

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 179

Property Appraisers

SPONSOR(S): Nelson

TIED BILLS:

IDEN./SIM. BILLS: SB 800

|    | REFERENCE   | ACTION | ANALYST | STAFF DIRECTOR |
|----|---|--------|---------|----------------|
| 1) | Military & Local Affairs Policy Committee                       |        | Noriega | Hoagland       |
| 2) | Economic Development & Community Affairs Policy Council         |        |         |                |
| 3) | Finance & Tax Council   |        |         |                |
| 4) | PreK-12 Appropriations Committee                                |        |         |                |
| 5) | Full Appropriations Council on Education & Economic Development |        |         |                |

SUMMARY ANALYSIS

Current law requires the physical inspection of real property at least once every five years for purposes of assessing the property value and ensuring that the tax roll meets all applicable law requirements. This bill allows property appraisers, at their discretion and where geographically suitable, to use image technology in lieu of a physical inspection.

Current law also requires persons with legal title to real or personal property who are entitled to a homestead tax exemption to apply on or before March 1 of each year. This bill revises the filing process when the applicant misses the March 1 filing deadline. Under this bill, applicants who demonstrate extenuating circumstances to the property appraiser may receive a homestead exemption after March 1. However, a late applicant must file with the property appraiser within 25 days following the mailing of the Truth in Millage (TRIM) notice, and may only appeal to the value adjustment board if the property appraiser denies the exemption.

In addition, current law outlines eight factors to be considered by the property appraiser in determining the intent of a person claiming a homestead exemption to establish a permanent residence in Florida. This bill revises these factors.

The Revenue Estimating Conference has not met to discuss this bill. However, staff estimates that the provisions of this bill would have an indeterminate fiscal impact on local governments and no fiscal impact on state government revenues or expenditures.

This bill has an effective date of July 1, 2009.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Present Situation

Article VII, s. 4 of the Florida Constitution, requires a just valuation<sup>1</sup> of all property for ad valorem taxation, with certain exceptions. Florida property appraisers have the statutory responsibility to ensure that all real property<sup>2</sup> within their counties is listed and valued on the tax assessment roll.<sup>3</sup>

##### Assessment of the Value of Real Property

Section 193.023(1), F.S., requires property appraisers to complete an assessment of the value of all property no later than July 1 of each year, except that the Department of Revenue (DOR) may, for good cause, extend the time for completion.

Section 193.023(2), F.S., provides that the property appraiser must physically inspect each property at least once every five years to assess its value and ensure that the tax roll meets all applicable law requirements. In addition, this section provides that the property appraiser may review image technology at his or her discretion, but must complete a physical inspection on any parcel of taxable real property upon the request of the taxpayer or owner.

Section 193.023(3), F.S., provides that, in revaluating property in accordance with constitutional and statutory requirements, the property appraiser may adjust the assessed value placed on any parcel or group of parcels based on mass data collected, on ratio studies prepared by an agency authorized by law, or pursuant to DOR regulations.

##### Annual Application for Homestead Exemption

Section 196.011(1), F.S., requires persons with legal title to real or personal property who are entitled to a homestead tax exemption to apply on or before March 1 of each year. Once the original exemption has been granted, in each succeeding year and on or before February 1, the property appraiser sends a renewal

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<sup>1</sup> Section 192.001(2), F.S., defines the term "assessed value." "Assessed value" is generally synonymous with "just value," which is the estimated market value of the property.

<sup>2</sup> Chapter 212, F.S., defines "real property" as surface land, improvements thereto, and fixtures, and is synonymous with "realty" and "real estate."

<sup>3</sup> Section 193.085(1), F.S.

application, which is accepted as evidence of the exemption unless the appraiser makes a determination that the application should be denied. If the original application or renewal is denied, the appraiser must provide the applicant with a notice specifying the grounds for denial by July 1. Any applicant denied an exemption may appeal to the value adjustment board (VAB).

Section 196.011(8), F.S., provides that an applicant who qualifies to receive a homestead exemption but who misses the deadline may file an application for the exemption and may also file a petition with the VAB requesting that the exemption be granted. This petition may be filed during the year, but no later than 25 days after the Truth in Millage (TRIM) notice is mailed by the property appraiser pursuant to ss. 194.011(1)<sup>4</sup> and 200.069<sup>5</sup>, F.S.

#### Permanent Resident – Factors to be Considered by the Property Appraiser

Section 196.015, F.S., outlines the eight factors a property appraiser may consider in determining whether a person is entitled to a homestead exemption as a permanent resident of Florida. These current factors are as follows:

- Formal declarations of the applicant;
- Informal statements of the applicant;
- The applicant's place of employment;
- The previous permanent residence status in another state and the date of termination;
- The place where the applicant is registered to vote;
- The place of issuance of the applicant's driver's license;
- The place of issuance of a license tag on any motor vehicle owned by the applicant; and
- The address as listed on federal income tax returns filed by the applicant.

#### Identification Cards

Section 322.051, F.S., provides that any person who is 5 years of age or older, or who has a disability, regardless of age, and who applies for a disabled parking permit under s. 320.0848, F.S., may be issued an identification card by the Department of Highway Safety and Motor Vehicles upon completing an application and paying an application fee of \$10.<sup>6</sup>

Section 322.051, F.S., also provides that identification cards issued to persons 5 to 14 years of age expire four years from the original issue date. Identification cards issued to persons 15 years of age or older expire eight years from the original issue date.

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<sup>4</sup> Subsection (1) of s. 194.011, F.S., provides that each taxpayer who is subject to real or tangible personal ad valorem taxes shall be notified of the assessment of each taxable item of such property, as provided in s. 200.069, F.S.

<sup>5</sup> Section 200.069, F.S., requires property appraisers to prepare and deliver a notice of proposed property taxes and non-ad valorem assessments to each taxpayer listed on the current year's assessment roll. This notice is commonly referred to as the TRIM notice, and is sent on behalf of all taxing authorities and local governing boards levying both ad valorem taxes and non-ad valorem assessments. In addition, s. 200.069, F.S., provides the specific elements and required content and format of the TRIM notice. DOR is responsible for reviewing TRIM notices to ensure compliance with statutory requirements.

<sup>6</sup> Section 322.21(1)(f), F.S., provides that the fee for an original identification card is \$10 and the fee is deposited into the state's General Revenue Fund. The fee for a replacement card is \$10, of which \$9 is deposited into the Highway Safety Operating Trust Fund and \$1 is deposited into the General Revenue Fund. The card renewal fee is \$10, of which \$6 is deposited into the Highway Safety Operating Trust Fund and \$4 is deposited into the General Revenue Fund.

Section 322.142, F.S., provides that an identification card must bear a color photographic or digital image of the cardholder and a space be provided for the cardholder to affix his or her usual signature.

Section 322.051, F.S., provides that any person who accepts a Florida driver's license as a valid form of identification must also accept a Florida identification card as proof of identity when the bearer of the identification card does not also have a driver's license.

### **Proposed Changes**

This bill amends s. 193.023(2), F.S., by providing that property appraisers, at their discretion and in areas where it is geographically suitable, may use image technology in lieu of a physical inspection to ensure the tax roll meets all law requirements.

This bill amends s. 196.011(8), F.S., by revising the filing process when the applicant misses the March 1 filing deadline for a homestead exemption. Under this bill, applicants who demonstrate extenuating circumstances to the property appraiser may receive a homestead exemption after March 1, but a late applicant must file an exemption application with the property appraiser within 25 days following the mailing of the TRIM notice. If sufficient evidence exists to demonstrate that the applicant was unable to meet the filing deadline, based on the property appraiser's judgment, the property appraiser may grant the exemption. However, if the property appraiser denies the exemption, the applicant may only appeal to the VAB.

This bill amends s. 196.015, F.S., by revising the factors to be considered by a property appraiser when determining permanent residency for a homestead exemption. The new factors to be considered are as follows:

- An applicant's formal declaration of domicile recorded in the public records of the county where the exemption is being sought;
- Evidence of the location where the applicant's dependent children are registered for school (this replaces informal statements of the applicant);
- Proof of Florida voter registration with the voter-identification-card address of the applicant, or other official correspondence from the county supervisor of elections providing proof of voter registration, both of which must match the address of the physical location where the exemption is being sought (this replaces place where the applicant is registered to vote);
- A valid Florida driver's license or Florida identification card and evidence of relinquishment of driver's licenses from other states (this replaces place of issuance of a driver's license to the applicant);
- The location where the applicant's bank statements and checking accounts are registered; and
- Proof of payment for utilities at the property for which permanent residence is being claimed.

In addition, the bill replaces the place of issuance of a license tag on any motor vehicle owned by the applicant with the requirement of a Florida vehicle registration.

#### **B. SECTION DIRECTORY:**

Section 1: amends s. 193.023(2), F.S., to revise the authority of the property appraiser to inspect property for assessment purposes.

Section 2: amends s. 196.011(8), F.S., to revise required time limitations for filing applications for homestead exemptions and to revise procedural requirements for property appraiser approval of such exemptions.

Section 3: amends s. 196.015, F.S., to revise factors for consideration by property appraisers in determining permanent residency for homestead exemption purposes.

Section 4: provides an effective date of July 1, 2009.

## II. 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:

The Revenue Estimating Conference has not met to discuss this bill. However, staff estimates that the provisions of this bill would have an indeterminate fiscal impact on local governments. In 2008, the Revenue Estimating Conference adopted an indeterminate revenue impact on local governments for a similar bill. Local governments may experience a positive change in revenues due to fewer fraudulent applications for homestead exemptions.

2. Expenditures:

The provisions of the bill allowing property appraisers to use image technology in lieu of conducting physical inspections of properties should produce savings for the Property Appraisers' Offices.

In 2008, the Orange County Property Appraiser's Office stated that the provisions of the 2008 bill associated with the use of imaging technology in lieu of physical inspections would:

- double the number of parcels that can be reviewed each week;
- allow the property appraiser to keep up with Florida's growth without the need for additional field staff, thereby saving an estimated \$1.443 million over 5 years in salary, benefits, fuel costs, education, computers, and other equipment; and
- provide estimated statewide savings of \$5.7 to \$8.2 million in the first year of implementation.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The provisions of this bill appear to reduce the role of the VAB in determining homestead exemptions by eliminating the right of a resident to appeal directly to the VAB when the applicant has missed the March 1 filing deadline. Under the provisions of this bill, the resident may only appeal to the VAB after the property appraiser has denied an exemption application.

### D. FISCAL COMMENTS:

DOR reports no short-term operational impacts as a result of this bill. However, if the quality of parcel data deteriorates over time as evidenced in poor equity measures, DOR may be required to conduct more audits of property appraiser procedures.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties and municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

##### 2. Other:

None.

#### B. RULE-MAKING AUTHORITY:

DOR indicates that the real property guidelines would need to be revised as a result of this bill.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill sponsor may want to consider an amendment to clarify the following issues:

- On line 83, the bill refers to “voter-identification-card.” The proper term is “voter-information-card”; and
- The statutory citations for a valid Florida driver’s license or Florida identification card could be added to lines 88-90 to provide clarity as to what constitutes a valid Florida driver’s license and a valid Florida identification card.

The Orange County Property Appraiser’s Office is a proponent of this bill.

### IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES