

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 Agriculture

BILL: SB 404

INTRODUCER: Senator Rodriguez

SUBJECT: Aquaculture Land Valuation

DATE: February 9, 2022

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Fink</u>	<u>Becker</u>	<u>AG</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>FT</u>	_____
3.	_____	_____	<u>AP</u>	_____

I. Summary:

SB 404 amends s. 193.461, F.S., requiring that for the purposes of the income methodology approach to assessment of land used in the production of aquacultural products, structures and equipment located on the property used for producing aquacultural products are considered a part of the average yields per acre and have no separately assessable contributory value.

The Revenue Estimating Conference (REC) determined that the bill will reduce local property taxes by \$8.4 million in Fiscal Year 2023-2024, with a recurring \$7.5 million reduction.

The bill takes effect July 1, 2022.

II. Present Situation:

Property Valuation in Florida

The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes.¹ As provided by statute,² an ad valorem tax is a tax assessed upon the value of property.³ The term "property tax" may be used interchangeably with the term "ad valorem tax."⁴ The term "ad valorem" applies to both real and personal property.⁵

However, sections 3, 4, and 6, Article VII of the Florida Constitution, provide for specified assessment limitations, property classifications and exemptions. After the property appraiser has considered any assessment limitation or use classification affecting the just value

¹ Art. VII, s. 4. of the Florida Constitution

² § 192.001(1), Fla. Stat.

³ *Gilreath v. Westgate Daytona, Ltd.*, 871 So. 2d 961 (Fla. 5th DCA 2004).

⁴ § 192.001(1), Fla. Stat.

⁵ *Smith v. American Airlines, Inc.*, 606 So. 2d 618 (Fla. 1992).

of a property, the assessed value is determined. The assessed value is then reduced by any applicable exemptions to produce the taxable value.⁶ Property owners denied classifications or exemptions by the property appraiser may appeal to the value adjustment board.⁷

Agricultural Classification and Assessment

Pursuant to s. 4, Art. VII of the State Constitution, all agricultural land is assessed solely on the basis of its character or use.⁸ For property to be classified as agricultural land, it must be used “primarily for bona fide agricultural purposes.”⁹ Section 193.461(5), F.S., defines “agricultural purposes” to include, but is not limited to: horticulture; floriculture; viticulture; forestry; dairy; livestock; poultry; bee; pisciculture, when the land is used principally for the production of tropical fish; aquaculture; sod farming; all forms of farm products and farm production.¹⁰

Agricultural classification for land valuation was first created by s. 193.201, F.S. in 1959 because of the express finding that “. . . much of the recent real estate development has tended to increase assessments on farm and agricultural lands and other agricultural products to unreasonable and unprofitable proportions, thus forcing many persons to give up their livelihood because of being taxed out of existence.”¹¹

Income Methodology Approach

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.¹²

In 1999 s. 193.461, F.S, was amended to provide that for purposes of the income methodology approach to assessment of property used for agricultural purposes, irrigation systems, including pumps and motors, physically attached to the land shall only be included in the calculation of production revenue.¹³ In 2001, s. 193.461, F.S was amended again, requiring litter containment structures located on producing poultry farms and animal waste nutrient containment structures located on producing dairy farms to also be assessed by the methodology described in subparagraph 1.¹⁴ In 2010, certain structures and improvements used in horticultural production

⁶ See s. 196.031, F.S.

⁷ See ss. 193.461, 193.503, and 193.625, F.S.

⁸ Art. VII, s. 4(a), of the Florida Constitution.

⁹ Section 193.461(3)(b), F.S.

¹⁰ Section 193.461(5), F.S.

¹¹ Ch. 59-226, Laws of Florida [s. 193.201, F. S. 1959](see also Fl. Att’y Gen. Op. No. AGO 75-134 (May 9, 1975)).

¹² See s. 193.461, F.S.

¹³ TAXATION AND FINANCE—AD VALOREM TAX ASSESSMENT, 1999 Fla. Sess. Law Serv. Ch. 99-351 (H.B. 1639) (WEST)

¹⁴ Laws 2001, ch. 2001-279, § 4,

were added¹⁵, and in 2018, screened enclosed structures used in horticultural production were added.¹⁶

III. Effect of Proposed Changes:

SB 404 amends s. 193.461, F.S., requiring that for the purposes of the income methodology approach to assessment of land used in the production of aquacultural products, structures and equipment located on the property used for producing aquacultural products are considered a part of the average yields per acre and have no separately assessable contributory value.

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IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference (REC) determined that the bill will reduce local property taxes by \$8.4 million in Fiscal Year 2021-2024, with a recurring \$7.5 million reduction.

B. Private Sector Impact:

None.

¹⁵ Laws 2010, c. 2010-277, § 1,

¹⁶ Laws 2018, c. 2018-84, § 1,

C. Government Sector Impact:

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 193.461 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.