A bill to be entitled

An act relating to property tax benefits for residential properties; creating s. 193.1553, F.S.; providing that property that receives a certain tax exemption shall be assessed in a specified manner; providing that changes, additions, and improvements to such property shall be assessed in a specified manner; providing exceptions and alternative assessments; providing construction; requiring property that no longer meets eligibility requirements to be assessed in an alternative manner; amending s. 196.011, F.S.; requiring the submission of an application containing specified information before receiving a specified tax exemption; creating s. 196.034, F.S.; providing specified tax exemptions for property that meets certain eligibility requirements; providing that certain damaged or destroyed property is eligible for the exemption if specified conditions are met; providing that if such conditions are not met, such property shall be considered abandoned for a specified purpose; creating s. 196.078, F.S.; providing a definition; providing a first-time Florida homesteader with an additional homestead exemption; providing for calculation of the exemption; providing for the applicability period of the exemption; providing for

an annual reduction in the exemption during the applicability period; providing application procedures; amending ss. 193.1554 and 194.032, F.S.; conforming provisions to changes made by the act; authorizing the Department of Revenue to adopt emergency rules; providing a contingent effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 193.1553, Florida Statutes, is created to read:

193.1553 Assessment of certain residential property subject to a long-term lease.—

(1) Property that receives the exemption under s. 196.034 shall be assessed under this section.

(2) Except as provided in subsection (4), property that meets the conditions of subsection (1) shall be assessed pursuant to this section as of January 1 of any year for which the property is eligible for assessment under this section, using the prior year's assessed value as the basis for any change in assessment. Any change resulting from such assessment shall not exceed the lower of the following:

(a) Three percent of the assessed value of the property for the prior year; or

(b) The percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.

(3) If the assessed value of the property as calculated under subsection (2) exceeds the just value, the assessed value of the property shall be lowered to the just value of the property.

(4) Property assessed under this section shall be assessed at just value as of January 1 of the year following a change of ownership, or as of January 1 of the year following abandonment of homestead on a property that becomes eligible for assessment under this section, but no sooner than the January 1 following the certification to the property appraiser required by s. 193.155(8)(i)2. Thereafter, the annual changes in the assessed value of the property are subject to the limitations in subsections (2) and (3). For purposes of this subsection, the term "change of ownership" means any sale, foreclosure, or transfer of legal title or beneficial title in equity to any person, except if any of the provisions of s. 193.155(3)(a) apply.

(5)(a) Except as provided in paragraph (b) and s. 193.624, changes, additions, or improvements to property subject to this section shall be assessed at just value as of the first January

1 after the changes, additions, or improvements are substantially completed.

(b)1. Changes, additions, or improvements that replace all or a portion of property assessed under this section, including ancillary improvements, that are damaged or destroyed by misfortune or calamity shall be assessed upon substantial completion as provided in this paragraph. Such assessment must be calculated using the property's assessed value as of the January 1 immediately before the date on which the damage or destruction was sustained, subject to the assessment limitations in subsections (2) and (3), when:

a. The square footage of the property as changed or improved does not exceed 110 percent of the square footage of the property before the damage or destruction; or

b. The total square footage of the property as changed or improved does not exceed 1,500 square feet.

2. The property's assessed value must be increased by the just value of that portion of the changed or improved property which is in excess of 110 percent of the square footage of the property before the damage or destruction or of that portion exceeding 1,500 square feet.

3. Property damaged or destroyed by misfortune or calamity which, after being changed or improved, has a square footage of less than 100 percent of the property's total square footage before the damage or destruction shall be assessed pursuant to

subsection (6).

4. Changes, additions, or improvements assessed pursuant to this paragraph must be reassessed pursuant to subsection (2) in subsequent years. This paragraph applies to changes, additions, or improvements commenced within 5 years after the January 1 following the damage or destruction of the property.

(c) Changes, additions, or improvements include improvements made to common areas or other improvements made to property other than to the property by the owner or by an owner association, which improvements directly benefit the property. Such changes, additions, or improvements shall be assessed at just value, and the just value shall be apportioned among the parcels benefiting from the improvement.

(6) When property is destroyed or removed and not replaced, the assessed value of the parcel shall be reduced by the assessed value attributable to the destroyed or removed property.

(7) Only property that meets the conditions of subsection (1) is subject to this section. Any portion of property that is assessed solely on the basis of character or use pursuant to s. 193.461 or s. 193.501, or assessed pursuant to s. 193.505, is not subject to this section.

(8)(a) If, after meeting the conditions of subsection (1) and receiving the benefit of the assessment limitation in subsections (2) and (3), the property does not meet the

conditions of subsection (1) on January 1 of any subsequent year, the property shall instead be assessed pursuant to s. 193.155(1) and (2), or s. 193.1554(3) and (4), as applicable, beginning with such year.

1. Any change in assessment in the first year the property is assessed pursuant to s. 193.1554 shall use the most recent year's assessed value under this section as the basis for adjustment, and may not revert to just value, unless the property experiences a change of ownership or control as provided in s. 193.1554.

2. Any change in assessment in the first year the property is assessed pursuant to s. 193.155 shall use the just value of the property, as adjusted pursuant to s. 193.155(8), if applicable.

(b)1. If the property meets the conditions of subsection (1) on January 1 of a subsequent year, this section shall apply beginning with such year, and the application of the limitation in subsection (2) shall use the most recent year's assessed value as the basis for adjustment if the property was assessed in the most recent year pursuant to s. 193.1554.

2. If the property meets the conditions of subsection (1) on January 1 of a subsequent year and the property was assessed as the homestead of the owner in the prior year pursuant to s. 193.155, then the application of the limitation in subsection (2) shall use the just value of the property, rather than the

prior year's assessment, for the first year's assessment limitation in subsection (2). A property that was abandoned as a homestead is only eligible under this section if the property appraiser in the county in which the abandoned homestead property is located provides the certification to the property appraiser in the county in which the new homestead is located as required by s. 193.155(8)(i)2., stating that the property has been or will be reassessed at just value.

(9)(a) Erroneous assessments of property assessed under this section may be corrected in the following manner:

(a) If errors are made in arriving at any assessment under this section due to a material mistake of fact concerning an essential characteristic of the property, the just value and assessed value must be recalculated for every such year, including the year in which the mistake occurred.

(b) If changes, additions, or improvements are not assessed at just value as of the first January 1 after they were substantially completed, the property appraiser shall determine the just value for such changes, additions, or improvements for the year they were substantially completed. Assessments for subsequent years shall be corrected, applying this section if applicable.

(c) When a person entitled to exemption pursuant to s. 196.034 inadvertently receives the limitation pursuant to this section following a change of ownership, the assessment of such

property must be corrected as provided in paragraph (9)(a), and the person need not pay the unpaid taxes, penalties, or interest.

(d) If the property appraiser improperly grants the property assessment limitation as a result of a clerical mistake or an omission, the person or entity improperly receiving the property assessment limitation may not be assessed a penalty or interest. Back taxes shall apply only as follows:

1. If the person who received the limitation as a result of a clerical mistake or omission voluntarily discloses to the property appraiser that he or she was not entitled to the limitation before the property appraiser notifies the owner of the mistake or omission, no back taxes shall be due.

2. If the person who received the limitation as a result of a clerical mistake or omission does not voluntarily disclose to the property appraiser that he or she was not entitled to the limitation before the property appraiser notifies the owner of the mistake or omission, back taxes shall be due for any year or years that the owner was not entitled to the limitation within the 5 years before the property appraiser notified the owner of the mistake or omission.

(e) If back taxes are due pursuant to s. 193.092, the corrections made pursuant to this subsection shall be used to calculate such back taxes.

(10)(a) If the property appraiser determines that for any

year or years within the prior 10 years a person was granted a limitation under this section due to an application that was fraudulent at the time the application was submitted to the property appraiser's office, the property appraiser shall remove all assessment limitations and exemptions under s. 196.034 on the property for the year such fraud occurred and assess the property for that year at just value, then recalculate the value for all subsequent years using applicable limitations and exemptions. The owner shall be liable for back taxes for the year the fraud occurred and all subsequent years through the current year, a penalty of 100 percent of the unpaid taxes for each year, and 15 percent interest per annum.

(b) The property appraiser shall serve upon an owner that owes back taxes under this subsection a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that person in the county, and such property must be identified in the notice of tax lien. The property appraiser must include with such notice information explaining why the owner is not entitled to the limitation, the years for which unpaid taxes are due, and the manner in which unpaid taxes have been calculated. Before a lien may be filed, the person or entity so notified must be given 30 days to pay the taxes.

Section 2. Paragraph (b) of subsection (1) of section 196.011, Florida Statutes, is amended, and subsection (14) is

added to that section, to read:

196.011 Annual application required for exemption.—

(1)

(b) The form to apply for an exemption under s. 196.031, s. 196.034, s. 196.078, s. 196.081, s. 196.091, s. 196.101, s. 196.102, s. 196.173, or s. 196.202 must include a space for the applicant to list the social security number of the applicant and of the applicant's spouse, if any. If an applicant files a timely and otherwise complete application, and omits the required social security numbers, the application is incomplete. In that event, the property appraiser shall contact the applicant, who may refile a complete application by April 1. Failure to file a complete application by that date constitutes a waiver of the exemption privilege for that year, except as provided in subsection (7) or subsection (9).

(14) Notwithstanding paragraphs (7)(a) and (10)(a), an applicant who is eligible to receive an exemption under s. 196.034 must file an application each year by March 1. Such application must include the address of the property at which the owner currently receives a homestead exemption, and an executed copy of the lease for the property to be exempted under s. 196.034.

Section 3. Section 196.034, Florida Statutes, is created to read:

196.034 Exemption of certain residential property subject

to a long-term lease.—

(1)(a) Property that meets the following conditions is entitled to an exemption from all taxation up to the assessed valuation of $25,000:

1. The owner of the property holds the legal or equitable title to a separate parcel that receives the exemption under s. 196.031 and such parcel is his or her permanent residence.

2. The property is owned through sole ownership or joint ownership with a spouse, or indirectly through a limited liability company that holds legal or equitable title to such real estate if such limited liability company is owned solely or jointly with a spouse.

3. As of January 1 of the taxable year, the property is rented by the owner to one or more natural persons for residential use under a bona fide written lease that has a continuous duration of 6 months or more and, by the terms of the lease, may not be subleased during the rental period.

4. The entire parcel of property would otherwise qualify for a homestead exemption under to s. 196.031 if the property were the owner's permanent residence.

5. The property is classified under s. 195.073(1)(a)1., 2., or 4.

6. The lessee of the property is not married to the owner of the property.

(b) Every property that qualifies to receive the exemption

provided in paragraph (a) is entitled to an additional exemption of up to $25,000 on the assessed valuation greater than $50,000 for all levies other than school district levies.

(c) Any property that does not meet the conditions of paragraph (a) for a given year may not receive the benefits provided in paragraphs (a) and (b) for such year unless subsection (2) applies, but the property may receive the benefits in paragraphs (a) and (b) in any future year for which all conditions in paragraph (a) are met.

(2) For purposes of this section, when property exempted under this section is damaged or destroyed by misfortune or calamity and the property is uninhabitable on the January 1 after the damage or destruction occurs, the property shall be considered to be subject to a long-term lease on January 1 and an existing exemption under this section shall continue if the property is otherwise qualified and if the property owner notifies the property appraiser that he or she intends to repair or rebuild the property and the existing or another lessee will resume residency after the property is repaired or rebuilt. Failure by the property owner to commence the repair or rebuilding of the property within 5 years after the January 1 following the property's damage or destruction constitutes abandonment of the property as exempt under this section. After the 5-year period, the expiration, lapse, nonrenewal, or revocation of a building permit issued to the property owner for

such repairs or rebuilding also constitutes abandonment of the property under this section.

Section 4. Section 196.078, Florida Statutes, is created to read:

196.078 Additional homestead exemption for a first-time Florida homesteader.—

(1) As used in this section, the term "first-time Florida homesteader" means a person who establishes the right to receive the homestead exemption provided in s. 196.031 within 1 year after purchasing the homestead property and who has not owned property in the 4 calendar years prior to such purchase to which the homestead exemption provided in s. 196.031(1)(a) applied.

(2) For purposes of this section, the date on which the deed or other transfer instrument was signed and notarized or otherwise executed shall be considered the date a property was purchased.

(3) Every first-time Florida homesteader is entitled to an additional homestead exemption in an amount equal to 50 percent of the homestead property's just value on January 1 of the year the homestead is established, for all levies other than school district levies. The additional exemption may not exceed the median just value for homestead property in the county where the property at issue is located in the calendar year immediately preceding January 1 of the year the homestead is established. The additional exemption applies for a period of 5 years or

until the year the property is sold, whichever occurs first. The amount of the additional exemption shall be reduced in each subsequent year by an amount equal to 20 percent of the amount of the additional exemption received in the year the homestead was established. Not more than one exemption provided under this subsection is allowed per homestead property. The additional exemption applies to property purchased on or after January 1, 2027, but is not available in the sixth and subsequent years after the additional exemption is first received.

(4) The property appraiser shall require a first-time Florida homesteader claiming an exemption under this section to submit, not later than March 1 on a form prescribed by the Department of Revenue, a sworn statement attesting that the taxpayer, and each other person who holds legal or equitable title to the property, has not owned property in the 4 calendar years prior to such purchase to which the homestead exemption provided by s. 196.031(1)(a) applied. In order for the exemption to be retained upon the addition of another person to the title to the property, the person added must also submit, not later than the subsequent March 1 on a form prescribed by the department, a sworn statement attesting that he or she has not owned property in the 4 calendar years prior to being added to the title to which the homestead exemption provided by s. 196.031(1)(a) applied.

(5) Sections 196.131, 196.151, and 196.161 apply to the

exemption provided in this section.

Section 5. Subsection (1) of section 193.1554, Florida Statutes, is amended to read:

193.1554 Assessment of nonhomestead residential property.—

(1) As used in this section, the term "nonhomestead residential property" means residential real property that contains nine or fewer dwelling units, including vacant property zoned and platted for residential use, and that does not receive the exemption under s. 196.031 or s. 196.034.

Section 6. Paragraph (a) of subsection (1) of section 194.032, Florida Statutes, is amended to read:

194.032 Hearing purposes; timetable.—

(1)(a) The value adjustment board shall meet not earlier than 30 days and not later than 60 days after the mailing of the notice provided in s. 194.011(1); however, no board hearing shall be held before approval of all or any part of the assessment rolls by the Department of Revenue. The board shall meet for the following purposes:

1. Hearing petitions relating to assessments filed pursuant to s. 194.011(3).

2. Hearing complaints relating to homestead exemptions as provided for under s. 196.151.

3. Hearing appeals from exemptions denied, or disputes arising from exemptions granted, upon the filing of exemption applications under s. 196.011.

4. Hearing appeals concerning ad valorem tax deferrals and classifications.

5. Hearing appeals from determinations that a change of ownership under s. 193.155(3), a change of ownership or control under s. 193.1553(4), s. 193.1554(5), or s. 193.1555(5), or a qualifying improvement under s. 193.1555(5) has occurred.

Section 7. (1) The Department of Revenue may, and all conditions are deemed met to, adopt emergency rules pursuant to s. 120.54(4), Florida Statutes, for the purpose of implementing ss. 193.1553, 196.034, and 196.078, Florida Statutes, as created by this act. Notwithstanding any other law, emergency rules adopted pursuant to this section are effective for 6 months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.

(2) This section shall take effect the day after the Department of State certifies, pursuant to s. 102.112, the approval of the amendment to the State Constitution proposed by HJR 1257 or a similar joint resolution having substantially the same specific intent and purpose, if such amendment is approved at the next general election, and shall expire July 1, 2029.

Section 8. Except as otherwise provided, this act shall take effect on the effective date of the amendment to the State Constitution proposed by HJR 1257 or a similar joint resolution having substantially the same specific intent and purpose, if

such amendment is approved at the next general election.