

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 1266

SPONSOR: Senator Mitchell

SUBJECT: Assessment of Agricultural Property

DATE: March 21, 2001      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Weidenbenner	Poole	AG	Favorable
2.	_____	_____	FT	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill provides that containment structures, used in the disposal, storage, and utilization of waste, located on poultry farms and dairy farms shall be assessed by the income methodology approach, meaning that the structures shall be considered part of the average yields per acre and have no separate assessable value.

This bill amends paragraph (c) of subsection (6) of section 193.461 of the Florida Statutes.

**II. Present Situation:**

Animal waste is a potential source of nitrates, which can contaminate surface water and groundwater. In 1996, the U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS) and the Suwannee River Water Management District (SRWMD) cooperated in designing and implementing best management practices (BMP) to improve animal waste management at dairy farms and poultry farms. The BMP's that have been implemented include construction of containment structures used in the disposal, storage, and utilization of waste. According to information provided by SRWMD, the cost of the containment structures can run as high as \$200,000 for an average dairy farm and \$60,000 for an average poultry farm. NRCS and SRWMD have provided some, but not all of the funds, needed to build these structures.

Article VII, Section 4, of the Florida Constitution states that regulations shall be prescribed to secure a just valuation of all property for ad valorem taxation and lists several exceptions. Agricultural land is one of the exceptions and it is to be classified and assessed solely on the basis of character or use. Section 193.461(6), F.S., sets forth the use factors to be considered and requires the appraiser to rely on 5-year moving average data when utilizing the income methodology approach in assessing agricultural property. In assessing land that has been

classified as “agricultural use,” the county property appraisers apply a standard approach that is used to value income producing properties. To achieve uniformity of assessments for ad valorem tax purposes throughout the state, the appraisers need direction as to how to treat containment structures.

### **III. Effect of Proposed Changes:**

**Section 1.** Amends paragraph (c) of subsection (6) of section 193.461, F.S., to provide that litter containment structures located on poultry producing farms and animal waste containment structures located on dairy producing farms shall be assessed by the income methodology approach, resulting in the structure being considered part of the average yields per acre and having no separate assessable contributory value.

**Section 2.** Provides an effective date of January 1, 2002.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Economic Impact and Fiscal Note:**

#### **A. Tax/Fee Issues:**

The Department of Revenue estimates that tax revenues received from agricultural operations using these facilities will be approximately \$1,100,000 less statewide than they would be if the containment structures were separately assessed as improvements to real property.

#### **B. Private Sector Impact:**

Containment structures on dairy and poultry farms would not be separately appraised for ad valorem tax purposes as their cost would be considered part of the farm’s production costs under the income methodology approach, thereby avoiding any increase in the assessment to those paying taxes on these agricultural facilities.

#### **C. Government Sector Impact:**

See statement under Tax/Fee Issues above.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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