

**STORAGE NAME:** h1605s1z.ca  
**DATE:** June 2, 1998

**\*\*FINAL ACTION\*\***  
**\*\*SEE FINAL ACTION STATUS SECTION\*\***

**HOUSE OF REPRESENTATIVES  
AS FURTHER REVISED BY THE COMMITTEE ON  
COMMUNITY AFFAIRS  
FINAL BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** CS/HB 1605

**RELATING TO:** Ad Valorem Tax Administration

**SPONSOR(S):** Committee on Finance & Taxation and Representative Eggleston

**COMPANION BILL(S):** SB 0124 (s)

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) COMMUNITY AFFAIRS YEAS 7 NAYS 0
- (2) FINANCE AND TAXATION YEAS 10 NAYS 0
- (3) EDUCATION APPROPRIATIONS YEAS 15 NAYS 0
- (4)
- (5)

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**I. FINAL ACTION STATUS:**

House Bill 1605 was carried over from the 1997 Legislative session to the 1998 Legislative session. The bill was voted favorably by the House Committee on Community Affairs with three amendments on December 4, 1997. It was voted favorably by the House Committee on Finance and Taxation and a committee substitute was adopted on February 19, 1998. The committee substitute was voted favorably by the House Committee on Education Appropriations on April 2, 1998. The bill passed the House by a vote of 113 YEAS and 3 NAYS. The bill passed the Senate by a vote of 37 YEAS and 0 NAYS. The bill became law without the Governor's signature on May 14, 1998 as chapter 98-53, Laws of Florida.

**II. SUMMARY:**

House Bill 1605 amends section 200.065, Florida Statutes, which provides requirements for taxing authorities relating to the determination of the levied millage.

The bill changes the "Notice of Tax Increase" for schools boards to conform with the "Notice of Tax Increase" for all other taxing authorities, which was amended by the 1996 legislature. School boards are required to advertise their proposed percentage of increase over the rolled back millage rate for the coming fiscal year. The bill proposes deletion of this requirement and instead the bill requires the advertisement to state the value of last year's tax levy, to include the initially proposed levy, value adjustment board and other assessment changes, and the actual levy. Then, for comparison, the value of this year's proposed levy is required to be provided in the advertisement.

In addition, this bill amends s. 200.065(9)(a), F.S., changing the second "Truth in Millage" (TRIM) advertisement for school boards under certain conditions. If the proposed discretionary millage for capital outlay is unchanged from the previous year, the advertisement is phrased "continue to impose" rather than "impose."

This bill has no fiscal impact on state agencies or state funds.

III. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Chapter 200, Florida Statutes, governs the method of fixing millage by local taxing authorities. The substance of the Truth in Millage (TRIM) law is primarily found in sections 200.065 and 200.068, Florida Statutes. The TRIM provisions were originally enacted in 1980 and have changed little since. The TRIM provisions were part of a comprehensive property tax administration package aimed at bringing property assessments to the constitutionally mandated level of "just valuation." The law was designed to inform property owners experiencing increases in assessed values about the millage adoption and rollback process.

By statute, taxing authorities must comply with all aspects of the notice requirements of TRIM or be required to correctly readvertise notices and rehold their budget hearings. Noncompliance may subject a taxing authority to forfeiture of state funds otherwise available to it.

TRIM provisions of the law contain measures which were specifically drawn to:

- Inform taxpayers that increases in assessments did not necessarily result in higher taxes.
- Focus on the local government budgetary process rather than on the assessment and review process performed by the property appraisers and value adjustment board;
- Increase awareness of the importance of the budget process in the development of millage rates.
- Encourage taxpayer involvement in the local budgetary process.

To accomplish these objectives, the statute requires each taxing authority to hold two public hearings when establishing operating expenditure requirements and millage rates necessary to fund the proposed budget for the current fiscal year. Taxpayers are informed of their opportunity to attend budget hearings through two notices. Except for school districts, notice of the first hearing on the tentative budget and proposed millage rate is mailed to each property owner by the county property appraiser in August. Because their first budget hearing is held before the TRIM notice is sent, in July of each year school districts advertise their first public hearing in a newspaper of general circulation in the county. The second public hearing (for all taxing entities) to adopt a final millage rate and budget is advertised in a newspaper of general circulation in the county.

The newspaper advertisements required under TRIM announce proposed tax increases and the time, date, and meeting place of the public hearing. For school boards, the "Notice of Tax Increase" must show, among other things, the percentage increase in the millage rate proposed for the current budget year over the "rolled back" millage rate. The rolled back millage rate is the millage rate, exclusive of new construction, additions to structures, deletions, and property added due to geographic boundary changes, that will provide the same ad valorem tax revenue for a taxing authority as was levied during the prior year.

Until 1997, all taxing entities were required to advertise the "Notice of Tax Increase." However, Chapter 96-211, Laws of Florida, amended section 200.065, Florida Statutes, to require taxing authorities, other than school districts, to advertise a "Notice of Proposed Tax Increase". This notice discloses the initially proposed tax levy for last year, tax reductions due to Value Adjustment Board (VAB) and other assessment changes for the last year, and this year's proposed tax levy. This notice is designed to identify the effect of delayed property value adjustments made by county VABs and to show how the current year proposed budget differs from the next fiscal year proposed budget.

TRIM Advertisements must also contain a budget summary as outlined in section 129.03(3)(b), Florida Statutes., which compares the current year's expenditures with the proposed budget. The budget summary must specify the proposed increase, if any, in expenditures from the current to the next fiscal year. "Expenditures" for both the current and proposed budget include all moneys that

- were or could be expended during the applicable fiscal year, or
- were or could be retained as a balance for future spending in the fiscal year.

However, "expenditures" for both the current and proposed budgets do not include:

- Moneys held or used in trust, agency, or internal service funds.
- Expenditures of bond proceeds for capital outlay or for advanced refunded debt principal.

Section 236.25(2), Florida Statutes, allows school boards to levy up to 2 mills for capital outlay to fund a variety of projects. The second TRIM advertisement, as specified in section 200.065(9)(a), Florida Statutes, requires school boards to identify those projects funded by this levy.

#### B. EFFECT OF PROPOSED CHANGES:

This bill amends section 200.065(3)(c), Florida Statutes, to change the required "Notice of Tax Increase" for school boards to conform to the "Notice of Proposed Tax Increase" used by all other property taxing authorities. In addition, the bill eliminates the reference to the proposed percentage increase in millage over the "rolled back" millage rate. Like the "Notice of Proposed Tax Increase," for all other taxing authorities the revised notice discloses the initially proposed tax levy for the preceding year, tax reductions due to VAB and other assessment changes for the preceding year, and this year's proposed tax levy. In addition, the title of the notice would include the word "Proposed."

In addition, this bill amends section 200.065(9)(a), Florida Statutes, to change the second TRIM advertisement for school boards under certain conditions. If the proposed discretionary millage for capital outlay is unchanged from the previous year, the advertisement is phrased "continue to impose" rather than "impose".

**C. APPLICATION OF PRINCIPLES:**

1. Less Government:

Does the bill create, increase or reduce, either directly or indirectly:

- (1) any authority to make rules or adjudicate disputes?

N/A

- (2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes, in lieu of expressing the amount as a percentage over the rolled back rate, the school boards are now mandated to report the initially proposed tax levy; less tax reductions due to Value Adjustment Board and other assessment changes; resulting in the actual property tax levy.

- (3) any entitlement to a government service or benefit?

No

a. If an agency or program is eliminated or reduced:

- (1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

- (2) what is the cost of such responsibility at the new level/agency?

N/A

- (3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No

b. Does the bill require or authorize an increase in any fees?

No

c. Does the bill reduce total taxes, both rates and revenues?

No

d. Does the bill reduce total fees, both rates and revenues?

No

e. Does the bill authorize any fee or tax increase by any local government?

No

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No, because no new costs should be incurred.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

**D. STATUTE(S) AFFECTED:**

Section 200.065, Florida Statutes is amended due to the proposed changes.

**E. SECTION-BY-SECTION RESEARCH:**

**Section 1.** Amends paragraphs (c) and (1) of subsection (3) and paragraph (a) of subsection (9) of section 200.065, Florida Statutes.

The first change includes strike-as language which requires school boards to advertise the percentage of increase the proposed millage rate is over the rolled back rate. In lieu of that language the bill requires school boards to advertise the value of last year's tax levy, to include the initially proposed levy, value adjustment board and other assessment changes, and the actual levy. Then, for comparison, the value of this year's proposed levy is required to be provided in the advertisement.

In addition, the title of the notice would include the word "Proposed."

Finally, this bill changes the second "Truth in Millage" (TRIM) advertisement for school boards under certain conditions. If the proposed discretionary millage for capital outlay is unchanged from the previous year, the advertisement is phrased "continue to impose" rather than "impose."

**Section 2.** This act shall take effect January 1, of the year following the year in which it is enacted.

IV. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

No fiscal impact.

2. Recurring Effects:

No fiscal impact.

3. Long Run Effects Other Than Normal Growth:

No fiscal impact.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

This bill has no fiscal impact. It serves only to provide clearer fiscal information to the public in a manner which is consistent with other taxing authorities.

V. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

N/A

VI. COMMENTS:

The change in the phrasing to the "Notice of Proposed Tax Increase" for school boards serves to set uniform standards for all taxing authorities.

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee substitute adopted by the House Committee on Finance and Taxation served two purposes. First, the Committee substitute eliminated the change to the method of calculating "proposed operating budget expenditures" proposed by the original bill. Second, it conformed the House bill to the language of CS/SB 124, which is the Senate version of this bill.



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VIII. SIGNATURES:

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