

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 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, to reduce the maximum millage for school
8 purposes, and to replace the revenues from property taxes
9 set as required local effort with other funds.

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

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

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

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 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)

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

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

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

199 (a) Commencing in the 2010-2011 fiscal year, the
200 legislature shall not require school districts to levy an ad
201 valorem tax as a required local effort for participation in the
202 Florida Education Finance Program or a successor program.

203 (b)(1) The legislature shall replace the revenue impact of
204 the elimination of the required local effort as provided in
205 subsection (a) through a combination of the following actions:

206 a. the repeal of sales tax exemptions, which are
207 determined not to advance or serve a public purpose, except for
208 the current exemptions for: food; prescription drugs; health
209 services; charitable organizations; religious organizations; and
210 residential rent, electricity and heating fuel, which exemptions

211 advance tax fairness;

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

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

217 d. other revenues identified or created by the
218 legislature.

219 (2) In implementing and adopting the legislative actions
220 enumerated in this section, the amount appropriated in the
221 General Appropriations Act in the 2010-2011 fiscal year shall
222 not be less than the amount appropriated and set in the 2008-
223 2009 fiscal year for the funding of public schools under the
224 Florida Education Finance Program, as increased by the average
225 historical growth for such amounts during state fiscal years
226 2006-2007 and 2007-2008, which appropriated amount shall be
227 referred to as the "education hold harmless amount."

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

235 (c) Each law creating a sales tax exemption shall contain
236 the single subject of a single exemption and a legislative
237 finding that the exemption advances or serves the public purpose
238 of: encouraging economic development and competitiveness;
239 supporting educational, governmental, literary, scientific,
240 religious, or charitable initiatives or organizations; or

241 securing tax fairness.

242
243 BE IT FURTHER RESOLVED that the following statement be
244 placed on the ballot:

245 CONSTITUTIONAL AMENDMENT

246 ARTICLE VII, SECTIONS 4, 9, AND 19

247 REPLACEMENT OF SCHOOL PROPERTY TAXES AS REQUIRED LOCAL
248 EFFORT SET BY LEGISLATURE.--Directing Legislature to replace
249 required local property taxes for public school funding with
250 other state revenues through combination of: repealing sales
251 tax exemptions; increasing sales tax rate up to one cent;
252 spending reductions; or, other revenues. Excluded from sales tax
253 repeal are certain current exemptions including groceries,
254 prescription drugs, health services, residential rent and
255 utilities. Limiting subject matter of laws granting future
256 exemptions. Limiting annual increases in assessment of non-
257 homestead real property. Reducing the authorized millage for
258 school purposes.

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260 Alternative ballot summary

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262 Replaces required local effort property taxes set by the
263 Legislature for schools through: a sales tax increase of up to
264 one cent; the repeal of sales tax exemptions, excluding
265 exemptions that apply to necessities; state spending reductions;
266 and other revenues. Reduces to five mills from ten mills the
267 maximum property tax millage for schools; reduces the general
268 annual limit on increases in assessments of non-homestead
269 property to five percent from ten percent.