

**STORAGE NAME:** h0717s1.ag.doc  
**DATE:** March 20, 2001

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
AGRICULTURE & CONSUMER AFFAIRS  
ANALYSIS**

**BILL #:** CS/HB 717  
**RELATING TO:** Assessment of agricultural property  
**SPONSOR(S):** Committee on Agriculture & Consumer Affairs and Representative(s) Stansel  
**TIED BILL(S):** None

**ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:**

- (1) AGRICULTURE & CONSUMER AFFAIRS (CCC) YEAS 7 NAYS 0
  - (2) FISCAL POLICY & RESOURCES (FRC)
  - (3) COUNCIL FOR COMPETITIVE COMMERCE
  - (4)
  - (5)
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I. SUMMARY:

Section 193.461, F.S., provides requirements and directions to property appraisers for the assessment of agricultural lands. There are listed criteria for assessment, one of which is the income methodology approach which uses actual agricultural production on a parcel of property as a measure of the value of that particular property. Under this approach, productive agricultural property is assessed in a manner that reflects the rises and falls in the agricultural business by using a five-year moving average to establish the property's value.

CS/HB 717 extends the income methodology approach to include litter containment structures located on poultry farms and animal waste nutrient containment structures located on dairy farms. Used as a means of nitrate management, mainly in the Suwannee River area, such facilities are constructed by poultry and dairy farmers as part of a cooperative effort among the Florida Department of Environmental Protection, the federal Natural Resource Conservation Service, the water management districts and landowners. Such facilities afford the producer the opportunity to manage waste for the production of crops for profit on agricultural land.

CS/HB 717 has been submitted, but not yet analyzed by the Revenue Impact Conference. The effective date of this legislation is January 1, 2002.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |   |                             |   |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. <u>Lower Taxes</u>             | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 3. <u>Individual Freedom</u>      | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 4. <u>Personal Responsibility</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Section 193.461, F.S., provides requirements and directions to property appraisers for the assessment of agricultural lands. There are listed criteria for assessment, one of which is the income methodology approach which uses actual agricultural production on a parcel of property as a measure of the value of that particular property. Under this approach, productive agricultural property is assessed in a manner that reflects the rises and falls in the agriculture business by using a five-year moving average to establish the property's value.

The Florida Department of Revenue provides guidelines for property appraisers to utilize in calculation of property value; however, the guidelines do not specify which personal property is to be included in that calculation. As a result, there is no uniformity among the state's 67 counties regarding treatment of certain person property used to create agricultural revenue. Agriculture industry representatives believe this creates a form of "double taxation." Personal property, such as pollution control devices, is taxed as tangible personal property and also as a land improvement to increase production revenue.

C. EFFECT OF PROPOSED CHANGES:

CS/HB 717 establishes that nutrient management systems physically attached to the land shall only be included in the calculation of production revenue and not be valued as an add-on after the value has been established.

D. SECTION-BY-SECTION ANALYSIS:

See Section D. (Effect of Proposed Changes).

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Please see Fiscal Comments section.

2. Expenditures:

Please see Fiscal Comments section.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Please see Fiscal Comments section.

2. Expenditures:

Please see Fiscal Comments section.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

CS/HB 717 has been submitted, but not yet analyzed by the Revenue Impact Conference.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenue in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce any state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

None.

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 20, 2001, the Committee on Agriculture & Consumer Affairs adopted one amendment and moved to make HB 717 a committee substitute. The amendment was of a technical nature, arranging the information into a more orderly format.

VII. SIGNATURES:

COMMITTEE ON AGRICULTURE & CONSUMER AFFAIRS :

Prepared by:

Staff Director:

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Debbi Kaiser

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Susan Reese