

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Community Affairs

BILL: SB 172

INTRODUCER: Senator Polsky and others

SUBJECT: Verification of Eligibility for Homestead Exemption

DATE: January 26, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hackett	Ryon	CA	Pre-meeting
2.	_____	_____	FT	_____
3.	_____	_____	AP	_____

I. Summary:

SB 172 requires the Department of Revenue to establish a procedure by which a person may verify his or her eligibility to receive an exemption related to the applicant’s status as a disabled veteran before the purchase of property.

The bill takes effect July 1, 2024.

II. Present Situation:

General Overview of Property Taxation

The ad valorem tax or “property tax” is an annual tax levied by counties, municipalities, school districts, and some special districts. The tax is based on the taxable value of a property as of January 1 of each year.¹ The property appraiser annually determines the “just value”² of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”³ Property tax bills are mailed in November of each year based on the previous January 1 valuation.⁴ If a taxpayer furnishes the outstanding taxes within 30 days after the tax collector mailed the tax notice, the taxpayer will

¹ Both real property and tangible personal property are subject to tax. Section 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. Section 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value capable of manual possession and whose chief value is intrinsic to the article itself.

² Property must be valued at “just value” for purposes of property taxation, unless the Florida Constitution provides otherwise (FLA. CONST. Art VII, s. 4.). Just value has been interpreted by the courts to mean the fair market value that a willing buyer would pay a willing seller for the property in an arm’s-length transaction. *See Walter v. Shuler*, 176 So. 2d 81 (Fla. 1965).

³ *See* ss. 192.001(2) and (16), F.S.

⁴ *See* Florida Department of Revenue, Florida Property Tax Calendar, *available at*: <https://floridarevenue.com/property/Documents/taxcalendar.pdf> (last visited Mar. 9, 2023).

receive a 4 percent discount on the total amount of taxes due.⁵ The full amount of taxes is due by March 31 of the following year.⁶

The Florida Constitution prohibits the state from levying ad valorem taxes,⁷ and it limits the Legislature's authority to provide for property valuations at less than just value, unless expressly authorized.⁸

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Homestead Exemptions

The Florida Constitution establishes homestead protections for certain residential real estate in the state in three distinct ways. First, it provides homesteads, property owned and maintained as a person's primary residence, with an exemption from taxes.¹¹ Second, the homestead provisions protect the homestead from forced sale by creditors.¹² Third, the homestead provisions delineate the restrictions a homestead owner faces when attempting to alienate or devise the homestead property.¹³

Every person having a legal or equitable title to real estate and who maintains a permanent residence on the real estate is deemed to establish homestead property. Homestead property is eligible for a \$25,000 tax exemption applicable to all ad valorem tax levies, including levies by school districts.¹⁴ An additional \$25,000 exemption applies to homestead property value between \$50,000 and \$75,000. This exemption does not apply to ad valorem taxes levied by school districts.¹⁵

Annual Application

Each person or organization meeting the criteria for an ad valorem tax exemption may claim the exemption if the claimant held legal title to the real or personal property subject to the exemption on January 1.¹⁶ The application for exemption must be filed with the property appraiser on or before March 1, and failure to make an application constitutes a waiver of the exemption for that year. The application must list and describe the property for which the exemption is being claimed and certify the ownership and use of the property. The claimant must reapply for the exemption on an annual basis unless the property appraiser (subject to approval by a vote of the

⁵ See Florida Department of Revenue, Tax Collector Calendar - Property Tax Oversight, *available at*: <https://floridarevenue.com/property/Documents/tccalendar.pdf> (last visited Mar. 9, 2023).

⁶ *Id.*

⁷ FLA. CONST. art. VII, s. 1(a).

⁸ See FLA. CONST. art. VII, s. 4.

⁹ FLA. CONST. art. VII, s. 1(a).

¹⁰ See FLA. CONST. art. VII, s. 4.

¹¹ FLA. CONST. art. VII, s. 6.

¹² FLA. CONST. art. VII, s. 4.

¹³ *Id.* at (c).

¹⁴ FLA. CONST. art. VII, s. 6(a).

¹⁵ *Id.*

¹⁶ Section 196.011(1)(a), F.S.

governing body of the county) has waived the annual application requirement for a property after an initial application is made and the exemption granted.¹⁷

Exemption for Veterans with Total and Permanent Service-Connected Disability

The homestead property of a veteran who was honorably discharged with a service-connected total and permanent disability is exempt from taxation.¹⁸ To qualify for this exemption, the veteran must be a permanent resident of the state on January 1 of the tax year for which exemption is being claimed or must have been a permanent resident of this state on January 1 of the year the veteran died. If the veteran predeceases their spouse, the spouse may continue to receive the exemption as long as the property remains the homestead property of the spouse, and the spouse is unmarried.¹⁹

A totally and permanently disabled veteran, or his or her surviving spouse, who acquires legal or beneficial title to property between January 1 and November 1, may receive a prorated refund of the ad valorem taxes paid for the newly acquired property as of the date of the property transfer provided they were eligible for and granted the exemption on another homestead property in the previous tax year.²⁰

Tax Discount on Homestead Property for a Combat-disabled Veteran

In addition to the property tax exemptions described above, certain combat-disabled veterans are entitled to a discount on their homestead property taxes.²¹ The discount is calculated as a percentage equal to the percentage of the veteran's permanent, service-connected disability.²² The discount is applied as a reduction to the taxable value of the homestead property.²³

To qualify for the tax discount, the veteran must:

- Be aged 65 or older;
- Be partially or totally disabled with combat-related disabilities; and
- Have received an honorable discharge.²⁴

In addition to filing an application with the county tax appraiser for the discount, an eligible veteran must also provide to the tax appraiser by March 1:

- An official letter from the United States Department of Veterans Affairs which includes the percentage of the veteran's service-connected disability and evidence that reasonably identifies the disability as combat-related;
- A copy of the veteran's honorable discharge; and
- Proof of age as of January 1 of the year to which the discount will apply.²⁵

¹⁷ Section 196.011(5) and (9)(a), F.S.

¹⁸ Section 196.081(1), F.S.

¹⁹ Section 196.081(3), F.S.

²⁰ Section 196.081(1)(b), F.S.

²¹ Section 196.082, F.S.

²² Section 196.082(2), F.S.

²³ Section 196.082(5), F.S.

²⁴ Section 196.082(1), F.S.

²⁵ Section 196.082(3), F.S.

III. Effect of Proposed Changes:

The bill requires the Department of Revenue (department) to establish a procedure by which a person may verify his or her eligibility to receive an exemption related to the applicant's status as a disabled veteran before the purchase of property. Currently, this is a service which is not required but may be undertaken by local property appraisers at their own discretion.

The bill provides rulemaking authority to the department.

The bill takes effect July 1, 2024.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The department may incur costs and administrative burdens implementing this process.

VI. Technical Deficiencies:

None.

VII. Related Issues:

There may be issues in implementation related to the department's authority, as opposed to the property appraiser's authority, to determine eligibility for tax exemptions.

VIII. Statutes Affected:

This bill creates 196.092 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
