

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: February 6, 1998 Revised: 3/4/98

Subject: Ad Valorem Tax/School Districts

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable/CS</u>
2.	<u>Hill</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Fav/2 amendments</u>
3.	<u>_____</u>	<u>_____</u>	<u>WM</u>	<u>_____</u>
4.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
5.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

I. Summary:

This bill would change the required "Notice of Tax Increase" for school districts required under the Truth in Millage (TRIM) law to include provisions of the "Notice of Proposed Tax Increase" used by other property taxing entities. This bill would also amend paragraph (1) of subsection (3) of section 200.065, F.S., which outlines the TRIM Budget Summary Notice, to exclude certain expenditures from the tally of "proposed operating budget expenditures." Finally, this bill amends s. 200.065(9)(a), F.S., to change the second TRIM advertisement for school boards under certain conditions. If the proposed discretionary millage for capital outlay is unchanged from the previous year, the advertisement will contain the phrase "continue to impose" rather than the word "impose."

This bill would substantially amend the following section of the Florida Statutes: s. 200.065.

II. Present Situation:

Chapter 200, Florida Statutes, governs the method of fixing millage by local taxing authorities. The substance of (TRIM) is primarily found in sections 200.065 and 200.068, Florida Statutes. The TRIM provisions were originally enacted in 1980 and have changed little since. The TRIM provisions were part of a comprehensive property tax administration package aimed at bringing property assessments to the constitutionally mandated level of "just valuation." The law was designed to inform property owners experiencing increases in assessed values about the millage adoption and rollback process.

By statute, taxing authorities must comply with all aspects of the notice requirements of TRIM or be required to correctly re-advertise notices and rehold their budget hearings. Noncompliance may subject a taxing authority to forfeiture of state funds.

TRIM provisions of the law contain measures which were specifically drawn to

- inform taxpayers that increases in assessments did not necessarily result in higher taxes;
- focus on the local government budgetary process rather than on the assessment and review process performed by the property appraisers and value adjustment board;
- increase awareness of the importance of the budget process in the development of millage rates; and
- encourage taxpayer involvement in the local budgetary process.

To accomplish these objectives, the statute requires each taxing authority to hold two public hearings when establishing operating expenditure requirements and millage rates necessary to fund the proposed budget. Taxpayers are informed of their opportunity to attend budget hearings through two notices. Except for school districts, notice of the first hearing on the tentative budget and proposed millage rate is mailed to each property owner by the county property appraiser in August. Because their first budget hearing is held before the TRIM notice is sent, in July of each year school districts advertise their first public hearing in a newspaper of general circulation in the county. The second public hearing (for all taxing entities) to adopt a final millage rate and budget is advertised in a newspaper of general circulation in the county.

The newspaper advertisements required under TRIM announce proposed tax increases and the time, date, and meeting place of the public hearing. For school boards, the “Notice of Tax Increase” must show, among other things, the percentage increase in the millage rate proposed for the current budget year over the “rolled-back” millage rate. The rolled-back millage rate is the millage rate, exclusive of new construction, additions to structures, deletions, and property added due to geographic boundary changes, that will provide the same ad valorem tax revenue for a taxing authority as was levied during the prior year.

Until 1997, all taxing entities were required to advertise the “Notice of Tax Increase.” However, Ch. 96-211, Laws of Florida, amended s. 200.065, F.S., to require taxing authorities, other than school districts, to advertise a “Notice of Proposed Tax Increase.” This notice discloses the initially proposed tax levy for last year, tax reduced due to the Value Adjustment Board (VAB) and other assessment changes for the last year, and this year’s proposed tax levy. This notice is designed to identify the effect of delayed property value adjustments made by the county VAB and to show how the current year proposed budget differs from the next fiscal year proposed budget.

Finally, s. 236.25(2), F.S., allows school boards to levy up to 2 mills for capital outlay to fund a variety of projects. The second TRIM advertisement, as specified in s. 200.065(9)(a), F.S., requires school boards identify those projects funded by this levy.

III. Effect of Proposed Changes:

This bill would amend s. 200.065(3)(c), F.S., to change the required “Notice of Tax Increase” for school districts to include key provisions of the “Notice of Proposed Tax Increase” used by other property taxing entities and to eliminate the reference to the proposed percentage increase in millage over the “rolled-back” millage rate. Like the “Notice of Proposed Tax Increase,” the revised notice would disclose the initially proposed tax levy for last year, tax reductions due to VAB and other assessment changes for the last year, and this year’s proposed tax levy. In addition, the title of the notice would include the word “Proposed.”

Also, this bill amends s. 200.065(9)(a), F.S., to change the second TRIM advertisement for school boards under certain conditions. If the proposed discretionary millage for capital outlay is unchanged from the previous year, the advertisement will contain the phrase “continue to impose” rather than the word “impose.” In addition, the word “PROPOSED” is included in the advertisement.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

To the extent that school districts make the required changes to TRIM notices, they may incur some reprogramming costs. However, these costs are anticipated to be insignificant.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Education:

Deletes language that would have required school board TRIM notices to inform taxpayers of the prior year's proposed tax levy and the adjustments that were made by the Value Adjustment Board and other assessment changes.

#2 by Education:

Would require the school board TRIM notice to include a total dollar figure for the prior year's tax levy.