

1 Resolution of the Taxation and Budget Reform Commission
 2 A resolution proposing an amendment to Section 4 and the
 3 creation of Section 19 of Article VII of the State
 4 Constitution to limit the growth of assessments of certain
 5 real property for the purposes of ad valorem taxation, to
 6 mandate the elimination of property taxes set as required
 7 local effort, and to replace the revenues from property
 8 taxes set as required local effort with other funds.

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 10 Be It Resolved by the Taxation and Budget Reform Commission:

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 12 That the following amendment to Section 4 and the creation
 13 of Section 19 of Article VII and a new section in Article XII of
 14 the State Constitution is agreed to and shall be submitted to
 15 the electors of this state for approval or rejection at the next
 16 general election or at an earlier special election specifically
 17 authorized by law for that purpose:

18
 19 ARTICLE VII

20 FINANCE AND TAXATION

21 SECTION 4. Taxation; assessments.—By general law
 22 regulations shall be prescribed which shall secure a just
 23 valuation of all property for ad valorem taxation, provided:

24 (a) Agricultural land, land producing high water recharge
 25 to Florida's aquifers, or land used exclusively for
 26 noncommercial recreational purposes may be classified by general
 27 law and assessed solely on the basis of character or use.

28 (b) Pursuant to general law tangible personal property
 29 held for sale as stock in trade and livestock may be valued for
 30 taxation at a specified percentage of its value, may be

31 classified for tax purposes, or may be exempted from taxation.

32 (c) All persons entitled to a homestead exemption under
33 Section 6 of this Article shall have their homestead assessed at
34 just value as of January 1 of the year following the effective
35 date of this amendment. This assessment shall change only as
36 provided herein.

37 (1) Assessments subject to this provision shall be changed
38 annually on January 1st of each year; but those changes in
39 assessments shall not exceed the lower of the following:

40 a. Three percent (3%) of the assessment for the prior
41 year.

42 b. The percent change in the Consumer Price Index for all
43 urban consumers, U.S. City Average, all items 1967=100, or
44 successor reports for the preceding calendar year as initially
45 reported by the United States Department of Labor, Bureau of
46 Labor Statistics.

47 (2) No assessment shall exceed just value.

48 (3) After any change of ownership, as provided by general
49 law, homestead property shall be assessed at just value as of
50 January 1 of the following year, unless the provisions of
51 paragraph (8) apply. Thereafter, the homestead shall be assessed
52 as provided herein.

53 (4) New homestead property shall be assessed at just value
54 as of January 1st of the year following the establishment of the
55 homestead, unless the provisions of paragraph (8) apply. That
56 assessment shall only change as provided herein.

57 (5) Changes, additions, reductions, or improvements to
58 homestead property shall be assessed as provided for by general
59 law; provided, however, after the adjustment for any change,
60 addition, reduction, or improvement, the property shall be

61 assessed as provided herein.

62 (6) In the event of a termination of homestead status, the
63 property shall be assessed as provided by general law.

64 (7) The provisions of this amendment are severable. If any
65 of the provisions of this amendment shall be held
66 unconstitutional by any court of competent jurisdiction, the
67 decision of such court shall not affect or impair any remaining
68 provisions of this amendment.

69 (8)a. A person who establishes a new homestead as of
70 January 1, 2009, or January 1 of any subsequent year and who has
71 received a homestead exemption pursuant to Section 6 of this
72 Article as of January 1 of either of the two years immediately
73 preceding the establishment of the new homestead is entitled to
74 have the new homestead assessed at less than just value. If this
75 revision is approved in January of 2008, a person who
76 establishes a new homestead as of January 1, 2008, is entitled
77 to have the new homestead assessed at less than just value only
78 if that person received a homestead exemption on January 1,
79 2007. The assessed value of the newly established homestead
80 shall be determined as follows:

81 1. If the just value of the new homestead is greater than
82 or equal to the just value of the prior homestead as of January
83 1 of the year in which the prior homestead was abandoned, the
84 assessed value of the new homestead shall be the just value of
85 the new homestead minus an amount equal to the lesser of
86 \$500,000 or the difference between the just value and the
87 assessed value of the prior homestead as of January 1 of the
88 year in which the prior homestead was abandoned. Thereafter, the
89 homestead shall be assessed as provided herein.

90 2. If the just value of the new homestead is less than the

91 just value of the prior homestead as of January 1 of the year in
92 which the prior homestead was abandoned, the assessed value of
93 the new homestead shall be equal to the just value of the new
94 homestead divided by the just value of the prior homestead and
95 multiplied by the assessed value of the prior homestead.

96 However, if the difference between the just value of the new
97 homestead and the assessed value of the new homestead calculated
98 pursuant to this sub-subparagraph is greater than \$500,000, the
99 assessed value of the new homestead shall be increased so that
100 the difference between the just value and the assessed value
101 equals \$500,000. Thereafter, the homestead shall be assessed as
102 provided herein.

103 b. By general law and subject to conditions specified
104 therein, the Legislature shall provide for application of this
105 paragraph to property owned by more than one person.

106 (d) The legislature may, by general law, for assessment
107 purposes and subject to the provisions of this subsection, allow
108 counties and municipalities to authorize by ordinance that
109 historic property may be assessed solely on the basis of
110 character or use. Such character or use assessment shall apply
111 only to the jurisdiction adopting the ordinance. The
112 requirements for eligible properties must be specified by
113 general law.

114 (e) A county may, in the manner prescribed by general law,
115 provide for a reduction in the assessed value of homestead
116 property to the extent of any increase in the assessed value of
117 that property which results from the construction or
118 reconstruction of the property for the purpose of providing
119 living quarters for one or more natural or adoptive grandparents
120 or parents of the owner of the property or of the owner's spouse

121 if at least one of the grandparents or parents for whom the
122 living quarters are provided is 62 years of age or older. Such a
123 reduction may not exceed the lesser of the following:

124 (1) The increase in assessed value resulting from
125 construction or reconstruction of the property.

126 (2) Twenty percent of the total assessed value of the
127 property as improved.

128 (f) For all levies other than school district levies,
129 assessments of residential real property, as defined by general
130 law, which contains nine units or fewer and which is not subject
131 to the assessment limitations set forth in subsections (a)
132 through (c) shall change only as provided in this subsection.

133 (1) Assessments subject to this subsection shall be
134 changed annually on the date of assessment provided by law; but
135 those changes in assessments shall not exceed five ~~ten~~ percent
136 (5%) ~~(10%)~~ of the assessment for the prior year.

137 (2) No assessment shall exceed just value.

138 (3) After a change of ownership or control, as defined by
139 general law, including any change of ownership of a legal entity
140 that owns the property, such property shall be assessed at just
141 value as of the next assessment date. Thereafter, such property
142 shall be assessed as provided in this subsection.

143 (4) Changes, additions, reductions, or improvements to
144 such property shall be assessed as provided for by general law;
145 however, after the adjustment for any change, addition,
146 reduction, or improvement, the property shall be assessed as
147 provided in this subsection.

148 (g) For all levies other than school district levies,
149 assessments of real property that is not subject to the
150 assessment limitations set forth in subsections (a) through (c)

151 and (f) shall change only as provided in this subsection.

152 (1) Assessments subject to this subsection shall be
 153 changed annually on the date of assessment provided by law; but
 154 those changes in assessments shall not exceed five ~~ten~~ percent
 155 (5%) ~~(10%)~~ of the assessment for the prior year.

156 (2) No assessment shall exceed just value.

157 (3) The legislature must provide that such property shall
 158 be assessed at just value as of the next assessment date after a
 159 qualifying improvement, as defined by general law, is made to
 160 such property. Thereafter, such property shall be assessed as
 161 provided in this subsection.

162 (4) The legislature may provide that such property shall
 163 be assessed at just value as of the next assessment date after a
 164 change of ownership or control, as defined by general law,
 165 including any change of ownership of the legal entity that owns
 166 the property. Thereafter, such property shall be assessed as
 167 provided in this subsection.

168 (5) Changes, additions, reductions, or improvements to
 169 such property shall be assessed as provided for by general law;
 170 however, after the adjustment for any change, addition,
 171 reduction, or improvement, the property shall be assessed as
 172 provided in this subsection.

173 SECTION 19. Mandated repeal of exemptions and exclusions
 174 from state sales tax to replace the ad valorem property taxes
 175 set by the legislature under the Florida Education Finance
 176 Program.--

177 (a) The legislature shall eliminate the ad valorem
 178 property tax applicable to assessments beginning January 1,
 179 2011, set as the required local effort for all school districts
 180 under the Florida Education Finance Program, or its successor in

181 function. Thereafter, the full revenue impact of the elimination
 182 of the required local effort shall be offset by:

183 (1) the repeal of sales tax exemptions determined not to
 184 advance or serve a public purpose, except for the current
 185 exemptions for: food; prescription drugs; health services; and
 186 residential rent, electricity and heating fuel, which exemptions
 187 advance tax fairness;

188 (2) a sales tax increase of up to one cent in the sales
 189 tax rate in existence on January 6, 2009; and

190 (3) spending reductions for other components of the state
 191 budget and revenue increases resulting from economic growth
 192 attributable to lower property taxes.

193 (b) Each law creating a sales tax exemption shall contain
 194 the single subject-matter of a single exemption and a
 195 legislative finding that the exemption advances or serves the
 196 public purpose of: encouraging economic development and
 197 competitiveness; supporting educational, governmental, literary,
 198 scientific, religious, or charitable initiatives or
 199 institutions; or securing tax fairness.

200 (c) Commencing in the 2011-2012 fiscal year and each
 201 fiscal year thereafter, the legislature shall be preempted from
 202 requiring the levy of an ad valorem property tax as a required
 203 local funding effort participation by school districts in the
 204 Florida Education Finance Program. Nothing contained in this
 205 section replaces or eliminates: the ad valorem tax millage
 206 dedicated to capital outlay, school renovation and repair, or
 207 for the payment of lease purchase obligations authorized by
 208 general law; voter-approved millage authorized in the
 209 constitution; or discretionary ad valorem millage for school
 210 districts authorized by law.

241 heating fuel. Limiting subject-matter of laws granting future
242 exemptions. Limiting annual increases in assessment of non-
243 homestead real property.