

By the Committee on Tourism and Representatives Barreiro,  
Bullard, Sindler, Melvin, Livingston and Culp

1                                   A bill to be entitled  
2           An act relating to ad valorem taxation;  
3           amending s. 193.011, F.S.; including historic  
4           preservation ordinances within certain factors  
5           to consider in determining highest and best use  
6           of property for purposes of deriving just  
7           valuation; creating s. 193.503, F.S.; providing  
8           for classification and assessment of eligible  
9           property as historic property used for  
10          commercial or certain nonprofit purposes, for  
11          purposes of taxes levied by a county or  
12          municipality which adopts an ordinance  
13          authorizing such assessment; providing  
14          procedures and requirements; specifying the  
15          factors applicable to such classification;  
16          providing for appeals to the value adjustment  
17          board; providing that the owner is liable for  
18          deferred tax liability for prior years in which  
19          such classification and assessment was granted  
20          if the property fails to meet qualifying  
21          criteria; amending ss. 194.011, 194.032,  
22          194.037, 195.073, and 195.096, F.S., relating  
23          to procedures of the value adjustment boards  
24          and classification of real property, to  
25          conform; creating s. 196.1961, F.S.; providing  
26          procedures and requirements for counties and  
27          municipalities to adopt an ordinance granting  
28          partial exemption for certain historic property  
29          used for commercial or nonprofit purposes;  
30          specifying qualifications for such exemption;  
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1 providing an effective date and a contingent  
2 effective date.

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4 Be It Enacted by the Legislature of the State of Florida:

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6 Section 1. Effective upon this act becoming a law,  
7 subsection (2) of section 193.011, Florida Statutes, is  
8 amended to read:

9 193.011 Factors to consider in deriving just  
10 valuation.--In arriving at just valuation as required under s.  
11 4, Art. VII of the State Constitution, the property appraiser  
12 shall take into consideration the following factors:

13 (2) The highest and best use to which the property can  
14 be expected to be put in the immediate future and the present  
15 use of the property, taking into consideration any applicable  
16 judicial limitation, or local or state land use regulation, or  
17 historic preservation ordinance,and considering any  
18 moratorium imposed by executive order, law, ordinance,  
19 regulation, resolution, or proclamation adopted by any  
20 governmental body or agency or the Governor when the  
21 moratorium or judicial limitation prohibits or restricts the  
22 development or improvement of property as otherwise authorized  
23 by applicable law. The applicable governmental body or agency  
24 or the Governor shall notify the property appraiser in writing  
25 of any executive order, ordinance, regulation, resolution, or  
26 proclamation it adopts imposing any such limitation,  
27 regulation, or moratorium;

28 Section 2. Section 193.503, Florida Statutes, is  
29 created to read:

30 193.503 Classification and assessment of historic  
31 property used for commercial or certain nonprofit purposes.--

1           (1) Pursuant to s. 4(d), Art. VII of the State  
2 Constitution, the board of county commissioners of a county or  
3 the governing authority of a municipality may adopt an  
4 ordinance providing for assessment of historic property used  
5 for commercial or certain nonprofit purposes as described in  
6 this section solely on the basis of character or use as  
7 provided in this section. Such character or use assessment  
8 shall apply only to the jurisdiction adopting the ordinance.  
9 The board of county commissioners or municipal governing  
10 authority shall notify the property appraiser of the adoption  
11 of such ordinance no later than December 1 of the year prior  
12 to the year such assessment will take effect. If such  
13 assessment is granted only for a specified period or the  
14 ordinance is repealed, the board of county commissioners or  
15 municipal governing authority shall notify the property  
16 appraiser no later than December 1 of the year prior to the  
17 year the assessment expires.

18           (2) If an ordinance is adopted as described in  
19 subsection (1), the property appraiser shall, for assessment  
20 purposes, annually classify any eligible property as historic  
21 property used for commercial or certain nonprofit purposes,  
22 for purposes of the taxes levied by the governing body or  
23 authority adopting the ordinance. For all other purposes, the  
24 property shall be assessed pursuant to s. 193.011.

25           (3) No property shall be classified as historic  
26 property used for commercial or certain nonprofit purposes  
27 unless a return is filed on or before March 1 of each year.  
28 The property appraiser, before so classifying such property,  
29 may require the taxpayer or the taxpayer's representative to  
30 furnish the property appraiser such information as may  
31 reasonably be required to establish that such property was

1 actually used as required by this section. Failure to make  
2 timely application by March 1 shall constitute a waiver for 1  
3 year of the privilege herein granted for such assessment.

4 (4) Any property classified and assessed as historic  
5 property used for commercial or certain nonprofit purposes  
6 pursuant to this section must meet all of the following  
7 criteria:

8 (a) The property must be used for commercial purposes  
9 or used by a not-for-profit organization under s. 501(c)(3) or  
10 s. 501(c)(6) of the Internal Revenue Code of 1986.

11 (b) The property must be listed in the National  
12 Register of Historic Places, as defined in s. 267.021; or must  
13 be a contributing property to a National Register Historic  
14 District; or must be designated as a historic property or as a  
15 contributing property to a historic district, under the terms  
16 of a local preservation ordinance.

17 (c) The property must be regularly open to the public;  
18 that is, it must be open for a minimum of 40 hours per week  
19 for 45 weeks per year or an equivalent of 1,800 hours per  
20 year.

21 (d) The property must be maintained in good repair and  
22 condition to the extent necessary to preserve the historic  
23 value and significance of the property.

24 (5) In years in which proper application for  
25 assessment has been made and granted pursuant to this section,  
26 the assessment of such historic property shall be based solely  
27 on its use for commercial or certain nonprofit purposes. The  
28 property appraiser shall consider the following use factors  
29 only:

30 (a) The quantity and size of the property.

31 (b) The condition of the property.

1           (c) The present market value of the property as  
2 historic property used for commercial or certain nonprofit  
3 purposes.

4           (d) The income produced by the property.

5           (6) In years in which proper application for  
6 assessment has not been made under this section, the property  
7 shall be assessed under the provisions of s. 193.011 for all  
8 purposes.

9           (7) Any property owner who is denied classification  
10 under this section may appeal to the value adjustment board.  
11 The property appraiser shall notify the property owner in  
12 writing of the denial of such classification on or before July  
13 1 of the year for which the application was filed. The  
14 notification shall advise the property owner of his or her  
15 right to appeal to the value adjustment board and of the  
16 filing deadline. The board may also review all property  
17 classified by the property appraiser upon its own motion. The  
18 property appraiser shall have available at his or her office a  
19 list by ownership of all applications received showing the  
20 full valuation under s. 193.011, the valuation of the property  
21 under the provisions of this section, and whether or not the  
22 classification requested was granted.

23           (8) For the purposes of assessment roll preparation  
24 and recordkeeping, the property appraiser shall report the  
25 assessed value of property qualified for the assessment  
26 pursuant to this section as its "classified use value" and  
27 shall annually determine and report as "just value" the fair  
28 market value of such property, irrespective of any negative  
29 impact that restrictions imposed or conveyances made pursuant  
30 to this section may have had on such value.

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1           (9)(a) After qualifying for and being granted the  
2 classification and assessment pursuant to this section, the  
3 owner of the property shall not use the property in any manner  
4 not consistent with the qualifying criteria. If the historic  
5 designation status or the use of the property changes or if  
6 the property fails to meet the other qualifying criteria for  
7 the classification and assessment, the property owner shall be  
8 liable for the amount of taxes equal to the "deferred tax  
9 liability" for up to the past 10 years in which the property  
10 received the use classification and assessment pursuant to  
11 this section. The governmental taxing unit shall determine  
12 the time period for which the deferred tax liability is due.  
13 A written instrument from the governmental taxing unit shall  
14 be promptly recorded in the same manner as any other  
15 instrument affecting the title to real property. A release of  
16 the written instrument shall be made to the owner upon payment  
17 of the deferred tax liability.

18           (b) For purposes of this subsection, "deferred tax  
19 liability" means an amount equal to the difference between the  
20 total amount of taxes that would have been due in March if the  
21 property had been assessed under the provisions of s. 193.011  
22 and the total amount of taxes actually paid in those years  
23 when the property was assessed under the provisions of this  
24 section, plus interest on that difference computed as provided  
25 in s. 212.12(3).

26           (c) Any payment of the deferred tax liability shall be  
27 payable to the county tax collector within 90 days after the  
28 date of the change in classification. The collector shall  
29 distribute the payment to each governmental unit where the  
30 classification and assessment was allowed in the proportion  
31 that its millage bears to the total millage levied on the

1 parcel for the years in which such classification and  
2 assessment was in effect.

3 (d) The tax collector shall annually report to the  
4 department the amount of deferred tax liability collected  
5 pursuant to this section.

6 Section 3. Paragraph (d) of subsection (3) of section  
7 194.011, Florida Statutes, 1996 Supplement, is amended to  
8 read:

9 194.011 Assessment notice; objections to  
10 assessments.--

11 (3) A petition to the value adjustment board shall  
12 describe the property by parcel number and shall be filed as  
13 follows:

14 (d) The petition may be filed, as to valuation issues,  
15 at any time during the taxable year on or before the 25th day  
16 following the mailing of notice by the property appraiser as  
17 provided in subsection (1). With respect to an issue  
18 involving the denial of an exemption, an agricultural or  
19 high-water recharge classification application, an application  
20 for classification as historic property used for commercial or  
21 certain nonprofit purposes, or a deferral, the petition must  
22 be filed at any time during the taxable year on or before the  
23 30th day following the mailing of the notice by the property  
24 appraiser under s. 193.461, s. 193.503, s. 193.625, or s.  
25 196.193 or notice by the tax collector under s. 197.253.

26 Section 4. Paragraph (b) of subsection (1) of section  
27 194.032, Florida Statutes, 1996 Supplement, is amended to  
28 read:

29 194.032 Hearing purposes; timetable.--

30 (1)

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1           (b) Notwithstanding the provisions of paragraph (a),  
2 the value adjustment board may meet prior to the approval of  
3 the assessment rolls by the Department of Revenue, but not  
4 earlier than July 1, to hear appeals pertaining to the denial  
5 by the property appraiser of exemptions, agricultural and  
6 high-water recharge classifications, classifications as  
7 historic property used for commercial or certain nonprofit  
8 purposes, and deferrals under subparagraphs (a)2., 3., and 4.  
9 In such event, however, the board may not certify any  
10 assessments under s. 193.122 until the Department of Revenue  
11 has approved the assessments in accordance with s. 193.1142  
12 and all hearings have been held with respect to the particular  
13 parcel under appeal.

14           Section 5. Subsection (2) of section 194.037, Florida  
15 Statutes, 1996 Supplement, is amended to read:

16           194.037 Disclosure of tax impact.--

17           (2) There must be a line entry in each of the columns  
18 described in subsection (1), for each of the following  
19 property classes:

20           (a) Improved residential property, which must be  
21 identified as "Residential."

22           (b) Improved commercial property, which must be  
23 identified as "Commercial."

24           (c) Improved industrial property, utility property,  
25 leasehold interests, subsurface rights, and other property not  
26 properly attributable to other classes listed in this section,  
27 which must be identified as "Industrial and Misc."

28           (d) Agricultural property, which must be identified as  
29 "Agricultural."

30           (e) High-water recharge property, which must be  
31 identified as "High-Water Recharge."



1           (f) Historic property used for commercial or certain  
2 nonprofit purposes, which shall be identified as "Historic  
3 Commercial or Nonprofit."

4           ~~(g)(f)~~ Tangible personal property, which must be  
5 identified as "Business Machinery and Equipment."

6           ~~(h)(g)~~ Vacant land and nonagricultural acreage, which  
7 must be identified as "Vacant Lots and Acreage."

8           Section 6. Subsection (1) of section 195.073, Florida  
9 Statutes, 1996 Supplement, is amended to read:

10           195.073 Classification of property.--All items  
11 required by law to be on the assessment rolls must receive a  
12 classification based upon the use of the property. The  
13 department shall promulgate uniform definitions for all  
14 classifications. The department may designate other  
15 subclassifications of property. No assessment roll may be  
16 approved by the department which does not show proper  
17 classifications.

18           (1) Real property must be classified according to the  
19 assessment basis of the land into the following classes:

20           (a) Residential, subclassified into categories, one  
21 category for homestead property and one for nonhomestead  
22 property:

- 23           1. Single family.
- 24           2. Mobile homes.
- 25           3. Multifamily.
- 26           4. Condominiums.
- 27           5. Cooperatives.
- 28           6. Retirement homes.

29           (b) Commercial and industrial.

30           (c) Agricultural.

31           (d) Nonagricultural acreage.

- 1           (e) High-water recharge.  
2           (f) Historic property used for commercial or certain  
3 nonprofit purposes.  
4           ~~(g)~~ Exempt, wholly or partially.  
5           ~~(h)~~ Centrally assessed.  
6           ~~(i)~~ Leasehold interests.  
7           ~~(j)~~ Time-share property.  
8           ~~(k)~~ Other.

9           Section 7. Paragraph (a) of subsection (3) and  
10 subsection (6) of section 195.096, Florida Statutes, 1996  
11 Supplement, as amended by section 19, chapter 95-272, section  
12 8, chapter 96-204, section 7, chapter 96-397, and section 54,  
13 chapter 96-406, Laws of Florida, are amended to read:

14           195.096 Review of assessment rolls.--

15           (3)(a) Upon completion of review pursuant to paragraph  
16 (2)(f), the Division of Ad Valorem Tax shall publish the  
17 results of reviews conducted under this section. The results  
18 must include all statistical and analytical measures computed  
19 under this section for the real property assessment roll as a  
20 whole, the personal property assessment roll as a whole, and  
21 independently for the following real property classes whenever  
22 the classes constituted 5 percent or more of the total  
23 assessed value of real property in a county on the previous  
24 tax roll:

25           1. Residential property that consists of one primary  
26 living unit, including, but not limited to, single-family  
27 residences, condominiums, cooperatives, and mobile homes.

28           2. Residential property that consists of two or more  
29 primary living units.  
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1           3. Agricultural, high-water recharge, historic  
2 property used for commercial or certain nonprofit purposes,  
3 and other use-valued property.

4           4. Vacant lots.

5           5. Nonagricultural acreage and other undeveloped  
6 parcels.

7           6. Improved commercial and industrial property.

8           7. Taxable institutional or governmental, utility,  
9 locally assessed railroad, oil, gas and mineral land,  
10 subsurface rights, and other real property.

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12 When one of the above classes constituted less than 5 percent  
13 of the total assessed value of all real property in a county  
14 on the previous assessment roll, the division may combine it  
15 with one or more other classes of real property for purposes  
16 of assessment ratio studies or use the weighted average of the  
17 other classes for purposes of calculating the level of  
18 assessment for all real property in a county. The division  
19 shall also publish such results for any subclassifications of  
20 the classes or assessment rolls it may have chosen to study.

21           (6) Reviews conducted under this section must include  
22 an evaluation of whether nonhomestead exempt values determined  
23 by the appraiser under applicable provisions of chapter 196  
24 are correct and whether agricultural and high-water recharge  
25 classifications and classifications of historic property used  
26 for commercial and certain nonprofit purposes were granted in  
27 accordance with law.

28           Section 8. Section 196.1961, Florida Statutes, is  
29 created to read:

30           196.1961 Exemption for historic property used for  
31 certain commercial or nonprofit purposes.--

1       (1) Pursuant to s. 3, Art. VII of the State  
2 Constitution, the board of county commissioners of any county  
3 or the governing authority of any municipality may adopt an  
4 ordinance to allow an ad valorem tax exemption of up to 50  
5 percent of the assessed value of property which meets all of  
6 the following criteria:

7       (a) The property must be used for commercial purposes  
8 or used by a not-for-profit organization under s. 501(c)(3) or  
9 s. 501(c)(6) of the Internal Revenue Code of 1986.

10       (b) The property must be listed in the National  
11 Register of Historic Places, as defined in s. 267.021; or must  
12 be a contributing property to a National Register Historic  
13 District; or must be designated as a historic property or as a  
14 contributing property to a historic district, under the terms  
15 of a local preservation ordinance.

16       (c) The property must be regularly open to the public.

17       (2) As used in this section, "regularly open to the  
18 public" means that there are regular hours when the public may  
19 visit to observe the historically significant aspects of the  
20 building. This means a minimum of 40 hours per week, for 45  
21 weeks per year, or an equivalent of 1,800 hours per year. A  
22 fee may be charged to the public; however, it must be  
23 comparable with other entrance fees in the immediate  
24 geographic locale.

25       (3) The board of county commissioners or municipal  
26 governing authority shall notify the property appraiser of the  
27 adoption of such ordinance no later than December 1 of the  
28 year prior to the year the exemption will take effect. If the  
29 exemption is granted only for a specified period or the  
30 ordinance is repealed, the board of county commissioners or  
31 municipal governing authority shall notify the property

1 appraiser no later than December 1 of the year prior to the  
2 year the exemption expires. The ordinance must specify that  
3 the exemption shall apply only to taxes levied by the unit of  
4 government granting the exemption. The exemption does not  
5 apply, however, to taxes levied for the payment of bonds or to  
6 taxes authorized by a vote of the electors pursuant to s. 9(b)  
7 or s. 12, Art. VII of the State Constitution.

8 (4) Only those portions of the property used  
9 predominantly for the purposes specified in paragraph (1)(a)  
10 shall be exempt. In no event shall an incidental use of  
11 property qualify such property for an exemption or impair the  
12 exemption of an otherwise exempt property.

13 (5) In order to retain the exemption, the historic  
14 character of the property must be maintained in good repair  
15 and condition to the extent necessary to preserve the historic  
16 value and significance of the property.

17 Section 9. Except as otherwise provided herein, this  
18 act shall take effect on the effective date of an amendment to  
19 the State Constitution approved by the electors at the general  
20 election to be held in November 1998 which authorizes, or  
21 removes impediment to, enactment by the Legislature of the  
22 provisions of this act.  
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HOUSE SUMMARY

Includes historic preservation ordinances within certain factors to consider in determining highest and best use of property for purposes of deriving just valuation.

Provides implementing legislation for a proposed constitutional amendment that removes a requirement that an owner be engaged in renovating historic property to qualify for ad valorem tax exemption, and that allows counties or municipalities to assess historic property solely on the basis of character or use. Provides for classification and assessment of eligible property as historic property used for commercial or certain nonprofit purposes, for purposes of taxes levied by a county or municipality which adopts an ordinance authorizing such assessment. Provides procedures and requirements. Specifies the factors applicable to such classification. Provides for appeals to the value adjustment board. Provides that the owner is liable for deferred tax liability for prior years in which such classification and assessment was granted if the property fails to meet qualifying criteria. Also provides procedures and requirements for counties and municipalities to adopt an ordinance granting partial ad valorem tax exemption for certain historic property used for commercial or nonprofit purposes.