

1 Resolution of the Taxation and Budget Reform Commission  
2 A resolution proposing an amendment to Sections 4 and 9  
3 and the creation of Section 19 of Article VII and Section  
4 28 of Article XII of the State Constitution to limit the  
5 growth of assessments of certain real property for the  
6 purposes of ad valorem taxation, to mandate the  
7 elimination of property taxes set as required local  
8 effort, to reduce the maximum millage for school purposes,  
9 and to replace the revenues from property taxes set as  
10 required local effort with other funds.

11  
12 Be It Resolved by the Taxation and Budget Reform Commission:

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14 That the following amendment to Sections 4 and 9 and the  
15 creation of Section 19 of Article VII and Section 28 of Article  
16 XII of the State Constitution is agreed to and shall be  
17 submitted to the electors of this state for approval or  
18 rejection at the next general election or at an earlier special  
19 election specifically authorized by law for that purpose:

20 ARTICLE VII

21 FINANCE AND TAXATION

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

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

29 (b) Pursuant to general law tangible personal property  
30 held for sale as stock in trade and livestock may be valued for

31 taxation at a specified percentage of its value, may be  
32 classified for tax purposes, or may be exempted from taxation.

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

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

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

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

48 (2) No assessment shall exceed just value.

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

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

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

61 addition, reduction, or improvement, the property shall be  
62 assessed as provided herein.

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

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

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

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

2. If the just value of the new homestead is less than the just value of the prior homestead as of January 1 of the year in which the prior homestead was abandoned, the assessed value of the new homestead shall be equal to the just value of the new homestead divided by the just value of the prior homestead and multiplied by the assessed value of the prior homestead.

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

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

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

(e) A county may, in the manner prescribed by general law, provide for a reduction in the assessed value of homestead property to the extent of any increase in the assessed value of that property which results from the construction or reconstruction of the property for the purpose of providing living quarters for one or more natural or adoptive grandparents

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

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

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

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

134 (1) Assessments subject to this subsection shall be  
135 changed annually on the date of assessment provided by law; but  
136 those changes in assessments shall not exceed five ~~ten~~ percent  
137 (5%) ~~(10%)~~ of the assessment for the prior year.

138 (2) No assessment shall exceed just value.

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

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

149 (g) For all levies other than school district levies,  
150 assessments of real property that is not subject to the

assessment limitations set forth in subsections (a) through (c) and (f) shall change only as provided in this subsection.

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

(2) No assessment shall exceed just value.

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

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

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

#### SECTION 9. Local taxes.--

(a) Counties, school districts, and municipalities shall, and special districts may, be authorized by law to levy ad valorem taxes and may be authorized by general law to levy other taxes, for their respective purposes, except ad valorem taxes on intangible personal property and taxes prohibited by this constitution.

(b) Ad valorem taxes, exclusive of taxes levied for the payment of bonds and taxes levied for periods not longer than two years when authorized by vote of the electors who are the owners of freeholds therein not wholly exempt from taxation, shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, five ~~ten~~ mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by vote of the electors who are owners of freeholds therein not wholly exempt from taxation. A county furnishing municipal services may, to the extent authorized by law, levy additional taxes within the limits fixed for municipal purposes.

SECTION 19. Replacement of ad valorem taxes required by the legislature with other funds for education.--

(a) Commencing in the 2010-2011 fiscal year, the legislature shall be prohibited from requiring school districts to levy an ad valorem tax as a required local effort for participation in the Florida Education Finance Program or a successor program.

(b)(1) The legislature shall replace the revenue impact of the elimination of the required local effort as provided in subsection (a) through one or more of the following options:

a. the repeal of sales tax exemptions, which are determined not to advance or serve a public purpose, except for the current exemptions for: food; prescription drugs; health

services; charitable organizations; religious organizations;  
residential rent, electricity and heating fuel; sales of  
tangible personal property purchased for resale or imported,  
produced, or manufactured in this state for export; sales of  
real property; and sales of intangible personal property.

b. an increase of up to one percentage point to the sales  
and use tax rate in existence on January 6, 2009.

c. spending reductions for other components of the state  
budget and revenue increases resulting from economic growth  
attributable to lower property taxes.

d. other revenues identified or created by the  
legislature.

(2) In implementing this section, the amount appropriated  
and set in the General Appropriations Act in the 2010-2011  
fiscal year shall not be less than the amount appropriated and  
set in the 2008-2009 fiscal year for the funding of public  
schools under the Florida Education Finance Program, as  
increased by the average historical growth for such amounts  
during state fiscal years 2006-2007 and 2007-2008, which  
appropriated and set amount shall be referred to as the  
"education hold harmless amount."

(3) Nothing contained herein shall be construed to replace  
or eliminate: the ad valorem tax millage dedicated to capital  
outlay, school renovation and repair, or for the payment of  
lease purchase obligations authorized by general law; voter-  
approved millage authorized in the constitution; or  
discretionary ad valorem millage for school districts authorized  
by law.

(c) Each law creating a sales tax exemption shall contain  
the single subject of a single exemption and a legislative



241 finding that the exemption advances or serves the public purpose  
242 of: encouraging economic development and competitiveness;  
243 supporting educational, governmental, literary, scientific,  
244 religious, or charitable initiatives or organizations; or  
245 securing tax fairness.

## ARTICLE XII

## SCHEDULE

248 SECTION 28. Implementation of school property tax  
249 reform.--

250 (a) The amendments to Section 4 of Article VII, reducing  
251 the maximum annual change in assessments for non-homestead  
252 properties to five percent (5%) from ten percent (10%) shall  
253 take effect January 1, 2009.

254 (b) The amendment to Section 9 of Article VII, reducing to  
255 five mills from ten mills the authorized ad valorem millage for  
256 school purposes shall take effect January 1, 2010.

258 BE IT FURTHER RESOLVED that the following statement be  
259 placed on the ballot:

## CONSTITUTIONAL AMENDMENT

## ARTICLE VII, SECTIONS 4, 9, AND 19

## ARTICLE XII, SECTION 28

263 ELIMINATING STATE REQUIRED SCHOOL PROPERTY TAX AND  
264 REPLACING WITH EQUIVALENT STATE REVENUES TO FUND EDUCATION.--  
265 Replacing state required school property taxes with state  
266 revenues generating an equivalent hold harmless amount for  
267 schools through one or more of the following options: repealing  
268 sales tax exemptions not specifically excluded; increasing sales  
269 tax rate up to one percentage point; spending reductions; other  
270 revenue options created by the legislature. Limiting subject

271 matter of laws granting future exemptions. Limiting annual  
272 increases in assessment of non-homestead real property. Lowering  
273 property tax millage rate for schools.