

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB WMC 24-01 Homestead Exemption Increase

SPONSOR(S): Ways & Means Committee

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Ways & Means Committee		Rexford	Aldridge

SUMMARY ANALYSIS

The Florida Constitution requires all property to be assessed at just value (fair market value) as of January 1 of each year for purposes of ad valorem taxation. Ad valorem assessments are used to calculate property taxes that fund counties, municipalities, district school boards and special districts. The taxable value against which local governments levy tax rates each year reflects the just value as reduced by applicable exceptions and exemptions allowed by the Florida Constitution. One such exemption is on the assessed value between \$50,000 and \$75,000, which is exempt from all taxes other than school district taxes.

This joint resolution proposes an amendment to the Florida Constitution to increase by \$25,000 the current homestead exemption from all taxes other than school district taxes by exempting the assessed value between \$75,000 and up to \$100,000. Overall, the assessed value between \$50,000 and up to \$100,000 would be exempt from all taxes other school district taxes.

Subject to approval by 60 percent of voters during the 2024 general election or earlier special election, the amendment proposed in this joint resolution will take effect on January 1, 2025. The joint resolution is not subject to the governor’s veto powers.

The Revenue Estimating Conference has not estimated the potential revenue impacts of this joint resolution. Staff estimates that if voters approve the proposed constitutional amendment, the impact to non-school local government property taxes in Fiscal Year 2025-26 (the first year of implementation) will be approximately -\$1.0 billion to -\$1.1 billion, assuming current tax rates.

A joint resolution proposing an amendment to the Florida Constitution must be passed by three-fifths of the membership of each house of the Legislature.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Ad Valorem Taxes

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 value (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.

Homestead Exemptions

Certain homestead exemptions are specified in Article VII, Section 6 of the Florida Constitution, which provides that every person who holds legal or equitable title to real estate and uses said real estate as a permanent residence for themselves or a legal or natural dependent is entitled to exemption from taxes on the first \$25,000 in assessed value.⁵ In 2008, Florida voters amended this provision to include an additional \$25,000 exemption from all taxes other than school district taxes on assessed value greater than \$50,000.⁶ Overall, the assessed value of \$50,000 up to \$75,000 is exempt from all ad valorem taxes other than school district taxes.

The constitution also vests the legislature with authority to enact general law establishing the manner in which individuals qualify for exemption. Accordingly, s. 196.031(1)(b), F.S., automatically grants the additional, non-school homestead exemption to every individual who qualifies for the initial homestead exemption on the first \$25,000 in assessed value.

Effect of Proposed Changes

This joint resolution proposes to amend Article VII, Section 6(a) of the Florida Constitution to increase by \$25,000 the current homestead exemption from all ad valorem taxes other than school district taxes on the assessed value greater than \$50,000 by exempting the assessed value between \$75,000 and up to \$100,000. Overall, the assessed value between \$50,000 and up to \$100,000 would be exempt from all ad valorem taxes other school district taxes.

Approving the joint resolution will place the amendment on the ballot during either the 2024 general election or an earlier special election held for the purpose of proposing this amendment to the voters.⁷ Pending voter approval, the amendment will take effect on January 1, 2025.

¹ Art. VII, s. 1(a), Fla. Const.

² Art. VII, s. 4, Fla. Const.

³ See *generally* s. 193.155, F.S.

⁴ S. 196.031, F.S.

⁵ Art. VII, s. 6., Fla. Const.

⁶ *Id.*

⁷ Pursuant to Art. XI, s. 5, Fla. Const., placing the joint resolution on a special election ballot would require the legislature to pass a general law by a 3/4ths vote of each house of the legislature.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Article XI, Section 5(d) of the Florida Constitution requires publication of a proposed amendment in a newspaper of general circulation in each county. The Division of Elections within the Department of State must advertise the full text of the amendment twice in a newspaper of general circulation in each county where the amendment will appear on the ballot. The Division must also provide each supervisor of elections with either booklets or posters displaying the full text of each proposed amendment.⁸

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has not estimated the potential revenue impacts of this joint resolution. Staff estimates that if voters approve the proposed constitutional amendment, the impact to non-school local government property taxes in Fiscal Year 2025-26 (the first year of implementation) will be approximately -\$1.0 billion to -\$1.1 billion, assuming current tax rates.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If this joint resolution is approved by the voters, homestead property owners would realize lower property taxes over time.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The mandates provision applies only to general laws, not to a joint resolution proposing to amend the state Constitution.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES