Any implementing bill would reduce the authority that local governments have to raise revenues in the aggregate. The negative fiscal impact is indeterminate but large.

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

None.

**C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:**

**A. Tax/Fee Issues:**

The Senate Joint Resolution proposes a constitutional amendment, to be implemented by general law, which is to provide for an ad valorem tax exemption for value attributable to improvements made for the purposes of disaster preparedness.

**B. Private Sector Impact:**

Any implementing bill would reduce property taxes for property owners who make improvements for purposes of disaster preparedness.

**C. Government Sector Impact:**

The Senate Joint Resolution has no direct government sector impact, but implementing legislation would impact counties, municipalities, school districts, and special districts which levy ad valorem taxes.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.