

Florida

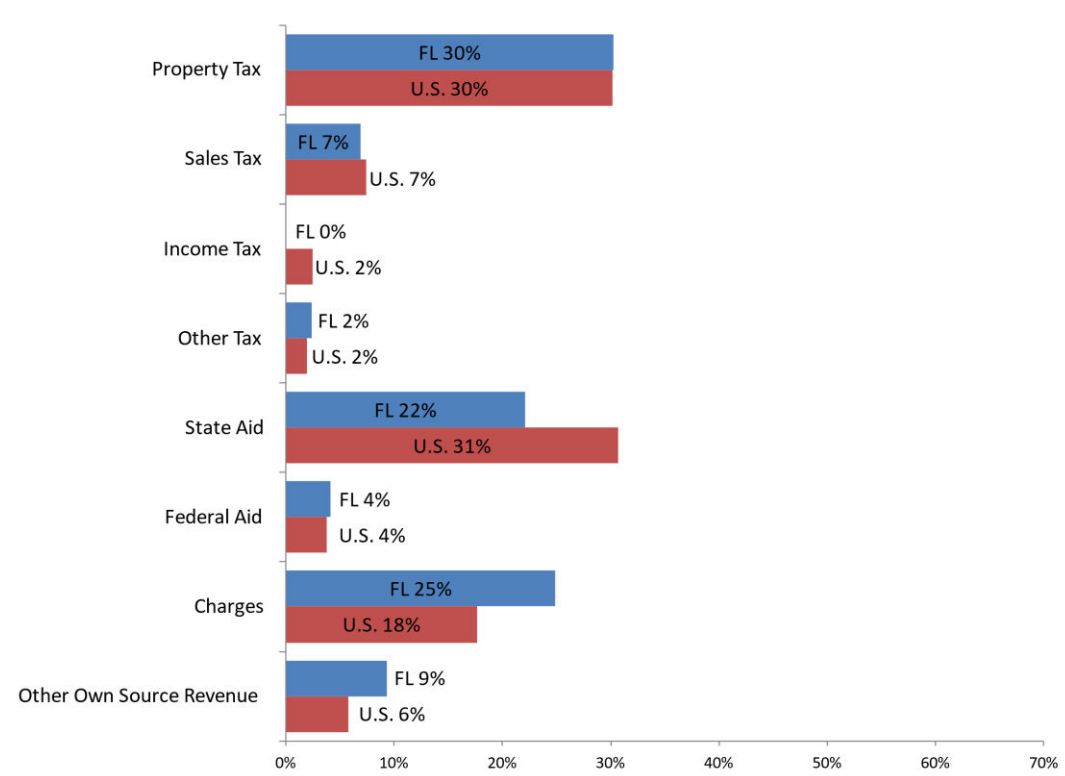
Highlights

The adoption of the Save Our Homes amendment in 1992 profoundly altered Florida’s property tax landscape. Beginning in 1995, the law limited growth in assessed values to the lesser of 3 percent or the change in the consumer price index (Youngman 2016). In 2008, Florida became the first state to allow “portability” of assessment limit tax reductions statewide (Cheung and Cunningham 2009).

Florida’s constitution governs most property tax law, including certain tax limitations and exemptions. Although the state constitution is generally more difficult to change than state statutes are, Florida provides five paths to amending its constitution, more than any other state. Florida law requires a 60 percent supermajority vote to adopt amendments to its constitution (McCarthy 2011).

Florida ranks second among the states for percentage of state and local revenue from local sources (Florida Tax Watch 2020). The state depends more on charges and user fees than do most other states (figure FL-1).

Figure FL-1
Sources of Local General Revenue, Florida and U.S., 2019



Source: U.S. Census via Significant Features of the Property Tax

Property Tax Reliance

Florida's reliance on the property tax is about average among U.S. states. The property tax, which is exclusively a local tax in Florida, accounts for 30 percent of local revenue and 18.1 percent of state and local revenue (table FL-1).

Table FL-1
Selected Florida Property Tax Statistics, 2019¹

	Florida	U.S. Average	Rank (of 51) 1 is highest
Per capita property tax	\$1,454	\$1,758	31
Property tax percentage of personal income	2.8%	3.1%	29
Total property tax as percentage of state-local revenue	18.1%	16.6%	14
Median owner-occupied home value ²	\$215,300	\$217,500	24
Median real estate taxes paid for owner-occupied home ²	\$1,914	\$2,471	28
Effective tax rate, median owner-occupied home ³	0.9%	1.1%	28

Sources: [U.S. Census via Significant Features of the Property Tax](#), American Community Survey

¹ All revenue numbers in this table include the state government as well as local governments.

² The statistics for [median owner-occupied home value](#) and [median real estate taxes paid for owner-occupied home](#) are five-year average statistics for years 2015-2019.

³ Calculated as the median real estate tax paid on owner-occupied homes as a percent of the median owner-occupied home value.

Administration and Assessment

More than 640 local governments in Florida levy property taxes (Florida Department of Revenue 2017). Florida's 67 counties are responsible for real property assessment at 100 percent of "just" or market value subject to assessment limitations (Florida Department of Revenue). Although local governments have exclusive authority to tax property, each year the legislature sets the required local effort (RLE) for all school districts. RLE is the amount of funding for K-12 education each district must raise locally. In fiscal year 2021, the statewide average RLE millage rate was 3.720 mills (Florida Department of Education 2020).

Florida conducts revaluations annually and re-inspections every five years. Florida levies a tax on personal property. Current use valuation provides preferential property tax treatment of agricultural land.

Limits on Property Taxation

The state imposes limits on both property tax rates and property tax assessments. Constitutional rate limitations constrain county, municipality, and school district property tax rates to a maximum of 10 mills without voter authorization. Florida's maximum millage rate statute further restricts growth in local property tax rates.

In 1992, Florida adopted the Save Our Homes amendment, which imposed constitutional limits on growth in homestead assessments, with no override provision. Under Save Our Homes, home values may not increase more than the lesser of 3 percent of the prior year's assessment or the percentage change in the consumer price index. In 2008, Florida voters approved another constitutional amendment, Amendment 1, which further restricted property taxation in four important ways: (1) it allowed homeowners receiving reduced taxation under the Save Our Homes limit to "port" or transfer up to \$500,000 of tax savings to another property they own anywhere in the state; (2) it expanded the homestead exemption to exempt homestead value between \$50,000 and \$75,000 from non-school property taxes; (3) it exempted \$25,000 of tangible personal property from taxation; and (4) it imposed a 10 percent assessment cap on all non-homestead property for non-school property taxes. The estimated revenue reduction of the Save Our Homes assessment limit for 2020–2021 was \$5.5 billion (Florida Revenue Estimating Conference 2020). A "recapture" provision in the Florida Administrative Code requires annual increases in assessments that are below market value by the lower of 3 percent or inflation, until the assessment reaches market value.

Florida's Truth in Millage (TRIM) statute requires cities and towns to calculate and issue notice of prior-year millage rate, proposed millage rate, and the "rollback" rate, which is the rate required to raise the same revenue as in the previous year, and to issue notice of a tentative budget hearing. Once a tentative budget and millage are approved, local governments must issue notice of and advertise the final budget and millage hearing (Bryant Miller Olive 2010).

Property Tax Relief and Incentives

Florida provides both homestead exemptions and exemptions for active military, disabled veterans, the blind and disabled, and widows and widowers. The state also offers a homestead property tax deferral program for permanent residents. Some exemptions are subject to income limits. The state has no property tax circuit breaker program (table FL-2). The estimated 2020–2021 tax revenue loss attributable to these residential tax relief programs was about \$3 billion (Florida Revenue Estimating Conference 2020).

Florida exempts up to \$50,000 on a homestead property. Florida exempts the first \$25,000 of homestead value from all property taxes and an additional \$25,000 from homes with values between \$50,000 and \$75,000 from non-school property taxes only. Therefore, the owner of a homestead valued at \$100,000 pays no taxes on the first \$25,000 of value, pays full taxes on the second \$25,000 of value, pays only school taxes on the third \$25,000 of value, and pays full taxes on the last \$25,000 of value (Florida Department of Revenue 2021).

Economic development incentives that provide property tax benefits include an enterprise zone program that exempts up to the full value of qualifying improvements, local-option exemptions not tied to specific geographic areas, refunds for jobs created in target industries, and a tax increment finance program.

Table FL-2
Florida Property Tax Features, 2020

Feature	Florida	Count for 50 states plus DC
Statewide classification of real property	No	25
Assessment of property primarily by county	Yes	31
Limits on property tax rates or levies	Yes	45
Limits on the rate of growth of assessed value	Yes	18
Circuit breaker property tax relief program	No	31

Sources: Significant Features of the Property Tax

Key Property Tax History

Property taxation in Florida dates back to 1830, when rates ranged from one-half cent per acre on “first-rate land” to one-eighth cent on “third-rate land.” Florida’s 1885 constitution called for “a uniform and equal rate of taxation.” The state first enacted a homestead exemption in 1934, around the same time that the property tax transitioned from a state revenue source to a local revenue source (Florida League of Cities 2008). In 1940, Florida amended its constitution to restrict the state government from levying real or personal property taxes (Florida Revenue Estimating Conference 2020).

In 1980, Florida passed the Truth in Millage (TRIM) act, which reformed assessment administration practices and imposed full disclosure requirements (Florida Revenue Estimating Conference 2020). TRIM requires cities and towns to calculate and publish a “rollback” rate, which is the rate required to raise the same revenue as was raised the previous year. The rollback rate excludes new construction, additions, deletions, and annexation (Florida Revenue Estimating Conference 2020).

The Save Our Homes constitutional amendment, on the ballot by voter initiative, passed in 1992 and imposed limits on growth in homestead values to the lesser of 3 percent or inflation, with reassessment upon transfer (Florida Revenue Estimating Conference 2020). Florida enacted major property tax reform again in 2008, passing an amendment to the constitution (Amendment 1) that allowed homeowners relocating within the state to “port” or transfer up to \$500,000 of “protected” value on their homes under Save Our Homes. Florida was the first state to enact statewide portability of assessment cap

benefits. Amendment 1 also expanded the homestead exemption, exempted up to \$25,000 of personal property value, and imposed an assessment limit on non-homestead, non-agricultural property (Florida Revenue Estimating Conference 2020).

In 1995, a group of education advocates unsuccessfully challenged the state's education funding system on adequacy grounds in *Coalition for Adequacy and Fairness in School Funding v. Chiles*. After the Florida Supreme Court dismissed this case, voters amended the state constitution through the initiative and referendum process to strengthen the state's education clause (SchoolFunding.Info).

In 2009, plaintiffs claimed the state had failed to meet the requirements of the education clause in a new case, *Citizens for Strong Schools, Inc. v. Florida State Board of Education*. In May 2016, a circuit court ruled in favor of the state's board of education in *Citizens for Strong Schools*, with the judge finding the state's system adequate and constitutional. His decision stated, "The weight of the evidence shows that the State has made education a top priority both in terms of implementation of research-based education policies and reforms, as well as education funding" (Rohrer 2016). In a December 2017 decision, the First District Court of Appeals upheld the circuit court's dismissal of the case. In January 2019, the Florida Supreme Court affirmed lower-court rulings in *Citizens for Strong Schools*, rejecting the plaintiffs' demand that the court articulate "what resources and standards are necessary to provide a high-quality education to Florida students" (SchoolFunding.Info).

In November 2018, Florida voters passed two property tax amendments. Amendment 2 (House Joint Resolution 21) made permanent a 10 percent assessment cap for non-homestead property that has been in place since 2008 and was set to expire at the end of 2018. The limit does not apply to school district revenues. Amendment 5 (House Bill 7001) requires a two-thirds vote of both houses of the legislature to raise any state tax or fee. Although Florida does not have a statewide property tax, the amendment applies to a state real estate transfer tax that is based on property value.

Recent Developments

In June 2020, Florida's Second District Court of Appeals decided in *Furst v. Rebohlz* (Case No. 2D18-3323) that property assessors are not authorized to divide up a homestead for tax purposes under Florida law and a homeowner who rents out part of his homestead to tenants is entitled to the full homestead property tax exemption. In October 2020, the Sarasota County Property Appraiser filed a notice to the Florida Supreme Court to challenge the court of appeals' decision (CBS Miami 2020).

In June 2020, the Fifth District Court of Appeals issued its opinion in *Singh v. Walt Disney Parks and Resorts US, Inc.* (No. 5D18-2927, 2020 WL 3394725 (Fla. Dist. Ct. App. Aug. 7, 2020)), a property tax appeal case challenging the 2015 assessment of Disney's Yacht & Beach Club property.

In August 2020, the Florida 5th DCA issued a revised opinion in *Singh v. Walt Disney Park and Resorts* (Case No. 5D18-2927, Corrected). In its original opinion, the court ruled that a hotel valuation method used by the Orange County Property Appraiser known as "Rushmore" was illegal. The Rushmore method of hotel valuation involves hotels simply deducting franchise and management fee expenses to remove intangible personal property values of hotel operation from assessment. Upon rehearing, the court

rolled back its sweeping rejection of the Rushmore method itself as illegal and instead ruled that the Rushmore method as applied in this case was illegal because the county property appraiser improperly included the value of Disney's intangible business assets, such as Disney's brand, cash/working capital, and goodwill, in its assessment of the Disney property. The court ordered the county property appraiser to reassess the Disney property (Garcia 2020a, 2020b).

In November 2020, Florida voters approved two property tax constitutional amendments. Amendment 5 extended the period to "port" or transfer the homestead property tax benefit (the difference between a home's assessed value and its market value, known as the "Save Our Homes" benefit) on a primary residence to a new primary residence from two years to three years. Amendment 6 allows the spouse of certain veterans with permanent combat-related disabilities to continue to claim property tax exemption following the veteran's death, as long as the spouse holds the title and lives there permanently (Cassels 2020).

In May 2021, Governor Ron DeSantis signed into law House Bill 7061 (Florida's Tax Cut Package), approving a proposed constitutional amendment to provide property tax relief for home improvements made for purposes of flood mitigation. This tax relief is contingent on voters' approval on the November 2022 ballot (Florida Governor Ron DeSantis News Releases 2021).

Resources

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