

1989

Session Law 89-328

Florida Senate & House of Representatives

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H 1054 GENERAL BILL/1ST ENG by King and others (Compare H 141, 1ST ENG/S 8, S 820)

Homestead Property Tax/Deferral; allows deferral of portion of certain non-ad valorem assessments, as well as portion of ad val taxes, levied on homestead property; allows deferral of all such ad val taxes & non-ad val assessments for persons over certain age whose household income is below specified minimum; provides for annual adjustments to maximum allowable gross income for persons who may qualify for ad val exemption for totally & permanently disabled persons, etc. Amends F.S. Effective Date: 07/05/89.

03/20/89 HOUSE Prefiled
 03/24/89 HOUSE Referred to Judiciary; Finance & Taxation; Appropriations
 03/30/89 HOUSE Subreferred to Subcommittee on Real Property and Family Law
 04/04/89 HOUSE Introduced, referred to Judiciary; Finance & Taxation; Appropriations -HJ 100; Subreferred to Subcommittee on Real Property and Family Law; On Committee agenda—Judiciary, 04/06/89, 3:30 pm, 413-C—For ratification of referral to subcommittee
 04/06/89 HOUSE On subcommittee agenda—Judiciary, 04/10/89, 3:30 pm, 415-HOB
 04/10/89 HOUSE Subcommittee Recommendation: Favorable
 04/14/89 HOUSE On Committee agenda—Judiciary, 04/18/89, 8:30 am, 413-C
 04/18/89 HOUSE Preliminary Committee Action by Judiciary: Favorable with 1 amendment
 05/09/89 HOUSE Comm. Report: Favorable with 1 amendment(s) by Judiciary -HJ 443; Now in Finance & Taxation -HJ 444
 05/17/89 HOUSE On Committee agenda—Finance & Taxation, 05/19/89, 8:00 am, 413-C
 05/22/89 HOUSE Comm. Report: Favorable by Finance & Taxation -HJ 567; Now in Appropriations -HJ 567
 05/26/89 HOUSE Placed on Consent Calendar; Withdrawn from Appropriations -HJ 661; Placed on Calendar; Read second time -HJ 680; Amendment adopted; Read third time; Passed as amended; YEAS 108 NAYS 0 -HJ 681; Reconsidered; Amendment reconsidered, withdrawn; Passed; YEAS 110 NAYS 0 -HJ 681
 05/26/89 SENATE In Messages
 05/29/89 SENATE Received -SJ 496; Substituted for SB 820; Amendments adopted -SJ 505; Passed as amended; YEAS 38 NAYS 0 -SJ 527
 05/29/89 HOUSE In Messages
 06/01/89 HOUSE Refused to concur in amendments totaling 4; Requested Senate to recede; Concurred in amendments totaling 4; Amendments to Senate amendments adopted; Concurred in Senate amendments as amended; CS passed as amended; YEAS 107 NAYS 0 -HJ 1070
 06/01/89 SENATE In Messages
 06/02/89 SENATE Receded; Concurred; Passed as amended; YEAS 38 NAYS 0 -SJ 919
 06/02/89 Ordered enrolled
 06/20/89 Signed by Officers and presented to Governor
 07/05/89 Approved by Governor; Chapter No. 89-328

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NOTES: Above bill history from Division of Legislative Information's *FINAL LEGISLATIVE BILL INFORMATION, 1989 SESSIONS*. Staff Analyses for bills amended beyond final committee action may not be in accordance with the enacted law. Journal page numbers (HJ & SJ) refer to daily Journals and may not be the same as final bound Journals.

STORAGE NAME: h1054a.jud
DATE: May 1, 1989

SEE AMENDMENTS SECTION

AS REPORTED TO CLERK

HOUSE OF REPRESENTATIVES
COMMITTEE ON JUDICIARY
STAFF ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: HB 1054

RELATING TO: Homestead Property Tax Deferral Act

SPONSOR(S): King

EFFECTIVE DATE: Upon becoming law

COMPANION BILL(S): SB 820

OTHER COMMITTEES OF REFERENCE: (1) Finance and Taxation
(2) Appropriations

I. SUMMARY:

A. PRESENT SITUATION:

The Homestead Property Tax Deferral Act, ss. 197.242-197.312, Fla. Stat., allows persons entitled to the homestead exemption on ad valorem taxation to defer the portion of tax due on the homestead which exceeds 5% of the household income for the prior calendar year; or, in the case of persons at least 65 years old and permanent residents of the state, that portion of tax due which exceeds 3% of the household income. Tax deferral under the act is not permitted if the deferred taxes, plus interest and the amount of all other unsatisfied liens on the property exceed 85% of the value of the homestead or if the primary mortgage on the homestead is for an amount exceed 70% of the value of the homestead. Adequate fire and extended coverage insurance must be maintained throughout the period of deferral.

All deferred amounts, plus interest, become due if the owner is no longer entitled to claim the homestead exemption, if required insurance is not maintained, or if the property is changes ownership, except to a surviving spouse who is eligible for deferral.

Interest on tax certificates sold for taxes which have been deferred pursuant to this act accrues at 0.5% plus the average yield to maturity of the long-term fixed income portion of the Florida Retirement System investments.

Special assessments authorized by general or special law, or by the Florida Constitution, may be collected as provided for ad valorem taxes, (including the sale of tax certificates), if the taxing entity agrees in writing to reimburse the property appraiser for the administrative costs, a resolution authorizing this method of collection is adopted at a public hearing,

affected property owners are notified as required of the potential for loss of title and the time and place of the public hearing, the property appraiser has listed the special assessment on the assessment roll for each affected parcel, and the dollar amount of the special assessment has been included in the notice of proposed property taxes and in the tax notice.

B. EFFECT OF PROPOSED CHANGES:

House Bill 1054 amends the Homestead Property Tax Deferral Act by including in amounts which may be deferred, non-ad valorem assessments for which tax certificates may be sold. Further, the Act as amended would allow applicants with a household income of less than \$10,000 and applicants who are at least 70 years old with a household income of less than \$12,000 to defer the entire amount of their ad valorem taxes and eligible non-ad valorem assessments. Finally, the bill changes the rate of interest on deferred taxes, assessments and interest to 8 percent compounded annually.

C. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 197.252, Fla. Stat., to provide that non-ad valorem assessments which would be covered by a tax certificate may be included in the computation of taxes eligible for deferral under the Homestead Property Tax Deferral Act.

Paragraph (2)(b) of s. 197.252, Fla. Stat., is amended to provide that if the household income for the homestead is less than \$10,000, or, if the applicant is at least 70 years of age, \$12,000, the entire amount of ad valorem taxes and non-ad valorem assessments is deferred upon approval of an application for deferral.

Subsection 197.252(4), Fla. Stat., amends the rate of interest that may accrue on deferred taxes, non-ad valorem assessments and interest to 8% compounded annually.

Section 2 amends s. 197.254, Fla. Stat., to make conforming amendments with regard to the notice which must be provided to taxpayers with the notice of taxes of the right to defer taxes and certain non-ad valorem assessments.

Section 3 amends s. 197.262, Fla. Stat., relating to tax certificates, to make conforming amendments.

Section 4 amends s. 197.292, Fla. Stat., relating to construction of the act, to make conforming amendments.

Section 5 provides that the act will take effect upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Appropriations Consequences:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

In addition to ad valorem taxes, other eligible non-ad valorem special assessments may be deferred, which would cause some reduction in the level of taxes currently collectible. In addition, applicants over 70 years of age with a household income less than \$12,000, or applicants with household incomes less than \$10,000 would be permitted to defer the entire amount of taxes and eligible special assessments.

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

The change from a variable interest rate to a fixed rate of 8% will affect those who defer taxes and those who purchase tax certificates on deferred taxes in varying degrees, dependent upon the market.

2. Direct Private Sector Benefits:

Certain special assessments may be deferred by eligible owners of homesteads in addition to their ad valorem taxes. Owners of homesteads having limited incomes may defer a greater amount of taxes and other assessments.

3. Effects on Competition, Private Enterprise, and Employment Markets:

None

D. FISCAL COMMENTS:

None

III. LONG RANGE CONSEQUENCES:

This bill could positively affect the component of the State Comprehensive Plan which encourages the increase of affordable housing for low and moderate income persons.

IV. COMMENTS:

The bill could have a positive effect on the availability of affordable housing, as urged by the House Policy Statement and the Committee Mission Statement.

V. AMENDMENTS:

HB 1054 as amended strikes the portion of the bill which amends language in the notice to taxpayers that the full ad valorem tax deferral is applicable only to those who are 65 years of age or older. This amendment appears to create a conflict between the provisions of the law and the notice.

VI. SIGNATURES:

SUBSTANTIVE COMMITTEE:

Prepared by:

Debby Kearney *dk*

Staff Director:

Richard Hixson *RH*

SECOND COMMITTEE OF REFERENCE:

Prepared by:

Staff Director:

APPROPRIATIONS:

Prepared by:

Staff Director:


REVISED: _____

BILL NO. SB 820

DATE: April 21, 1989

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SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

<u>ANALYST</u>	<u>STAFF DIRECTOR</u>	<u>REFERENCE</u>	<u>ACTION</u>
1. <u>Dempsey</u>	<u>Beggs</u> 	1. <u>FTC</u>	<u>Favorable</u>
2. _____	_____	2. _____	_____
3. _____	_____	3. _____	_____
4. _____	_____	4. _____	_____

SUBJECT: Homestead Property Tax Deferral

BILL NO. AND SPONSOR: SB 820 by Senator Bankhead

I. SUMMARY:

A. Present Situation:

Sections 197.242 through 197.312, F.S., create the "Homestead Property Tax Deferral Act". The tax deferral program set up by the act allows for the deferral of homestead property tax exceeding 5% of income for homeowners aged 64 and younger and 3% of income for homeowners aged 65 and older. The program defines income to exclude social security income. Deferred payment tax certificates are issued for the amount of the tax deferred.

Currently, the interest rate charged on deferred taxes is tied to the average yield to maturity of the long-term fixed-income portion of the Florida Retirement System investments. (s. 197.252(4), F.S.)

B. Effect of Proposed Changes:

The bill amends the Homestead Property Tax Deferral Act in three ways: one, it adds the ability to defer non-ad valorem assessments; two, it provides total deferment of ad valorem taxes and non-ad valorem assessments for homeowners aged 65 or older with an annual household income of less than \$10,000 and for homeowners aged 70 or older with an annual household income of less than \$12,000; and three, it changes the interest rate on deferred taxes and non-ad valorem assessments to 8% compounded annually.

C. Section-By-Section Analysis:

Section 1: Amends s. 197.252 F.S., to allow for the deferral of the combined total of ad valorem taxes and non-ad valorem assessments collectable under Chapter 197, F.S. The non-ad valorem assessments collectable under s. 197.3632, F.S., are those assessments which are not based upon millage and which can become a lien against a homestead.

Section 197.252(2)(b), F.S., is amended to allow applicants aged 65 or older with an annual household income of less than \$10,000, and applicants aged 70 or older with an annual household income of less than \$12,000, to defer the combined total of ad valorem taxes and non-ad valorem assessments in their entirety.

Section 197.252(4), F.S., is amended to change the current interest rate, to a constant rate of 8% compounded annually.

Section 2: Amends s. 197.254, F.S., to include new language in the notice required to inform taxpayers of their entitlement to defer taxes. The new language incorporates the changes made to the program by Section 1 of the bill.

Section 3: Section 197.262, F.S., relating to deferred payment tax certificates, is amended to include non-ad valorem assessments in the amount of taxes deferred for the purpose of selling deferred payment tax certificates. The rate of interest for deferred payment tax certificates is changed to an annually compounded rate of 8%.

Section 4: Section 197.292, F.S., clarifies that none of the act's provisions are to be construed as allowing for the deferral of payment of special assessments to benefited property. The bill creates an exception to this for special assessments specifically deferrable under the chapter as amended.

Section 5: Provides that the bill take effect upon becoming a law.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Elderly homeowners aged 65 or older meeting the bill's income requirements will benefit from the ability to defer all property taxes and non-ad valorem assessments.

B. Government:

The impact on local government should be minimal since tax certificates are issued for the amount deferred and sold at a tax certificate sale. Those tax certificates that are not sold are held by the county until the taxes and interest become due or the county offers them for purchase to the State Board of Administration (SBA). The SBA is required to purchase the certificates if offered. Local governments may suffer a short-term revenue loss on any tax certificates held by the county for redemption.

III. COMMENTS:

- 1) According to the State Board of Administration the yield on the long-term fixed-income portion of the Florida Retirement System investments has been approximately 9 1/2%.
- 2) The 1988 legislature directed the Florida Advisory Council on Intergovernmental Relations (ACIR) to conduct a study to determine the extent and severity of escalating tax assessments on Florida's elderly homeowners and to recommend alternatives for mitigation of the problem. The study, completed in March, 1989, found that although "the burden of property tax is of particular concern to the elderly because of their high rate of homeownership, the heaviest burdens are borne by low income households, regardless of age of the homeowner." (Elderly Homeowners and the Property Tax: An Examination of the Issues, The Advisory Committee on Intergovernmental Relations, March, 1989).
- 3) Based on its findings, the study did not recommend that any changes be made to current property tax relief and exemption measures. The study did recommend a monthly installment payment plan for low-income homeowners to assist them in budgeting payment of property taxes.

IV. AMENDMENTS:

None.