

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 471 Homestead Assessments
SPONSOR(S): Fernandez-Barquin and others
TIED BILLS: HJR 469 **IDEN./SIM. BILLS:** CS/SB 120

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee		McCain	Aldridge
2) Local Administration, Federal Affairs & Special Districts Subcommittee			
3) State Affairs Committee			

SUMMARY ANALYSIS

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property. Ad valorem taxes are annual taxes levied by counties, cities, school districts and certain special districts. These taxes are based on the just or fair market value of real and tangible personal property as determined by county property appraisers on January 1 of each year. The just value may be subject to limitations, such as the “Save Our Homes” limitation on homestead property assessment increases. The “Save Our Homes” limitation limits any increase in the annual assessment of homestead property to 3% of the assessment for the prior year or the percent change in the Consumer Price Index, whichever is lower. When there is a change in ownership or control of homestead property, the assessment is not limited by the assessed value of the previous year and it is reassessed at just value.

This bill implements the amendment to Article VII, Section 4(d)(1) of the Florida Constitution, proposed in HJR 469, which reduces the maximum increase of the annual assessment of homestead property from 3% to 2% of the previous year’s assessment.

The Revenue Estimating Conference estimated that the bill does not have an impact on local government revenues because the constitutional amendment it is implementing is self-executing.

The bill takes effect on the same day that the constitutional amendment proposed by HJR 469, or a similar joint resolution, takes effect, which is January 1, 2025.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property.¹ Ad valorem taxes are annual taxes levied by counties, cities, school districts and certain special districts. These taxes are based on the just or fair market value of real and tangible personal property as determined by county property appraisers on January 1 of each year.² The just value may be subject to limitations, such as the “save our homes” limitation on homestead property assessment increases.³ The value arrived at after accounting for applicable limitations is known as the assessed value. Property Appraisers then calculate taxable value by reducing the assessed value in accordance with any applicable exemptions, such as the exemptions for homestead property.⁴ Each year, local governing boards levy millage rates (i.e. tax rates) on taxable value to generate the property tax revenue contemplated in their annual budgets.

The voters in 1992 approved an amendment to the Florida Constitution limiting any increase in the annual assessment of homestead property to 3% of the assessment for the prior year or the percent change in the Consumer Price Index, whichever is lower.⁵ This amendment is what is known as the “Save Our Homes” amendment. When there is a change in ownership or control of homestead property, the assessment is not limited by the assessed value of the previous year and it is reassessed at just value.

Effect of Proposed Changes

This bill implements the constitutional amendment proposed by HJR 469 by conforming the implementing state law to reduce the maximum increase of the annual assessment of homestead property from 3% to 2% of the previous year’s assessment.

B. SECTION DIRECTORY:

Section 1: Amends s. 193.155, F.S., reducing the the maximum increase of the annual assessment of homestead property from 3% to 2% of the previous year’s assessment.

Section 2: Provides that the bill takes effect on the same day that the constitutional amendment proposed by HJR 469, or a similar joint resolution, takes effect, which is January 1, 2025.

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 Art. VII, s. 1(a), Fla. Const.

² Art. VII, s. 4, Fla. Const.

³ S. 193.155(1), F.S.

⁴ S. 196.031, F.S.

⁵ Art. VII, s. 4(d)(1), Fla. Const.

1. Revenues:

The Revenue Estimating Conference adopted an impact of zero for the bill due to the joint resolution in HJR 469 being self-executing.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Owners of homestead property in Florida would likely realize lower property tax bills due to the lower limitation of any increase in the annual value assessment of their property.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill conforms Florida Statutes to a new constitutional requirement, therefore the mandates provision of Article VII, section 18 of the Florida Constitution does not apply.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES