

STORAGE NAME: h0717s1a.fpr.doc

DATE: April 11, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FISCAL POLICY AND RESOURCES
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 AND RESOURCES YEAS 13 NAYS 0
 - (3) COUNCIL FOR COMPETITIVE COMMERCE
 - (4)
 - (5)
-

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.

The Revenue Impact Conference has estimated the fiscal impact of this bill on local revenue at -\$1.1 million. 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 type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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 type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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. It lists criteria for assessment which the property appraiser shall consider when valuing agricultural property. One of these criteria 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 personal 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 contributes to increased production revenue as a land improvement.

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 that 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:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

This bill is estimated to have a -\$1.1 million dollar impact on local revenue.

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

None.

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:

Article VII, section 18(b), of the Florida Constitution provides:

"Except upon approval of each house of the Legislature by two-thirds of the membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenues in the aggregate, as such authority exists on February 1, 1989."

However, laws of insignificant fiscal impact (-\$1.6 million) are exempt from this provision. This bill has been estimated to have a local impact of -\$1.1 million, which exempts the bill from Article VII, section 18(b), of the Florida Constitution.

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

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

STORAGE NAME: h0717s1a.fpr.doc

DATE: April 11, 2001

PAGE: 4

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

None.

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 FISCAL POLICY AND RESOURCES:

Prepared by:

Debbi Kaiser

Staff Director:

Susan Reese

AS REVISED BY THE COMMITTEE ON FISCAL POLICY AND RESOURCES:

Prepared by:

Kama Monroe

Staff Director:

Greg Turbeville