

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 1276

SPONSOR: Senator Fasano

SUBJECT: Frequency of Audits / Auditor General

DATE: March 7, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CP</u>	<u>Favorable</u>
2.	<u>Fournier</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable</u>
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	<u>RC</u>	_____
6.	_____	_____	_____	_____

I. Summary:

This bill changes the frequency of a performance audit of the administration of ad valorem tax laws from triennially to annually.

This bill amends s. 195.096 of the Florida Statutes:

II. Present Situation:

Section 195.002, F.S., provides the Department of Revenue (DOR) with the “general supervision of the assessment and valuation of property” to ensure that all property in the state is valued according to its just valuation. This “supervision” consists primarily in “aiding and assisting county officers in the assessing and collection function, with particular emphasis on the more technical aspects.”

Beyond this ‘aid and assistance’, ch. 195, F.S., imposes additional supervisory responsibilities on DOR:

- Section 195.022, F.S., requires DOR to prescribe and furnish all forms used by the county property appraisers, tax collectors, clerks of the circuit court, and value adjustment boards in administering and collecting property taxes;
- Section 195.027, F.S., requires DOR to prescribe rules for the assessing and collecting of property taxes;
- Section 195.032, F.S., requires DOR to “establish and promulgate standard measures of value” to be used by county property appraisers “to aid and assist them in arriving at assessments of all property.”;

- Section 195.062, F.S., requires DOR to prepare and maintain a current manual of instructions for property appraisers and other officials connected with the administration of property taxes;
- Section 195.073, F.S., requires DOR to develop uniform definitions for property classifications;
- Section 195.087, F.S., provides DOR with limited review of property appraisers budgets; and
- Section 195.096, F.S., subjects all county property assessment rolls to review by DOR, who must conduct an in-depth review of these assessment rolls at least every two years.

Subsection (7) of s. 195.096, F.S., requires the Auditor General to conduct a triennial performance audit of the administration of ad valorem tax laws by DOR. The most recent audit (Report # 1-003) found deficiencies in the documentation and procedures associated with the department's administration of the program.

III. Effect of Proposed Changes:

Section 1 amends s. 195.096, F.S., to change the frequency of a performance audit of the administration of ad valorem tax laws from triennially to annually.

Section 2 provides that this act will take effect July 1, 2003.

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:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

This bill will increase the frequency of a performance audit of the administration of ad valorem tax laws from triennially to annually. The Auditor General estimates this cost to be \$64,829 per year.

Annual performance audits will make it difficult to assess the effectiveness of changes adopted in response to the Auditor Generals recommendations. Since the property tax is assessed and collected on an annual cycle, yearly performance audits would not allow the Department of Revenue to incorporate recommended improvements into its practices and assess their effectiveness.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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