

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. EFFECT OF PROPOSED CHANGES:

Florida's current homestead exemption is a constitutional guarantee that reduces the assessed value of real property up to \$25,000 for qualified permanent residents. This type of homestead exemption is only available if the owner is the permanent resident of residential property as of December 31 of the prior year and the owner files an application for the exemption at the property appraiser's office on or before March 1 of the following year.

In 1992, Florida citizens amended the Florida Constitution by adopting a provision that limited ad valorem taxation on homesteads. The amendment levied a base year "just value" assessment for each homestead as of January 1, 2004¹, and restricted subsequent increases in assessments. Section 193.155(3), F.S., also requires homestead property to be assessed at just value as of January 1 of the year following a change of ownership.² Section 193.155(3), F.S., requires a reassessment when there is a transfer of title among two people but also provides exceptions to qualify for a homestead exemption.

- The transfer of title is to correct an error; or
- The transfer is between legal and equitable title;
- The transfer is between husband and wife, including a transfer to a surviving spouse or a transfer due to a dissolution of marriage;
- The transfer occurs by operation of law under s. 732.4015³; or
- Upon the death of the owner, the transfer is between the owner and another who is permanent resident and is legally or naturally dependent upon the owner.

Attorney General Legal Advisory Opinion 2002-28 concluded that if the sole owner of property receiving a homestead exemption added another individual to the title, this would be a change of ownership and subject to a just value property assessment on the following January 1 under current law.

Under section 193.155(3), F.S., if a transfer of ownership occurs on a property, on January 1 of the year following that transfer, the just value of the property is to be reassessed unless the transfer meets the exemption criteria provided in subsection (3).

¹ Subsection 4(c)3. of Article VII, Florida Constitution.

² Section 193.155(3) defines change of ownership as any sale, foreclosure, or transfer of legal title or beneficial title in equity to any person. Also provides exceptions.

³ Section 732.4015, F.S., authorizes a homestead to be devised to the owner's spouse if there is no minor child, without written documentation.

This bill provides additional exemption criteria which would exempt transfers of ownership from the reassessment requirement in circumstances where the current owner adds new owners, but the current owner retains the original homestead exemption claim and the new owners do not file for that claim.

For example, someone who loses their spouse could add a family member to the title of the property, as long as the family member does not claim, or already claim, a homestead exemption. The original owner must claim the homestead exemption in order to continue the exemption.

C. SECTION DIRECTORY:

Section 1 creates paragraph (e) in s. 193.155(3), F.S., relating to homestead assessments. The new paragraph provides additional circumstances for a transfer of title of real property without a change of ownership for the purpose of assessing the property value.

Section 2 provides that this act shall take effect upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

According to the Florida Association of Property Appraisers, a survey of property appraisers conducted by the Pinellas County Property Appraisers office indicates that 36 of 38 offices that responded to the survey do not remove the cap when a new owner is added. The addition of the language in subsection (e) would bring current practices into compliance with the law.

This committee has requested the bill to be reviewed at the Revenue Impact Conference.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to expend funds.

2. Other:

Attorney General Legal Advisory Opinion 2002-28 concluded that if the sole owner of property receiving a homestead exemption added another individual to the title, this would be a change of ownership and subject to a just value property assessment on the following January 1 under current law.

B. RULE-MAKING AUTHORITY:

N/A.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Florida Association of Property Appraisers and the Property Appraisers Association of Florida support this bill and do not anticipate a significant loss in revenue for local governments due to people qualifying for this exemption.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

The Committee on Local Government & Veterans' Affairs adopted an amendment which clarifies that the new owners may not apply for, or claim, a homestead exemption for the particular property they are being added to without being reassessed.