

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Community Affairs

BILL: SB 766
 INTRODUCER: Senator Flores
 SUBJECT: Ad Valorem Taxation
 DATE: January 8, 2016 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Present	Yeatman	CA	Favorable
2.			FT	
3.			AP	

I. Summary:

SB 766 revises portions of the value adjustment board (VAB) property assessment appeal process. Currently, property tax payers can contest their property assessments and seek review of the assessment by the VAB. Specifically, the bill:

- Requires that a property appraiser provide written notification to the Department of Revenue (DOR) if the recertified just value of the assessment roll is less than the initial just value submitted to the DOR by more than 2 percent. The DOR must review the processes used by the property appraiser and the value adjustment board if the 2 percent threshold is exceeded for 3 consecutive years.
- Requires that the VAB submit the certified assessment roll to the property appraiser by June 1 following the tax year in which the assessments were made, or by December 1 if the petitions in that county increased by more than 10 percent from the prior year.
- Requires that a petition to the VAB be signed by the taxpayer or be accompanied by the taxpayer's written authorization for representation.
- Changes the interest rates for disputed property taxes at the VAB from 12 percent to the prime rate and proposes to allow property owners to accrue interest at the prime rate when the property appraiser and the property owner reach a settlement prior to the VAB hearing.
- Authorizes a petitioner or a property appraiser to reschedule the hearing a single time for "good cause."
- Restricts the qualifications of those who can represent a taxpayer before the VAB.
- Extends a process by 1 year, to fiscal year 2016-17, which allows a school district to estimate its prior period district required local effort millage in the event that the final tax roll is not certified on a timely basis.

II. Present Situation:

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property.¹ The ad valorem tax is an annual tax levied by counties, cities, school districts, and some special districts based on the value of real and tangible personal property as of January 1 of each year.² The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,³ and it provides for specified assessment limitations, property classifications and exemptions.⁴

After the property appraiser considers any assessment limitation or use classification affecting the just value of a property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.⁵ Citizens may appeal their assessed value informally to the property appraiser, or to the county VAB, or to the circuit court.

The Ad Valorem Process

Each property appraiser must submit an assessment roll to the DOR by July 1 of the assessment year to determine if the rolls meet all the appropriate requirements of law relating to form and just value. Assessment rolls include, in addition to taxable value, other information on the property located within the property appraiser's jurisdiction, such as just value, assessed value, and the amount of each exemption or discount.⁶ The ad valorem process involves several steps that generally follow the progression below:

Step 1

In addition to sending the assessment roll to the DOR, each property appraiser must certify to its taxing authorities the taxable value of all property within its jurisdiction no later than July 1 of the assessment year, unless extended for good cause by the DOR.⁷

Step 2

The taxing authority uses the taxable value provided by the property appraiser to prepare a proposed millage rate (i.e., tax rate) that is levied on the property's taxable value.⁸ Within 35 days of certification of the taxable value by the property appraiser (typically by August 4 of the assessment year), the taxing authority must advise the property appraiser of its proposed millage rates.⁹

¹ FLA. CONST. art. VII, s. 1(a).

² Section 192.001(12), F.S., defines "real property" as land, buildings, fixtures, and all other improvements to land. The terms "land," "real estate," "realty," and "real property" may be used interchangeably. Section 192.001(11)(d), F.S., defines "tangible personal property" as all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in article VII, section 1(b) of the Florida Constitution and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself.

³ FLA. CONST. art. VII, s. 4.

⁴ FLA. CONST. art. VII, ss. 3, 4, and 6.

⁵ Section 196.031, F.S.

⁶ Section 193.114, F.S.

⁷ Section 193.023(1), F.S.

⁸ Section 200.065(2)(a)1., F.S.

⁹ Section 200.065(2)(b), F.S.

Step 3

The property appraiser uses the proposed millage rates provided by the taxing authorities to prepare the notice of proposed property taxes, commonly referred to as the Truth in Millage (TRIM) notice.¹⁰ Generally, the TRIM notice must be mailed no later than 55 days after certification of taxable value by the property appraiser (typically by August 24 of the assessment year).¹¹

Step 4

Any property owner who disagrees with the assessment in the TRIM notice or who was denied an exemption or property classification may:

- Request an informal meeting with the property appraiser;¹²
- Appeal to the county VAB;¹³ or
- Challenge the assessment in circuit court.¹⁴

A petition to the VAB may be filed, as to valuation issues, at any time during the taxable year on or before the 25th day following the mailing of the TRIM notice (typically by September 18 of the assessment year).¹⁵ A petition involving the denial of an exemption, a property classification, or a deferral must be filed at any time during the taxable year on or before the 30th day following the mailing of the TRIM notice (typically September 23 of the assessment year).¹⁶

Step 5

VAB hearings must begin between 30 and 60 days after the mailing of the TRIM notice (typically between September 23 and October 8 of the assessment year).¹⁷ The VAB must remain in session from day to day until all petitions, complaints, appeals, and disputes are heard.¹⁸ Current law does not establish when the VAB hearings must end. As of August 4, 2015, 64 counties completed their VAB appeals for 2014 and reported that information to the DOR.¹⁹ Broward, Jefferson, and Miami-Dade Counties are in the process of completing their 2014 VAB proceedings.

¹⁰ Section 200.069, F.S.

¹¹ See Section 200.065(2)(b), F.S.

¹² Section 194.011(2), F.S.

¹³ Section 194.011(3), F.S.

¹⁴ Sections 194.036(2) and 194.171, F.S.

¹⁵ Section 194.011(3)(d), F.S.

¹⁶ Section 194.011(3)(d), F.S.

¹⁷ Section 194.032(1)(a), F.S.

¹⁸ Section 194.032(3), F.S.

¹⁹ For spreadsheets containing the VAB petition summaries as reported to the DOR, see FLORIDA DEPARTMENT OF REVENUE, PROPERTY TAX DATA PORTAL: VAB SUMMARY available at <http://dor.myflorida.com/dor/property/resources/data.html> (last visited on December 11, 2015).

Step 6

After all VAB hearings are held, the VAB-adjusted assessment roll is submitted by the VAB to the property appraiser²⁰ and to the DOR.²¹ After making any adjustments to the assessment rolls caused by the VAB hearings, the property appraiser will certify the tax roll to the tax collector (typically before November 1 of the assessment year or as soon thereafter as the certified tax roll is received by the tax collector).²²

Step 7

The tax collector will then send tax bills within 20 working days to all properties owing tax within his or her jurisdiction.²³ Property taxes are due once a year, and can be paid beginning November 1 of the assessment year.²⁴ Generally, taxes become delinquent if not paid in full as of April 1 of the year after assessment.²⁵ Delinquent taxes will accrue interest until paid,²⁶ and may accrue penalties in certain circumstances.²⁷

The following chart summarizes key dates in this process:

“Typical Deadline” ²⁸	Actor	Action
Jan. 1, 2014	Property Appraiser	Property value is determined as of this date (“assessment date”)
July 1, 2014	Property Appraiser	Submit assessment roll to DOR
July 1, 2014	Property Appraiser	Certify taxable value to Tax Collector
Aug. 4, 2014	Tax Collector	Submit proposed millage rates to Property Appraiser
Aug. 24, 2014	Property Appraiser	Mail TRIM notice to Property Owners
Sept 23, 2014	Property Owner	File petition to VAB
Oct. 8, 2014	VAB	Begin VAB hearings
Nov. 1, 2014	VAB	Submit adjusted assessment roll to Property Appraiser
Nov. 28, 2014	Tax Collector	Mail tax bill to Property Owners
Mar. 31, 2015	Property Owner	Pay tax bill

School District Funding

Florida school districts are funded by support at the federal, state, and local government level. Federal funds are typically used to supplement state and local funds authorized by the Florida Legislature to support various education programs. State support for school districts is provided primarily by legislative appropriations. The major portion of state support is distributed through the Florida Education Finance Program (FEFP). The FEFP is the primary mechanism for funding the operating costs of Florida school districts. Local revenue for school support is derived almost

²⁰ Section 193.122(2), F.S.

²¹ Section 193.122(1), F.S.

²² Section 193.122(2), F.S.

²³ Section 197.322(2), (3), F.S.

²⁴ Section 197.333, F.S.

²⁵ Section 197.333, F.S.

²⁶ Section 197.152, F.S.

²⁷ See Section 196.161, F.S.

²⁸ The chart is provided for illustrative purposes. The deadline refers to the date the actor typically must take action. However, the deadline may be changed by other circumstances not identified in the chart.

entirely from property taxes levied by Florida's 67 counties. Each school district participating in the state allocation of funds for the operation of schools must levy a millage representing its required local effort (RLE) from property taxes.

Each school district's RLE millage rate is determined by a statutory procedure that is initiated by certification of the most recent estimated property tax values²⁹ of each district by the DOR to the Commissioner of Education (Commissioner) no later than 2 working days prior to July 19 of the assessment year.³⁰ No later than July 19 of the assessment year, the Commissioner uses the estimated property tax values to calculate the RLE millage rate that would generate enough property taxes to cover the RLE amount for that year as set forth in the General Appropriations Act.³¹ For example, the estimated 2013-2014 school taxable value was certified by the DOR to the Commissioner in July 2013.

If a district fails to collect the full amount of its RLE in a prior year because of changes in property values,³² the Commissioner is authorized to calculate an additional millage rate necessary to generate the amount of uncollected funds.³³ The additional millage rate is referred to as the prior period funding adjustment millage (PPFAM). The PPFAM is typically calculated in July of the year following the assessment. Continuing the above example, the recalculated 2013-2014 school taxable value (after any changes) is typically certified by the DOR to the Commissioner in July 2014.

Changes in property values may occur as a result of litigation or VAB petitions challenging the assessed value or inclusion of certain property on the assessment roll.³⁴ However, until final adjudication of any litigation or VAB petition, the assessed value of the contested property is excluded from the computation of a school district's RLE.³⁵ If final adjudication does not occur prior to the PPFAM calculation in July of the year after assessment, the school district cannot collect the unrealized school funds.

In 2015, the Legislature passed a temporary solution for school districts where the local VAB process delays completion of the certification of the final tax roll for longer than 1 year.³⁶ For the 2015-16 fiscal year only, such districts can "speed-up" the levy of 2014 unrealized RLE funds by levying a PPFAM equal to 75 percent of the district's most recent unrealized RLE for which a PPFAM was determined.³⁷

²⁹ The ad valorem tax process involves numerous steps, and the value of property may change depending on the outcome of informal appeals to the property appraiser, VAB determinations, or circuit court decisions.

³⁰ Section 1011.62(4)(a)1.a., F.S.

³¹ Section 1011.62(4)(a)1.a., F.S.

³² Section 1011.62(4)(c), F.S.

³³ Section 1011.62(4)(e), F.S.

³⁴ Section 1011.62(4)(c)1., F.S.

³⁵ Section 1011.62(4)(c)2., (d), F.S.

³⁶ Ch. 2015-222, Laws of Fla.

³⁷ Section 1011.62(4)(e)1.c., F.S.

Value Adjustment Board Process

Chapter 194, F.S., provides for administrative and judicial review of ad valorem tax assessments. Each county in Florida has a VAB composed of five members³⁸ that hears petitions pertaining to property assessments made by the county property appraiser.³⁹ The VAB hears evidence from both the petitioner and property appraiser as to whether a property is appraised at its fair market value, as well as issues related to tax exemptions, deferments, and portability.⁴⁰

The property owner may initiate a review by filing a petition with the clerk of the VAB.⁴¹ A petitioner before the VAB may be represented by an attorney or agent.⁴² DOR rules state, “The agent need not be a licensed individual or person with specific qualifications and may be any person, including a family member, authorized by the taxpayer to represent them before the VAB.”⁴³ Generally, a petitioner before the VAB must pay all of the non-ad valorem assessments and make a partial payment of the ad valorem taxes before the taxes become delinquent.⁴⁴

The clerk of the VAB⁴⁵ is responsible for receiving completed petitions, acknowledging receipt to the taxpayer, sending a copy of the petition to the property appraiser, and scheduling appearances before the VAB. The petitioner may reschedule the hearing a single time by submitting to the clerk a written request to reschedule, at least 5 calendar days before the day of the originally scheduled hearing.⁴⁶ VAB petition forms may be found at the DOR website, the County Property Appraiser’s office, and in most counties at the office or website of the VAB Clerk.⁴⁷ There is no statutory requirement that the petitioner sign the VAB petition. However, DOR rules state, “A petition filed by an unlicensed agent must also be signed by the taxpayer or accompanied by a written authorization from the taxpayer.”⁴⁸

A petitioner is required to provide the property appraiser with a list of evidence, copies of documentation, and summaries of testimony at least 15 days prior to the hearing.⁴⁹ If the petitioner provides this information, and sends the appraiser a written request for responsive information, the appraiser must provide a list of evidence and copies of documentation to be presented at the hearing, including the “property record card,”⁵⁰ but only if the petitioner checks the appropriate box on the form.⁵¹ The property appraiser is not required to provide a copy of the

³⁸ Section 194.015, F.S.

³⁹ Section 194.011, F.S. The VAB also hears complaints about homestead exemptions and appeals exemption, deferral, or classification decisions. Section 194.032(1)(a), F.S.

⁴⁰ Additionally, VABs appoint special magistrates, who are qualified real estate appraisers, personal property appraisers or attorneys, to act as impartial agents in conducting hearings and making recommendations on all petitions. Section 194.035(1), F.S.

⁴¹ Section 194.011(3)(b), F.S.

⁴² Section 194.034(1)(a), F.S.

⁴³ Rule 12D-9.018(3), F.A.C.

⁴⁴ Section 194.014(1), F.S.

⁴⁵ The county clerk usually serves as the clerk of the VAB. Section 194.015, F.S.

⁴⁶ Section 194.032(2)(a), F.S.

⁴⁷ Section 194.011(3)(a), F.S.

⁴⁸ Rule 12D-9.018(4), F.A.C.

⁴⁹ Section 194.011(4)(a), F.S.

⁵⁰ Section 194.011(4)(b), F.S.

⁵¹ Section 194.032(2)(a), F.S.

property record card if it is available online.⁵² The property record card is a record of assessment information maintained by the property appraiser for assessed properties in his or her jurisdiction.⁵³ Currently, information submitted to the VAB as evidence generally becomes public record and is subject to Florida's public records laws.⁵⁴

Value Adjustment Board Members and Special Magistrates

In 1895, the Legislature provided exclusive responsibility for hearing taxpayer appeals from assessments in the county commissions.⁵⁵ In 1969, the Legislature changed the membership to include school board members.⁵⁶ In 2008, the Legislature again changed the membership to include two citizen members.⁵⁷ Currently, the VAB consists of two members of the governing body of the county as elected from the membership of the board of said governing body (one of whom shall be elected chairperson), one member of the school board as elected from the membership of the school board, and two citizen members.⁵⁸

A quorum of three members of the board must include at least:

- One member of the governing body of the county.
- One member of the school board.
- One citizen member.⁵⁹

In addition, current law requires counties with a population greater than 75,000 to hire special magistrates to conduct valuation hearings.⁶⁰ Before conducting hearings, a board must hold an organizational meeting to appoint special magistrates and legal counsel and to perform other administrative functions.⁶¹ Special magistrates must meet the following qualifications⁶²:

- A special magistrate appointed to hear issues of exemptions and classifications shall be a member of The Florida Bar with no less than 5 years' experience in the area of ad valorem taxation.
- A special magistrate appointed to hear issues regarding the valuation of real estate shall be a state certified real estate appraiser with not less than 5 years' experience in real property valuation.
- A special magistrate appointed to hear issues regarding the valuation of tangible personal property shall be a designated member of a nationally recognized appraiser's organization with not less than 5 years' experience in tangible personal property valuation.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ Informal, Fla. Op. Att'y Gen. (April 30, 2010) *available at*

<http://www.myfloridalegal.com/ago.nsf/Opinions/946D6B5DA86200268525771B00485776>; FLORIDA DEPARTMENT OF REVENUE PROPERTY TAX INFORMATIONAL BULLETIN, PTO 10-07 – VALUE ADJUSTMENT BOARD HEARINGS AND CONFIDENTIALITY (May 27, 2010).

⁵⁵ Ch. 4322, Laws of Fla. (1895).

⁵⁶ Ch. 69-140, Laws of Fla.

⁵⁷ Ch. 2008-197, Laws of Fla.

⁵⁸ Section 194.015, F.S.

⁵⁹ *Id.*

⁶⁰ Section 194.035, F.S.

⁶¹ Section 194.011(5)(a)2., F.S.

⁶² Section 194.035(1), F.S.

Determinations of VAB

Current law requires VABs to render a written decision within 20 calendar days after the last day the board is in session.⁶³ The decision of the VAB must contain findings of fact and conclusions of law and must include reasons for upholding or overturning the determination of the property appraiser.⁶⁴ If a special magistrate has been appointed, the recommendations of the special magistrate shall be considered by the VAB.⁶⁵ The clerk of the VAB, upon issuance of a decision, shall notify each taxpayer and the property appraiser of the decision of the VAB. If requested by the DOR, the clerk shall provide to the DOR a copy of the decision or information relating to the tax impact of the findings and results of the board as described in s. 194.037, F.S., in the manner and form requested.

In 2011, the Florida Legislature created s. 194.014, F.S., to require taxpayers challenging their assessments to pay at least 75 percent of the ad valorem taxes before those taxes become delinquent. If the VAB determines that the petitioner owes ad valorem taxes in excess of the amount paid, the unpaid amount accrues interest at the rate of 12 percent per year from the date the taxes became delinquent until the unpaid amount is paid.⁶⁶ If the VAB determines that a refund is due, the overpaid amount accrues interest at the rate of 12 percent per year from the date the taxes became delinquent until a refund is paid.⁶⁷ Interest does not accrue on amounts paid in excess of 100 percent of the current taxes due as provided on the tax notice.⁶⁸

Similarly, taxpayers who file a petition in circuit court must pay the tax collector an amount not less than the amount of tax which the taxpayer admits in good faith to owe. If the court finds that the amount of tax owed by the taxpayer is greater than the amount the taxpayer has in good faith admitted and paid, it enters a judgment against the taxpayer for the deficiency and for interest on the deficiency at a rate of 12 percent.⁶⁹

III. Effect of Proposed Changes:

Section 1 amends s. 192.0105, F.S., to make conforming changes related to taxpayer representation before the VAB in s. 194.034(1)(a), F.S..

Section 2 creates s. 193.1148, F.S., to require that the property appraiser provide written notification to the DOR if the recertified just value of the assessment roll is less than the initial just value submitted to the DOR pursuant to s. 193.1142, F.S., by more than 2 percent. If the 2 percent threshold is exceeded for 3 consecutive years, the DOR shall review the processes used by the property appraiser in deriving the initial just values of the assessments rolls and the value adjustment board in changing and determining the final tax roll for the 3-year period, and make written findings. The property appraiser and value adjustment board must cooperate with the

⁶³ Section 194.034(2), F.S.

⁶⁴ *Id.*; see also rules 12D-9.030, 12D-9.032, and 12D-10.003(3), F.A.C.

⁶⁵ Section 194.034(2), F.S.

⁶⁶ Section 194.014(2), F.S.

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ Section 194.192, F.S.

DOR during its conduct of a review and make all matters and records bearing on the review available to the DOR upon request.

Section 3 amends s. 193.122, F.S., to require VABs to hear all petitions and issue its second certification by June 1 following the tax year in which the assessments were made, or by December 1 if the petitions in that county increased by more than 10 percent from the prior year. This change is effective beginning July 1, 2017.

Section 4 provides applicability for changes made to s. 193.122(3), F.S. The amendment made by this act to s. 193.122(3), F.S., first applies to the 2017 tax roll.

Section 5 amends s. 194.011, F.S., to require that a petition to the VAB must be signed by the taxpayer or accompanied by the taxpayer's written authorization for representation by a person specified in s. 194.034(1)(a), F.S. A written authorization is valid for 1 tax year, and a new written authorization by the taxpayer is required for each subsequent tax year.

Section 6 amends s. 194.014, F.S., to change the amount of interest that accrues on disputed ad valorem taxes from 12 percent to the bank prime loan rate as published by the Federal Reserve on July 1 or the first business day thereafter. Furthermore, the section allows for interest accrual, at the prime rate, when the property appraiser and the property owner reach a settlement prior to the VAB hearing. Interest on overpayments is funded proportionately by each taxing authority in the county. Currently, the bank prime rate is published on a website titled "H.15 Selected Interest Rates" and is 3.25 percent.⁷⁰ The section does not change the interest rate for amounts in dispute for court proceedings.

Section 7 amends s. 194.015, F.S., to allow the school board and the county commission to audit the expenses related to the value adjustment board process.

Section 8 amends s. 194.032, F.S., to require a property appraiser to notify the petitioner that the property record card is available online if the petitioner checks the appropriate box on the petition form to request a copy of the property record card containing relevant information used in computing the current assessment, and the property record card is in fact available online from the property appraiser. The section also provides that the petitioner or the property appraiser may reschedule the hearing a single time for good cause. "Good cause" is defined to mean circumstances beyond the control of the person seeking to reschedule the hearing which reasonably prevent him or her from having adequate representation at the hearing. If the hearing is rescheduled by the petitioner, the clerk must notify the petitioner of the rescheduled date and time for his or her appearance at least 15 calendar days before the date of the rescheduled appearance.

Section 9 amends s. 194.034, F.S., to restrict the persons who may represent a person before the VAB. The section provides that petitioners before the VAB may be represented by:

- A corporate representative of the taxpayer;
- An attorney who is a member of the Florida Bar;

⁷⁰ FEDERAL RESERVE, H.15 SELECTED INTEREST RATES (March 9, 2015) *available at* <http://www.federalreserve.gov/releases/h15/current/>.

- A real estate appraiser or a real estate broker licensed under ch. 475, F.S.;
- A certified public accountant licensed under ch. 473, F.S., retained by the taxpayer; or
- An individual with power of attorney to act on behalf of the taxpayer who receives no compensation.

Section 10 amends s. 1011.62(4)(e), F.S., to provide an alternative computation of school funds for the 2016-2017 fiscal year when the final taxable value of a school district is delayed by VAB hearings. The section provides school districts with a temporary funding solution when the local VAB process delays completion of the certification of the final tax roll for longer than 1 year. For the 2016-17 fiscal year only, such districts can “speed-up” the levy of 2015 unrealized RLE funds by levying a PPFAM equal to 75 percent of the district’s most recent unrealized RLE for which a PPFAM was determined.⁷¹

Section 11 provides an effective date of July 1, 2016, except as otherwise expressly provided.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, section 18(a) of the Florida Constitution provides in pertinent part that no county or municipality shall be bound by any general law requiring such county or municipality to spend funds unless certain exemptions or exceptions are met.

Sections 3 and 4 of the bill are expected to have a negative \$49.8 million non-recurring impact to local government revenues in Fiscal Year 2018-2019. However, section 6 of the bill is expected to have a positive impact on local governments of \$5.6 million in Fiscal Year 2016-2017, \$4.4 million in FY 2017-18 and \$4.0 million annually thereafter. Section 10 shifts costs, but it is expected to have a net even outcome by FY 2017-2018.

As a result, the long-term net impact on local governments should be positive, and it does not appear that the mandate provisions apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference evaluated the impacts of some of the provisions included in the bill as follows:

⁷¹ Similar legislation was passed in 2015. Ch. 2015-222, Laws of Fla.

- Sections 3 and 4, which require VABs to hear all petitions and certify the assessment roll by June 1, are expected to have a \$49.8 million non-recurring impact to local government revenues in Fiscal Year 2018-2019 due to a speed-up in the process.⁷²
- Section 6 reduces the interest rates on ad valorem taxes contested in a VAB proceeding. This section is expected to have a positive impact on local governments of \$5.6 million in Fiscal Year 2016-2017, \$4.4 million in FY 2017-18 and \$4.0 million annually thereafter.⁷³ Most petitioners in Miami-Dade County, which has the most VAB petitions, pay the full amount of ad valorem taxes and earn interest at 12 percent annually on the overpaid amount if successful in the petition. The result is more interest is paid out to petitioners than the amount of interest brought in to the county from interest paid on tax underpayments.⁷⁴
- Section 10, which provides a method of computing of school funds for the 2016-2017 fiscal year when the final taxable value of a school district is delayed by VAB hearings is expected to shift school funds, which typically would not become available until the following year, from Fiscal Year 2017-18 to FY 2016-17, resulting in a non-recurring, positive fiscal impact of \$37.7 million in Fiscal Year 2016-17 and a non-recurring, negative fiscal impact of \$37.7 million in Fiscal Year 2017-18.⁷⁵

B. Private Sector Impact:

Taxpayers that successfully dispute ad valorem assessments through a VAB hearing are expected to receive less revenue (interest paid on overpayments of disputed tax amounts) because of the interest rate change. Taxpayers may receive more revenue (interest paid on overpayments of disputed tax amounts) because this act allows for interest accrual when the property appraiser and the petitioner reach a settlement prior to the VAB hearing.

C. Government Sector Impact:

The bill requires local governments to take the following actions, which are likely to require expenditure of local funds:

- Sections 3 and 4 require VABs to hear all petitions and certify the tax roll to the property appraiser prior to June 1 of the year following the assessment, unless the petitions in that county increased by more than 10 percent from the prior year.

VI. Technical Deficiencies:

None.

⁷² Revenue Estimating Conference, *Value Adjustment Boards SB 766*, 203, (Nov. 20, 2015), available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/_pdf/Impact1120.pdf (last visited December 18, 2015).

⁷³ *Id.*

⁷⁴ Discussion from Revenue Estimating Conference, Impact Conference, Value Adjustment Boards: HB 695 (March 13, 2015).

⁷⁵ Revenue Estimating Conference, *Value Adjustment Boards SB 766*, 203, (Nov. 20, 2015), available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/_pdf/Impact1120.pdf (last visited December 18, 2015).

VII. Related Issues:

The DOR expressed concerns regarding section 2 of the bill.⁷⁶ Specifically, DOR is seeking guidance on how to conduct its review of the processes used by the property appraiser in deriving the initial just values of the assessment rolls and by the VAB in changing and determining the final tax roll. DOR is also seeking guidance on how extensive the reviews must be. In addition, DOR recommends that section 9 of the bill be revised to give the department specific authority to promulgate a form which allows a taxpayer to grant someone power of attorney solely to petition the VAB in a specific year concerning a specific parcel.

VIII. Statutes Affected:

This bill substantially amends sections 192.0105, 193.122, 194.011, 194.014, 194.015, 194.032, 194.034, and 1011.62 of the Florida Statutes.

This bill creates section 193.1148 of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

⁷⁶ RFlorida Department of Revenue, *Legislative Bill Analysis for SB 766*, 6 (Jan 8, 2016).