

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 824

SPONSOR: Senator Webster

SUBJECT: Relating to Exemption from Ad Valorem Taxation of Certain Tangible Personal Property

DATE: April 17, 2000 REVISED: _____

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

I. Summary:

This Senate Joint Resolution, if approved by the voters, would authorize the Legislature to provide by general law, that all appurtenances and attachments to mobile home dwellings that are classified as tangible personal property and all appliances, furniture, and fixtures classified as tangible personal property which are included in single-family and multi-family residential rental facilities that have ten or fewer individual housing units may be exempted from ad valorem taxation.

This bill creates Section 3(f) of Article VII of the Florida Constitution.

II. Present Situation:

Section 2 of Article VII of the State Constitution provides that all ad valorem taxation shall be at a uniform rate within each taxing district except for taxes on intangible personal property, which shall never exceed 2 mills.

Section 3, Article VII of the State Constitution relates to taxes and exemptions. It provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. However, a municipality who owns property outside the municipality, may be required by general law, to pay taxes where the property is located.

This section provides a tax exemption to every head of a family residing in the state, household goods and personal effects to the value fixed by general law, no less than \$1,000. An exemption is also provided to every widow or widower or person who is blind or totally and permanently disabled, property the value of which is fixed by general law over \$500. By general law, tangible personal property used for residential purposes is not subject to ad valorem tax (s. 196.181, F.S.)

Section 3 also provides that any county or municipality may grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses,

as defined by general law. The exemption may only be granted by ordinance and only after prior approval by voter referendum. The exemption is to apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business. The exemption shall also apply to tangible personal property of the new business and tangible personal property related to the expansion of the existing business. The exemption shall expire ten years from the date of approval.

In addition, section 3 provides that upon conditions specified by general law, an ad valorem tax exemption may be granted to a renewable energy source device and to real property on which such device is installed and operated, up to the value of the original cost of the device, and for a period of time not to exceed ten years.

Further, section 3 provides any county or municipality may grant historic preservation ad valorem tax exemptions to owners of historic properties.

Section 4 of the Florida Constitution provides that, pursuant to general law, tangible personal property held for sale as stock in trade and livestock may be valued for taxation as a specified percentage of its value, may be classified for tax purposes, or may be exempted from taxation. Section 196.185, F.S., provides that all items of inventory are exempt from ad valorem taxation. Section 4 also provides that the Legislature may, by general law, allow counties and municipalities to assess historic property solely on the basis of character or use.

III. Effect of Proposed Changes:

This Senate Joint Resolution, if approved by the electorate, would authorize the Legislature to provide by general law, that all appurtenances and attachments to mobile home dwellings that are classified as tangible personal property and all appliances, furniture, and fixtures classified as tangible personal property which are included in single-family and multi-family residential rental facilities that have ten or fewer individual housing units may be exempted from ad valorem taxation.

If approved by the electorate, this constitutional amendment will take effect January 1, 2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

In 1999, the Revenue Estimating Conference determined that, if this amendment were approved by the voters and enacted by general law, the loss in local revenue would be \$19.2 million.

B. Private Sector Impact:

This amendment, if enacted by general law, would reduce the property taxes of homeowners and owners of small residential rental facilities.

C. Government Sector Impact:

This amendment would relieve property appraisers from assessing appurtenances and attachments to mobile home dwellings that are classified as tangible personal property and all appliances, furniture, and fixtures classified as tangible personal property which are included in single-family and multi-family residential rental facilities that have ten or fewer individual housing units.

The Division of Elections is required to advertise proposed constitutional amendments in newspapers of general circulation in each county two times prior to the general election at an estimated cost of \$46,000 per amendment.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Each house of the Legislature must pass a joint resolution by a three-fifths vote in order for the proposal to be included on the ballot.

VIII. Amendments:

None.