

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 140  
 SPONSOR: Senator Geller  
 SUBJECT: A joint resolution relating to finance and taxation  
 DATE: March 10, 2001      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CA	Favorable
2.	_____	_____	FT	_____
3.	_____	_____	RC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

SJR 140 proposes to amend the Florida Constitution to provide for an ad valorem tax exemption for value attributable to improvements made for purposes of disaster preparedness. If approved by the electorate, implementing legislation will be necessary to effectuate its provisions.

**II. Present Situation:**

Article VII, s. 4 of the State Constitution requires that all property be assessed at its just value for ad valorem tax purposes. Just value has been interpreted to mean fair market value. Section 4 provides exceptions to this requirement for agricultural land, land producing high water recharge to Florida's aquifers, and land used exclusively for non-commercial recreational purposes, all of which may be assessed solely on the basis of their character or use. Additionally, tangible personal property that is held as inventory may be assessed at a specified percentage of its value or totally exempted.

Article VII, s. 4(c) of the State Constitution, provides for a homestead property assessment increase limitation. Annual increases in homestead property values is limited to 3 percent or the Consumer Price Index percentage, whichever is lower, not to exceed just value. If there is a change in ownership, the property is to be assessed at its just value on the following January 1. The value of changes, additions, reductions or improvements to the homestead property is assessed as provided by general law.

Article VII, s. 3 of the Florida Constitution, provides authority for the following property tax exemptions:

- All property owned by a municipality and used exclusively by it for municipal or public purposes;
- Portions of property use predominantly for educational, literary, scientific, religious or charitable purposes, as provided in general law;
- Property owned by a widow or widower or person who is blind or totally and permanently disabled, not less than five hundred dollars, as provided in general law;
- Property used for community and economic development, by local option and as defined by general law;
- Renewable energy source devices and real property on which the 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; and
- Historic properties, by local option and as defined by general law.

Article VII, s. 6 of the Florida Constitution authorizes an exemption from ad valorem taxation for homestead property owned by a taxpayer and used as the owner's permanent residence or the permanent residence of another legally or naturally dependent upon the owner. The value of the homestead exemption is currently \$25,000 of the assessed value of the real estate.

Subsequent to the massive destruction of Hurricane Andrew in South Florida in 1992, the state and local governments have implemented a number of initiatives to mitigate the impact of storms on permanent structures. Some of these initiatives include encouraging or requiring the construction of new or renovated structures outside the projected storm surge areas, reinforcing of the interior and exterior of new or renovated buildings, and shielding the doors and windows from the impact of wind and water.

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

Subject to voter approval, SJR 140 would create Section 3(f), 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." The resolution provides ballot language.

### **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:**

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

**B. Private Sector Impact:**

If the Legislature implements the constitutional provision, property owners who make improvements for purposes of disaster preparedness will benefit from reduced ad valorem taxes. This reduction in the property tax base will result in a corresponding shift in property tax burden to other property owners.

**C. Government Sector Impact:**

If the Legislature implements the constitutional provision, the tax base of counties, municipalities, school districts, and special districts that levy ad valorem taxes will be reduced.

The Division of Elections estimates that the cost to advertise the proposed constitutional amendment twice in a newspaper of general circulation in each county prior to the 2002 general election will range from \$20,000 to \$50,000.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.