

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: CS/SB 1636

SPONSOR: Comprehensive Planning Committee and Senator Campbell

SUBJECT: Property Tax Administration

DATE: April 7, 2003

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1. | <u>Cooper</u> | <u>Yeatman</u> | <u>CP</u> | <u>Fav/CS</u> |
| 2. | <u> </u> | <u> </u> | <u>CM</u> | <u> </u> |
| 3. | <u> </u> | <u> </u> | <u>FT</u> | <u> </u> |
| 4. | <u> </u> | <u> </u> | <u>AGG</u> | <u> </u> |
| 5. | <u> </u> | <u> </u> | <u>AP</u> | <u> </u> |
| 6. | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

I. Summary:

This bill contains the Department of Revenue's recommendations for improving administration of property taxation. This bill:

- Requires that purchasers of property subject to the homestead assessment limitation be provided a written disclosure concerning ad valorem taxes to the purchaser of residential property;
- Provides that Department of Revenue personnel have the right of entry and access for purposes of making assessments and inspections; and
- Provides authority for the Department of Revenue to require the property appraiser and his or her staff to undergo training under certain circumstances.

This bill amends the following sections of the Florida Statutes: 192.155, 194.034, 195.062, 195.096, and 195.097.

II. Present Situation:

Property Assessment Disclosure

Section 4(c), Art. VII of the State Constitution limits the increase in assessment of homestead property to the lesser of 3 percent or the percentage change in the Consumer Price Index. After any change in ownership, homestead property is assessed at just value as of January 1 of the following year. Buyers of homesteaded property may not be aware that their property taxes will be based on the just value assessment, not the assessment before the property is sold.

Value Adjustment Boards

Section 194.015, F.S., establishes a value adjustment board (VAB) for each county to hear challenges to property assessments, exemptions, and classifications by the county property appraiser. The VAB consists of three members of the governing body of the county as elected from the membership of the board of said governing body and two members of the school board as elected from the membership of the school board. The clerk of the governing body of the county is the clerk of the VAB. The office of the county attorney may be counsel to the board unless the county attorney represents the property appraiser, in which instance the board must appoint private counsel.

In hearings before the VAB, s. 194.034, F.S., requires the board to render a written decision within 20 calendar days of the last day the board is in session, and the decision must contain findings of fact and conclusions of law and the reasons for upholding or overturning the determination of the property appraiser. There is no requirement for the notice to contain the final filing date for an action in the circuit court to appeal the finding.

DOR Property Assessment Administration

Chapter 193, F.S., specifies procedures for county property appraisers. 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.

Section 195.062, F.S., requires DOR to prepare and maintain a current manual of instructions for property appraisers. It provides that standard measures of value shall be adopted in general conformity with chapter 120, F.S., even if those changes are required by case law, constitute only technical changes, or are justified assessment methodology changes.

Section 195.096, F.S., requires DOR to conduct an in-depth review of the assessment roll of each county no less frequently than every two years.

Section 195.097, F.S., provides for the executive director of DOR to issue a notice to any property appraiser whose assessment roll does not satisfy the requirements set forth in the statutes. Notice is provided to the property appraiser by November 15. The property appraiser must respond to the notice by December 1, and any conference with the executive director requested by the property appraiser must be held no later than December 15, at which time the executive director may issue an administrative order incorporating remedial steps to be taken by the property appraiser. The property appraiser’s response to this order must be made by January 15.

III. Effect of Proposed Changes:

Section 1 creates subsection (4) of s. 192.155, F.S., to require any person conducting a real estate closing on homestead property to disclose to the buyer, in writing, that the property will be reassessed at market value in the year after it is sold, resulting in higher taxes than are paid by the current owners.

Section 2 amends s. 194.034, to require VAB notices to include information about when an appeal of the decision in the circuit court must be filed.

Section 3 amends s. 195.062, F.S., to allow DOR to change the manual instruction to include all settled court decisions, and periodically update the guidelines for technical changes and other changes in assessment practices.

Section 4 amends s. 195.096, F.S., to provide DOR appraisers a right-of-entry and access to property in order to perform in-depth tax roll assessments.

Section 5 amends s. 195.097, F.S., to move forward the dates for post-audit notification of tax roll defects, response by the property appraiser to the notice, any conference between the property appraiser and the executive director, and the executive director's administrative order.

This section also allows the department to require an audit or review of procedures used by the property appraiser. The department may also require training for the property appraiser and his or her staff if the audit or the notice of tax roll defects indicates that the property appraiser failed to assess property according to the law, and that such failure resulted in a systemic problem that could be cured by training.

Section 6 provides a January 1, 2004 effective date.

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:

Section 1 of this CS will ensure that a potential purchaser of residential property is notified that the property will be reassessed at market value in the year after it is sold, and that the ad valorem tax on the property may be greater than the tax being paid by the current owner.

C. Government Sector Impact:

None.

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.
