MEMORANDUM

IRCA
Agenda Item No. 2 (Q)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: September 14, 2005

FROM: Murray A. Greenberg
County Attorney

SUBJECT: Resolution relating to homeowners age 55 and older or who are totally and permanentlay disabled a one-time transfer of the "Save Our Homes" assessed value in their present homestead properties

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The accompanying resolution was prepared and placed on the agenda at the request of Commissioner Katy Sorenson.

Murray A. Greenberg
County Attorney

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MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez and Members, Board of County Commissioners

DATE: October 18, 2005

FROM: Murray A. Greenberg County Attorney

SUBJECT: Agenda Item No.

Please note any items checked.

_____ **"4-Day Rule" ("3-Day Rule" for committees) applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Bid waiver requiring County Manager's written recommendation**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **Housekeeping item (no policy decision required)**

_____ **No committee review**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No.
10-18-05

RESOLUTION NO. _____

RESOLUTION URGING THE FLORIDA LEGISLATURE TO ENACT A JOINT RESOLUTION TO PLACE ON THE STATEWIDE BALLOT A CONSTITUTIONAL AMENDMENT PROVIDING HOMEOWNERS AGE 55 AND OLDER OR WHO ARE TOTALLY AND PERMANENTLY DISABLED A ONE-TIME TRANSFER OF THE "SAVE OUR HOMES" ASSESSED VALUE IN THEIR PRESENT HOMESTEAD PROPERTIES TO SMALLER, LESS EXPENSIVE REPLACEMENT HOMES IN THE SAME COUNTY WITHIN ONE YEAR OF THE SALE

WHEREAS, property values in Miami-Dade County have increased dramatically over the past decade; and

WHEREAS, the "Save Our Homes" provision of the Florida Constitution, Article VII, Section 4(c)(1), provides that the annual increase in assessed value of homestead property shall not exceed the greater of three (3) percent or the rate of inflation, whichever is lower; and

WHEREAS, the "Save Our Homes" provision has resulted in the assessed value of homestead property rising at a far lower rate than the market value of such property; and

WHEREAS, particularly in the case of long-term homeowners, this growing difference between the market value and the assessed value has resulted in assessed values that can be less than half the market value of the property; and

WHEREAS, "Save Our Homes" has played an important role in keeping property tax increases from driving people from their homes as property values have increased; and

WHEREAS, under current law, this "Save Our Homes" assessment limitation is lost when a homeowner moves to a new home because the new property is assessed at its then-current value; and

WHEREAS, this loss of the "Save Our Homes" assessment limitation has had the unintended consequence of discouraging people from moving when their housing needs change, because even if they are moving to a smaller and less expensive home, townhouse or condominium unit, their property taxes could double or triple; and

WHEREAS, this effect frequently arises in the context of owners of large homes who are 55 and older and whose children have reached adulthood and moved out; and

WHEREAS, this effect also arises in the context of those who become totally and permanently disabled thus dramatically changing their housing needs; and

WHEREAS, while smaller homes, townhouses, condominium or otherwise differently-configured units might be more appropriate for these "empty-nest" and disabled homeowners with changing needs, having to give up their "Save Our Homes" assessment limitation in their current homes discourages many such homeowners from moving to more appropriately-sized housing; and

WHEREAS, such a narrow "empty nest" proposal would allow homeowners 55 and older to downsize without having the significant negative effects on local government revenues of general proposals that allow the portability of "Save Our Homes" assessment limitation under all circumstances; and

WHEREAS, allowing "empty nesters" to downsize to smaller homes also serves to open up a supply of larger homes for younger families with children living at home who are currently in need of such large homes,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. This Board urges the Florida Legislature to enact a joint resolution to place on the statewide ballot a constitutional amendment allowing homeowners age 55 and older or who have a total and permanent disability a one-time transfer of the "Save Our Homes" assessed value in their present homestead properties to smaller, less expensive replacement homes in the same county within one year of the sale.

Section 2. The Clerk of the Board is directed to transmit a certified copy of this resolution to the Chair and members of the Miami- Dade County State Legislative Delegation.

Section 3. This Board directs the County's state lobbyists to advocate for the passage of the legislation set forth in Section 1 above, and directs the Office of Intergovernmental Affairs to include this item in the 2006 State Legislative Package.

The foregoing resolution was sponsored by Commissioner Katy Sorenson and offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman
Dennis C. Moss, Vice-Chairman

Bruno A. Barreiro	Dr. Barbara Carey-Shuler
Jose "Pepe" Diaz	Carlos A. Gimenez
Sally A. Heyman	Barbara J. Jordan
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairman thereupon declared the resolution duly passed and adopted this 18th day of October, 2005. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:_____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency. JMM

Jess M. McCarty

Joint Resolution

A joint resolution proposing an amendment to Section 4 of Article VII of the State Constitution to provide an additional circumstance for assessing homestead property at less than just value.

Be It Resolved by the Legislature of the State of Florida:

That the following amendment to Section 4 of Article VII of the State Constitution is agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

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

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

(b) Pursuant to general law tangible personal property held for sale as stock in trade and livestock may be valued for taxation at a specified percentage of its value, may be classified for tax purposes, or may be exempted from taxation.

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

CODING: Words ~~stricken~~ are deletions; words <u>underlined</u> are additions.

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

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

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

(2) No assessment shall exceed just value.

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

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

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

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

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

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(8) When a person who is over the age of 55 years or who has a total and permanent disability sells his or her homestead property within this state and within one year establishes replacement property as homestead property, the newly-established homestead property shall be initially assessed at less than just value, as provided herein and by general law. In the year the replacement property qualifies for the homestead exemption, it shall be assessed at the lesser of the just value of the replacement property for that year or the assessed value of the original homestead property in the year it was last owned by the taxpayer adjusted pursuant to subsection 4(c)(1). To be assessed as provided in this paragraph, the following conditions must be met:

(i) the square footage of the replacement property shall be no greater than the square footage of the original property;

(ii) the just value of the replacement property shall be no greater than the just value of the original property;

(iii) the replacement property shall be located in the same county as the original property; and

(iv) the person using the provisions of this paragraph must not have previously used the provisions of this paragraph.

For purposes of this subsection, "a person over the age of 55 years" includes any person who has attained the age of fifty-five and has legal or equitable title to the homestead property.

(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.

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

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

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

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WITHOUT EMPTY-NESTER LEGISLATION

Original Purchase Price of Home	Current Market Value*	Current ad valorem taxes	Purchase Price of Replacement Home	New ad valorem taxes	Downsizing penalty (per year)
$153,000 (1996)	$297,616	$3,529.57	$250,000	$5,148.47	**$1,618.90**
$40,000 (1986)	$191,015	$276.64	$175,000	$3,935.84	**$3,659.20**
$94,000 (1995)	$394,767	$2,507.06	$350,000	$9,139.91	**$6,632.85**

WITH EMPTY-NESTER LEGISLATION

Original Purchase Price of Home	Current Market Value*	Current ad valorem taxes	Purchase Price of Replacement Home	New ad valorem taxes	Downsizing penalty (per year)
$153,000 (1996)	$297,616	$3,529.57	$250,000	$3,529.57	**$0**
$40,000 (1986)	$191,015	$276.64	$175,000	$276.64	**$0**
$94,000 (1995)	$394,767	$2,507.06	$350,000	$2,507.06	**$0**

*Market value determined by Property Appraiser