

**Reference:**

Article VII; Article X, Section 12(h)

**Ballot Title:**

Finance and Taxation

**Ballot Summary:**

Proposing a revision of the Florida Constitution to provide that property owned by a municipality and held for municipal purposes shall be exempt from taxation; to extend the personal property tax exemption to all natural persons, and to extend to widowers, the property tax exemption of not less than five hundred dollars; to provide for ad valorem tax exemptions for leasehold interests created prior to January 1, 1978 in government owned property; to provide that leasehold interests in government property leased for public purposes in connection with air, water or ground transportation may be exempt from taxation as provided by law, to permit adjustments to tax assessments relating to stock in trade and livestock, historic property and solar energy systems; to permit the revaluation of property every two years; to authorize the use of tax abatement and increment for redevelopment of slum and blighted areas; to provide that corporate income tax may not be levied against the appreciation of property value occurring prior to November 2, 1971; to permit an annual adjustment to the homestead exemption to maintain a constant value using 1979 as a base year and providing for replacement of revenues to local governments; to provide that state bonds may be used to finance water facilities and may be combined for sale; to provide that revenue bonds may only be issued for fixed capital outlay projects, to place limitations on revenue bonds and bond anticipation notes issued by local governments; and to provide that revenue bonds may be issued for housing and related facilities.

**Full Text:****ARTICLE VII****FINANCE AND TAXATION**

SECTION 1. Taxation; appropriations; state expenses. No change.

SECTION 2. Taxes; rate. No change.

SECTION 3. Taxes; exemptions.-

(a) All property owned by a municipality and held or used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominately for educational, literary, scientific, religious or charitable purposes may be exempted by general law from taxation.

(b) There shall be exempt from taxation, cumulatively, ~~to every head of a family residing in this state~~ to every natural person, household goods and personal effects to the value fixed by general law, not less than one thousand dollars, and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than five hundred dollars.

(c) All leasehold interests created prior to January 1, 1978 in property owned by the United States, the state, or any political subdivision, municipality, authority, district, agency or public body corporate shall be exempt from ad valorem taxes when:

(1) The leasehold interests were created pursuant to legislation or lease agreements which exempted, or which covenanted to exempt, such leasehold interests from ad valorem taxes or which covenanted to indemnify or hold harmless the lessee from any ad valorem taxes levied in respect of the leased premises, or

(2) The property is leased for use in connection with providing air, ground or water transportation, or is leased for use in connection with providing services to the public engaged in air, ground or water transportation; provided however, no leasehold interest shall be exempted by the provisions of this paragraph (2) if, prior to January 1, 1978, there shall have been a voluntary payment of ad valorem taxes levied in respect of such leasehold interest.

(d) All leasehold interests in property owned by the United States, the state, or any political subdivision, municipality, authority, district, agency, or public body corporate may be exempted from ad valorem taxation as provided by law when the property is leased for a public purpose for use in connection with providing air, ground, or water transportation, whether or not for private profit, or is leased for a public purpose for use in connection with providing services, whether or not for private profit, to the public engaged in air, ground, or water transportation.

(e) The exemption of leasehold interests from ad valorem taxation provided by subsections (c) and (d) shall not be granted to any lessee who discriminates in its membership, services or other activities on account of race, religion, sex or physical handicap.

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 or land used exclusively for non-commercial recreational purposes may be classified by general law and assessed solely on the basis of character or use.

(b) Pursuant to general law:

(1) ~~(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.

(2) The legislature may prescribe procedures for the valuation of historic property at a specified percentage of its assessed value.

(3) The legislature, until December 31, 1988, may exclude from the assessed value of real property any increases in value attributable to the installation of a solar energy system.

(4) The legislature, by a two-thirds vote of the membership of each house, may prescribe that real property located in an area designated by a county, municipality or authority created pursuant to general or special law as a slum or blighted area for purposes of redevelopment, be valued at a specified percentage of its value for a period of time not to exceed twenty-five years, upon such terms, conditions, and restrictions as may be prescribed by such law; provided that the assessed value of such property during such period shall not be less than the assessed value of the land,

exclusively of improvements, in the year immediately prior to the year in which the area was designed as a slum or blighted area for purposes of redevelopment.

#### SECTION 5. Estate, inheritance and income taxes.-

(a) NATURAL PERSONS. No tax upon estates or inheritances or upon the income of natural persons who are residents or citizens of the state shall be levied by the state, or under its authority, in excess of the aggregate of amounts which may be allowed to be credited upon or deducted from any similar tax levied by the United States or any state.

(b) OTHERS. No tax upon the income of residents and citizens other than natural persons shall be levied by the state, or under its authority, in excess of 5% of net income, as defined by law, or at such greater rate as is authorized by a three-fifths (3/5) vote of the membership of each house of the legislature or as will provide for the state the maximum amount which may be allowed to be credited against income taxes levied by the United States and other states. There shall be exempt from taxation not less than five thousand dollars (\$5,000) of the excess of net income levied by the United States and other states.

~~(c) EFFECTIVE DATE. This section shall become effective immediately upon approval by the electors of Florida.~~

(c) No tax upon, or measured by, income shall be levied by this state, or under its authority, in respect of the unrealized appreciation in value of any property which occurred prior to November 2, 1971. Absent convincing evidence to the contrary, appreciation in the value of property shall be considered to have occurred ratably over its holding period.

Schedule to Article VII, Section 5.-Subsection 5 (c) shall take effect on November 7, 1978, and shall not reduce any tax liability in respect of taxable years ending prior to such date.

#### SECTION 6. Homestead exemptions.-

(a) Every person who has the legal or equitable title to real estate and maintains thereon the permanent residence of the owner, or another legally or naturally dependent upon the owner, shall be exempt from taxation thereon, except assessments for special benefits, up to the assessed valuation of five thousand dollars, upon establishment of right thereto in the manner prescribed by law. The real estate may be held by legal or equitable title, by the entireties, jointly, in common, as a condominium, or indirectly by stock ownership or membership representing the owner's or member's proprietary interest in a corporation owning a fee or a leasehold initially in excess of ninety-eight years.

(b) Not more than one exemption shall be allowed any individual or family unit or with respect to any residential unit. No exemption shall exceed the value of the real estate assessable to the owner or, in case of ownership through stock or membership in a corporation, the value of the proportion which his interest in the corporation bears to the assessed value of the property.

(c) By general law and subject to conditions specified therein, the exemption may be increased up to an amount not exceeding ten thousand dollars of the assessed value of the real estate if the owner has attained age sixty-five or is totally and permanently disabled.

(d) By general law, the amount of any exemption provided for in this section may be annually adjusted to maintain the constant value of the exemption in the base year of 1979. Such adjustment

shall be made only after provision has been made for restitution to the respective taxing authorities for revenue lost by such adjustment.

SECTION 7. Allocation of pari-mutuel taxes. No change.

SECTION 8. Aid to local governments. No change.

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, 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 10. Pledging credit.-Neither the state nor any county, school district, municipality, special district, or agency of any of them, shall become a joint owner with, or stockholder of, or give, lend or use its taxing power or credit to aid any corporation, association, partnership or person; but this shall not prohibit laws authorizing:

(a) the investment of public trust funds;

(b) the investment of other public funds in obligations of, or insured by, the United States or any of its instrumentalities;

(c) the issuance and sale by any county, municipality, special district or other local governmental body of (1) revenue bonds to finance or refinance the cost of capital projects for airports or port facilities, or (2) revenue bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants to the extent that the interest thereon is exempt from income taxes under the then existing laws of the United States, when, in either case, the revenue bonds are payable solely from revenue derived from the sale, operation or leasing of the projects. If any project, or part thereof, is financed under subsection (c) (2) or any part thereof, ~~is occupied or operated by any private corporation, association, partnership or person pursuant to contract or lease with the issuing authority body,~~ the property interest created by such contract or lease shall be subject to taxation to the same extent as other privately owned property, provided that an interest created under subsection (c) (1) may be exempted from taxation.

(d) a municipality, county, special district, or agency of any of them, being a joint owner of, giving, or lending or using its taxing power or credit for the joint ownership, construction and operation of electrical energy generating or transmission facilities with any corporation, association, partnership or

person.

## SECTION 11. State bonds; revenue bonds.-

(a) (1) State bonds pledging the full faith and credit of the state may be issued only to finance or refinance the cost of state fixed capital outlay projects authorized by law, and purposes incidental thereto, upon approval by a vote of the electors; provided state bonds issued pursuant to this subsection (a) may be refunded without a vote of the electors at a lower ~~net~~ average net interest cost rate. The total outstanding principal of state bonds issued pursuant to this subsection (a) shall never exceed fifty per cent of the total tax revenues of the state for the two preceding fiscal years, excluding any tax revenues held in trust under the provisions of this constitution.

~~(b)~~ (2) Moneys sufficient to pay debt service on state bonds as the same becomes due shall be appropriated by law.

(b) Any state bonds pledging the full faith and credit of the state issued under this section or any other section of this Constitution may be combined for purposed of sale.

(c) Revenue bonds may be issued by the state or its agencies without a vote of the electors only to finance or refinance the cost of state fixed capital outlay projects authorized by law, and purposes incidental thereto, and shall be payable solely from funds derived from sources other than state tax revenues or rents or fees paid from state tax revenues.

## 12. SECTION 12. Local bonds.-

13. (a) Counties, school districts, municipalities, special districts and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness or any form of tax anticipation certificates, payable from ad valorem taxation and maturing more than twelve months after issuance only:

14. (1) ~~(a)~~ to finance or refinance fixed capital outlay projects authorized by law, and purposed incidental thereto, and only when approved by vote of the electors ~~who are owners of freeholds therein not wholly exempt from taxation~~; or

15. (2) ~~(b)~~ to refund outstanding bonds and interest and redemption premium thereon at a lower ~~net~~ average net interest cost rate.

(b) Revenue bonds payable from sources other than ad valorem taxation may be issued by local governmental bodies, without a vote of the electors, only to finance or refinance fixed capital outlay projects authorized by law, and purposed incidental thereto.

(c) Tax or revenue anticipation certificates maturing twelve months or less after issuance, including all renewals thereof, may be issued by local governmental bodies for any purpose authorized by law, without a vote of the electors; provided that neither such certificates nor the interest thereon shall be paid from the proceeds of subsequent issues of tax or revenue anticipation certificates.

(d) Notes maturing five years or less after issuance, including all renewals thereof, may be issued by local governmental bodies in anticipation of the receipt of the proceeds of revenue bonds or of bonds which have been approved by the vote of electors, only to finance or refinance fixed capital outlay projects authorize by law, and purposes incidental thereto.

SECTION 13. Relief from illegal taxes. No change.

SECTION 14. Bonds for pollution control and abatement facilities.-

(a) When authorized by law, state bonds pledging the full faith and credit of the state may be issued without an election to finance or refinance the construction of air and water pollution control and abatement and solid waste disposal facilities, or other water facilities authorized by law, (herein referred to as "facilities") to be operated by any municipality, county, district or authority, or any agency thereof of Florida. Such bonds shall be secured by a pledge of and shall be payable primarily from all or any part of revenues to be derived from operation of such facilities, special assessments, ~~rentals payments~~ to be received under ~~lease purchase~~ agreements herein provided for, any other revenues that may be legally available for such purpose, including revenues from other facilities, or any combination thereof (herein collectively referred to as "pledged revenues"), and shall be additionally secured by the full faith and credit of the State of Florida.

(b) No such bonds shall be issued unless a state fiscal agency, ~~created~~ designated by law, has made a determination that in no state fiscal year will the debt service requirements of the bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed seventy-five per cent of the pledged revenues. The term pledged revenues shall not include amounts required to pay debt service on prior lien obligations, and such prior lien debt service requirements shall not be included in the determination provided for by this subsection (b).

(c) The state may lend money derived from the sale of such bonds ~~lease~~ to finance any of such facilities ~~to for~~ any local governmental agency, under ~~lease purchase~~ agreements for such periods and under such other terms and conditions as may be mutually agreed upon. The local governmental agencies may pledge the revenues derived from such leased facilities or any other available funds for the ~~payment of rentals~~ payments thereunder; and, in addition, the full faith and credit and taxing power of such local governmental agencies may be pledged for ~~the payment of such rentals~~ such payments without any vote of the electors ~~election of freeholder electors or qualified electors~~.

~~(d) The state may also issue such bonds for the purpose of loaning money to local governmental agencies, for the construction of such facilities to be owned or operated by any of such local governmental agencies. Such loans shall bear interest at not more than one-half of one percent per annum greater than the last preceding issue of state bonds pursuant to this section, shall be secured by the pledged revenues, and may be additionally secured by the full faith and credit of the local governmental agencies.~~

~~(e)~~ (d) The total outstanding principal of state bonds issued pursuant to this section 14 shall never exceed fifty per cent of the ~~total~~ tax revenues of the state for the two preceding fiscal years, excluding any tax revenues held in trust under the provisions of this Constitution.

SECTION 15. Revenue bonds for ~~scholarship~~ student loans.-

(a) When authorized by law, revenue bonds may be issued to establish a fund to make loans to students determined to be eligible as prescribed by law and who have been admitted to attend any public or private institutions of higher learning, junior colleges, health related training institutions, or vocational training centers, which are recognized or accredited under terms and conditions prescribed by law. Revenue bonds issued pursuant to this section shall be secured

by a pledge of and shall be payable primarily from payments of interest, principal, and handling charges to such fund from the recipients of the loans and, if authorized by law, may be additionally secured by student fees and by any other moneys in such fund. There shall be established from the proceeds of each issue of revenue bonds a reserve account in an amount equal to and sufficient to pay the greatest amount of principal, interest, and handling charges to become due on such issue in any ensuing state fiscal year.

(b) ~~Interest moneys~~ Moneys in the fund established pursuant to this section, not required in any fiscal year for payment of debt service on then outstanding revenue bonds or for maintenance of the reserve account, may be used for educational loans to students determined to be eligible therefor in the manner provided by law, or for such other related purposes as may be provided by law.

#### SECTION 16. Revenue bonds for housing and related facilities.-

(a) When authorized by law, revenue bonds may be issued without an election to finance or refinance housing and related facilities in Florida.

(b) The revenue bonds shall be secured by a pledge of and shall be payable from all or any part of revenues to be derived from the financing, operation or sale of such facilities, mortgage or loan payments, or any other revenues or assets that may be legally available for such purposes derived from sources other than ad valorem taxation, including revenues from other similar facilities, or any combination thereof. All mortgages or loans derived from the proceeds of such revenue bonds shall be insured or guaranteed by an agency of the United States or shall be secured by the deposit by a lending institution of approved collateral obligations in an amount sufficient to pay the principal and interest of such loans, No state housing agency established by law shall make mortgage loans directly from any mortgagor.

(c) No revenue bonds shall be issued unless a state fiscal agency, designated by law, has made a determination that in no state fiscal year will the debt service requirements of the bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirement.

SECTION 17. Redevelopment of slum or blighted areas.- Redevelopment of slum or blighted areas is a public purpose. Pursuant to general law passed by two-thirds vote of the membership of each house, a county, municipality, or authority created pursuant to general or special law may designate an area as a slum or blighted area and, with respect to such area, may:

(a) Provide for the redevelopment of such area for residential, recreational, commercial, or industrial uses;

(b) Acquire by eminent domain or otherwise, for purposes of redevelopment, property located in such area;

(c) Sell or transfer property acquired in such area to any private person or public entity; and

(d) Allocate tax increments to finance or refinance the redevelopment of such area and issue, without approval by vote of the electors, revenue bonds payable from the increment in taxes or revenues derived from redevelopment projects to finance or refinance such redevelopment. A tax increment shall consist of that portion of the ad valorem tax revenues, for any or all taxing

authorities, collected each year from property located in a designated slum or blighted area, which exceeds the tax revenues that would have been collected at the current year's millage had such property been assessed at its value shown on the assessment roll in the year immediately prior to the year in which the area was designated as a slum or blighted area.

## **ARTICLE X**

### **MISCELLANEOUS**

SECTION ~~11~~ 42. Rules of construction.- Unless qualified in the text the following rules of construction shall apply to this constitution.

(h) The term "historic property" in Article VII, Section 4 (b) (2) refers only to those locations that meet the criteria for listing in the National Register of Historic Places in effect on January 1, 1978.