

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: SB 884

SPONSOR: Senator Cowin & Others

SUBJECT: Homestead Exemptions

DATE: March 24, 1999 REVISED: _____

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

I. Summary:

Senate Bill 884 deletes a requirement that an applicant for homestead tax exemption must provide his or her social security number as a condition of receiving the exemption. The bill also deletes a provision which requires county property appraisers submit social security numbers from homestead exemption applications, for the 2000 tax year and thereafter, to the Department of Revenue.

This bill amends section 196.011 of the Florida Statutes, 1998 Supplement.

II. Present Situation:

Section 6, Article VII of the Florida Constitution grants a homestead exemption to every person who has legal or equitable title to real estate and maintains his or her permanent residence thereon, *upon establishment of right thereto in the manner prescribed by law* (emphasis added). The exemption is also granted to the owner if a legal or natural dependent is a permanent resident of the property. Section 196.031, F.S., provides the statutory authority for the exemption.

Section 3, Article VII of the Florida Constitution permits general law exemptions to widows and widowers, to the blind, and to those totally and permanently disabled. Florida Statutes grant an exemption for certain permanently and totally disabled veterans and for surviving spouses of veterans, s. 196.081, F.S.; an exemption for disabled veterans confined to wheelchairs, s. 196.091, F.S.; an exemption for totally and permanently disabled persons, s. 196.101, F.S.; and an exemption for widows, widowers, blind persons, and persons totally and permanently disabled, s. 196.202, F.S.

Section 196.011, F.S., requires an annual application by March 1 to obtain any real or personal property tax exemption but authorizes counties to waive the annual application or to require only short form applications.

The Tax Reform Act of 1976 amended the Social Security Act to specify that any state in the administration of any tax, among other purposes, may use the social security account numbers to establish the identification of individuals affected by such law, and may require an individual to furnish to such state their social security account number [42 USC 405(c)(2)(C)(I)]. The act also provided that to the extent that any provision of federal law is inconsistent with this policy such provision is “null, void, and of no effect” [Section 1211, Public Law 94-455]. This last provision was important because The Federal Privacy Act of 1974 prohibited states from denying to individuals any right, benefit, or privilege - with some exceptions - because the individual refuses to provide a social security number.

Section 196.011(1)(b), F.S., requires the annual application form for homestead exemptions granted pursuant to ss. 196.031, 196.081, 196.091, 196.101, and 196.202, F.S., to include a space for the applicant to list the social security number of the applicant and the applicant's spouse. These numbers were intended to be used to reduce erroneous and fraudulent ad valorem exemptions. The exemptions for which social security numbers are required include the \$25,000 Homestead Exemption (s. 196.031, F.S.), the Disabled Veteran's Homestead Exemptions (ss. 196.081 and 196.091, F.S.), the exemption for totally permanently disabled persons (196.101, F.S.), and the \$500 exemption for widows, widowers, blind persons, and totally and permanently disabled persons s. (196.202, F.S.). If the applicant fails to include the required social security numbers, the property appraiser must contact the applicant who will have until April 1 to complete the application. Failure to provide the social security numbers constitutes a waiver of the exemption for the year, except as otherwise provided in s. 196.011, F.S.

Section 196.011(11), F.S., requires property appraisers to obtain the social security numbers for all persons currently receiving homestead exemptions and to submit them to the Department of Revenue for exemptions granted in the year 2000. It grants property appraisers the authority to require short form applications to include the social security numbers and requires such short forms include social security numbers after the year 2000. This provision also authorizes the property appraiser to require refile of an application in counties where the annual application requirement has been waived.

Federal law requires that social security numbers be confidential. Section 193.114(6), F.S., provides that social security numbers submitted on homestead exemption applications, pursuant to s. 196.011(1), F.S., are confidential and exempt from the public access provisions of the Public Records Law and s. 24(a), Art. 1, Fla. Const. Copies of documents containing the numbers furnished or sold by the property appraiser, or copies of documents containing social security numbers provided by the department or any state or local agency for inspection or examination by the public, must exclude those social security numbers. However, copies provided to the Department of Revenue may include those social security numbers.

III. Effect of Proposed Changes:

This bill deletes s. 196.011(1)(b), F.S., which requires that an applicant for any of the homestead tax exemptions must provide his or her social security number as a condition of receiving the exemption. In addition, the bill deletes s. 196.011(11), F.S., which requires county property appraisers submit social security numbers of any homestead exemption application, for the 2000 tax year and thereafter, to the Department of Revenue.

The bill would take effect July 1, 1999.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None, since the law requiring social security numbers was not enacted until 1994.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The revenue impact of this bill is estimated to be a recurring loss of \$26 million in local ad valorem tax revenue, with a one-time loss of \$68 million in Fiscal Year 2000-01.

B. Private Sector Impact:

The deletion of these provisions may result in the increase of homestead exemption tax fraud.

C. Government Sector Impact:

When enacted in 1994, this provision was anticipated to increase tax compliance, with a resulting increase in tax revenues for both the state and local governments. The deletion of this provision may result in an increase in homestead exemption fraud, and local government revenues may decrease, or millage rates may increase to compensate for the lost revenue. To the extent that the Department of Revenue will not be able to use the submitted social security numbers to cross-check against intangible personal property records, anticipated state and county government revenues may also decrease.

In 1998, the Legislature passed SB 830, which was the same as SB 884. SB 830 was vetoed by the Governor, and his veto measure gave these reasons for the action:

In my opinion, adequate safeguards are already in place to insure that social security numbers provided to obtain a homestead exemption remain confidential. On the other hand, repealing the requirement will almost assuredly lead to more fraudulent homestead exemptions and reduced compliance with state and local laws.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
