

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Ad Valorem Tax Exemption for Nonprofit Homes for the Aged

Bill Number(s): CS/[HB 571](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Smith & Senator Rodriguez

Month/Year Impact Begins: January 1, 2022

Date of Analysis: March 19, 2021

Section 1: Narrative

a. Current Law: Section 196.1975, Florida Statutes reads (in part):

Nonprofit homes for the aged are exempt to the extent that they meet the following criteria: The applicant must be a corporation not for profit pursuant to chapter 617 or a Florida limited partnership, the sole general partner of which is a corporation not for profit pursuant to chapter 617, and the corporation not for profit must have been exempt as of January 1 of the year for which exemption from ad valorem property taxes is requested from federal income taxation by having qualified as an exempt charitable organization under the provisions of s. 501(c)(3) of the Internal Revenue Code of 1954 or of the corresponding section of a subsequently enacted federal revenue act.

Significant court case – Lakeland Highlands Road Facility, LLC v. Marsha Faux

Circuit Court – 10th Judicial Circuit case 2015-CA-1733

Trial court found that Lakeland Highlands did not qualify for the exemption under 196.1975 as it was not a corporation not for profit or a Florida limited partnership, the sole general partner of which is a corporation not for profit as Lakeland Highlands ownership structure was that of a limited partnership the sole general partner of which was a limited liability company.

b. Proposed Change: Revises subsection 196.1975 (1) to read: “The applicant must be a corporation not for profit pursuant to chapter 617 or a Florida limited partnership, the sole general partner of which is a corporation not for profit under pursuant to chapter 617 or an entity wholly owned by a corporation not for profit under chapter 617, and the corporation not for profit must have been exempt as of January 1 of the year for which exemption from ad valorem property taxes is requested from federal income taxation by having qualified as an exempt charitable organization under ~~the provisions of~~ s. 501(c)(3) of the Internal Revenue Code of 1954 or of the corresponding section of a subsequently enacted federal revenue act.”

Section 2: Description of Data and Sources

Polk County Ad Valorem assessment data and millage rates as indicated on the Polk County Property Appraiser’s website

December, 2020 Ad Valorem Assessment Estimating Conference NonResidential Appreciation Rates and Nonresidential Property Growth rates

2020 Final Tax Roll Data for Entities currently partially exempt under s. 196.1975 (1) F.S., or s. 196.1975 (4)(a) F.S.

Section 3: Methodology (Include Assumptions and Attach Details)

Lakeland Impact:

Identified the Lakeland Highlands Property on the 2018 Polk County tax roll. Taxable value was \$3,823,593. Total school taxes were \$22,693.03. Total non-school taxes were \$30,739.73. For the low it was assumed this is the only parcel affected by the change. For the middle it was assumed 5 total parcels of like value and taxes would be affected by the change. For the high it was assumed 10 total parcels of like value and taxes were impacted. Future year impacts were derived by using the Dec 2020 Ad Valorem Assessment Estimating Conference NonResidential Appreciation Rates. It was assumed the millage rates would stay constant across the forecast period.

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Section 4: Proposed Fiscal Impact

Total Impact						
Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$ -	\$ (0.50 M)	\$ -	\$ (0.25 M)	\$ -	\$ (0.05 M)
2022-23	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
2023-24	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
2024-25	\$ (0.49 M)	\$ (0.49 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
2025-26	\$ (0.49 M)	\$ (0.49 M)	\$ (0.25 M)	\$ (0.25 M)	\$ (0.05 M)	\$ (0.05 M)

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/19/2021): The conference adopted two times the low.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	(*)	0.0	(0.1)	0.0	(0.1)
2022-23	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)
2023-24	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)
2024-25	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)
2025-26	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)
2022-23	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2023-24	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2024-25	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2025-26	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)

	A	B	C	D	E	F	G
1	Impact Summary						
2							
3	School Impact						
4		High		Middle		Low	
5	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
6	2021-22		\$ (0.21 M)		\$ (0.11 M)		\$ (0.02 M)
7	2022-23	\$ (0.20 M)	\$ (0.20 M)	\$ (0.10 M)	\$ (0.10 M)	\$ (0.02 M)	\$ (0.02 M)
8	2023-24	\$ (0.20 M)	\$ (0.20 M)	\$ (0.10 M)	\$ (0.10 M)	\$ (0.02 M)	\$ (0.02 M)
9	2024-25	\$ (0.21 M)	\$ (0.21 M)	\$ (0.10 M)	\$ (0.10 M)	\$ (0.02 M)	\$ (0.02 M)
10	2025-26	\$ (0.21 M)	\$ (0.21 M)	\$ (0.11 M)	\$ (0.11 M)	\$ (0.02 M)	\$ (0.02 M)
11							
12	Non-School Impact						
13		High		Middle		Low	
14	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
15	2021-22		\$ (0.29 M)		\$ (0.15 M)		\$ (0.03 M)
16	2022-23	\$ (0.27 M)	\$ (0.27 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
17	2023-24	\$ (0.27 M)	\$ (0.27 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
18	2024-25	\$ (0.28 M)	\$ (0.28 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
19	2025-26	\$ (0.28 M)	\$ (0.28 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
20							
21	Total Impact						
22		High		Middle		Low	
23	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2021-22	\$ -	\$ (0.50 M)	\$ -	\$ (0.25 M)	\$ -	\$ (0.05 M)
25	2022-23	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
26	2023-24	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
27	2024-25	\$ (0.49 M)	\$ (0.49 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
28	2025-26	\$ (0.49 M)	\$ (0.49 M)	\$ (0.25 M)	\$ (0.25 M)	\$ (0.05 M)	\$ (0.05 M)

	A	B	C	D	E	F	G
1				December, 2020 Ad Valorem Assessment			
2		2020 Taxable Value		NonResidential Appreciation Rates			
3	Lakeland Highlands Road Facility	\$3,823,593.00		2021	-5.50%		
4				2022	-5.50%		
5	NonSchol Levies	\$30,736.73		2023	0.00%		
6	School Levies	\$22,693.03		2024	1.68%		
7				2025	2.00%		
8				2026	2.33%		
9							
10	School	High	Middle	Low			
11	2021-22	-\$214,449	-\$107,225	-\$21,445			
12	2022-23	-\$202,654	-\$101,327	-\$20,265			
13	2023-24	-\$202,654	-\$101,327	-\$20,265			
14	2024-25	-\$206,059	-\$103,030	-\$20,606			
15	2025-26	-\$210,180	-\$105,090	-\$21,018			
16							
17	NonSchool	High	Middle	Low			
18	2021-22	-\$290,462	-\$145,231	-\$29,046			
19	2022-23	-\$274,487	-\$137,243	-\$27,449			
20	2023-24	-\$274,487	-\$137,243	-\$27,449			
21	2024-25	-\$279,098	-\$139,549	-\$27,910			
22	2025-26	-\$284,680	-\$142,340	-\$28,468			