

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Ways and Means Committee

BILL: SB 10-B

INTRODUCER: Senator Atwater

SUBJECT: Property Tax Payment Discount

DATE: December 5, 2005

REVISED: 12/7/05

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Fournier	Coburn	WM	Fav/4 amendments
2.				
3.				
4.				
5.				
6.				

Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

I. Summary:

Senate Bill 10-B allows the governing body of a county that has been declared a major disaster area to extend the time in which ad valorem tax payments made by individuals qualify for early-payment discounts. It provides that counties may choose among options for the percentage of the discount and qualifying payment deadlines.

II. Present Situation:

Discounts for Early Property Tax Payments

Section 197.162, F.S., provides a discount to property taxpayers for early payment of their tax bills. The amount of discount is 4 percent if payment is made in November or within 30 days of the mailing of the tax bill, 3 percent for payments made in December (but later than 30 days after tax bills were mailed), 2 percent for payments made in January and 1 percent for payments made in February. Payments made in March or within 30 days of the date of delinquency receive no discount. Property taxes become delinquent as of April 1.

Responsibility of Mortgagee Acting as Trustee of an Escrow Account

Section 197.344, F.S., allows the tax collector to send tax notices to a mortgagee acting as the trustee of an escrow account or vendee of an unrecorded or recorded contract for deed, upon the request of the mortgagee or vendee. When the notice is sent to a trustee, a duplicate notice is sent to the property owner. On or before May 1 of each year, the holder or mortgagee of an unsatisfied mortgage, lienholder, or vendee under a contract for deed, upon filing with the tax collector a description of land so encumbered and paying a service charge of \$2, may request and receive information concerning any delinquent taxes appearing on the current tax roll and certificates issued on the described land.

Section 501.137, F.S., regulates payment of taxes and insurance premiums from escrow accounts. It provides:

(1) Every lender of money, whether a natural person or an artificial entity, whose loans are secured by a mortgage on real estate located within the state and who receives funds incidental thereto or in connection therewith for the payment of property taxes or hazard insurance premiums when the funds are held in escrow by or on behalf of the lender, shall promptly pay the taxes or insurance premiums when the taxes or premiums become due and adequate escrow funds are deposited, so that the maximum tax discount available may be obtained with regard to the taxable property and so that insurance coverage on the property does not lapse.

It also makes the lender liable for any loss created by failure to timely pay the tax or insurance premium.

Refunds of Property Tax Overpayments

Section 197.182, F.S., provides that property tax refunds that do not result from changes made in the assessed value on a certified tax roll shall be made directly by the tax collector and shall be made from undistributed funds without approval of the various taxing authorities. Overpayments in the amount of \$5 or less may be retained by the tax collector unless a written claim for a refund is received from the taxpayer. Overpayments over \$5 resulting from taxpayer error, if determined within the 4-year period of limitation, are to be automatically refunded to the taxpayer.

Disaster Areas Eligible for Assistance to Individuals and Households

In July 2005, Hurricane Dennis caused the President to declare several Florida counties to be disaster areas eligible for assistance to individuals and households. These counties are Bay, Dixie, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Taylor, Wakulla, and Walton.

In October 2005, Hurricane Wilma caused the President to declare several Florida counties to be disaster areas eligible for assistance to individuals and households. These counties are Brevard, Broward, Collier, Glades, Hendry, Indian River, Lee, Martin, Miami-Dade, Monroe, Okeechobee, Palm Beach, and St. Lucie.

Adoption of County Ordinances

Section 125.66, Florida Statutes, sets out the procedures that must be followed by counties in adopting ordinances. The regular enactment procedure allows the board of county commissioners at any regular or special meeting to enact or amend any ordinance, except those relating to land use, if notice of intent to consider such ordinance is given at least 10 days before the meeting by publication in a newspaper of general circulation in the county. A copy of this notice shall be kept available for public inspection during the regular business hours of the office of the clerk of the board of county commissioners. The notice of proposed enactment must state the date, time, and place of the meeting; the title or titles of proposed ordinances; and the place or places within the county where such proposed ordinances may be inspected by the public. The notice must also advise that interested parties may appear at the meeting and be heard with respect to the proposed ordinance. Emergency ordinances may be adopted by the board of county commissioners at any regular or special meeting with a waiver of the notice requirements by a four-fifths vote of the membership of such board, declaring that an emergency exists and that the immediate enactment of the ordinance is necessary. An emergency ordinance enacted under this procedure is deemed to be filed and takes effect when a copy has been sent by special delivery as certified mail to the Department of State.

III. Effect of Proposed Changes:

SB 10-B authorizes the governing body of any county that has been declared a major disaster area approved for individual assistance by the President of the United States to extend the discount period for early payment of property taxes. The extension may include any or all of these options: 4 percent discount for a payment made by January 31, 2006; 3 percent payment for payment made by February 28, 2006; 2 percent payment made by March 31, 2006.

This extension does not apply to payments made on behalf of property owners by financial institutions, which are subject to the requirements of s. 501.137, F.S.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

The Revenue Estimating Conference determined that if all eligible counties were to authorize the maximum extended discount periods, the statewide impact would be -\$46.9 million. Since the bill authorizes but does not require each county to adopt the extension the statewide impact is indeterminate.

B. Private Sector Impact:

Property owners in those counties that adopt an extension of the discount period for property tax payments will be able to postpone paying their property tax bills without foregoing the discount offered for early payment. At most, taxpayers will be able to postpone payments for 2 months, compared to current law. However, taxes will still become delinquent as of April 1, 2006.

C. Government Sector Impact:

This bill affects property tax revenues of counties, cities, school districts, and special districts. It also creates an additional workload for the tax collector in responding to taxpayers questions and processing refunds that arise out of overpayments.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

Barcode 624604 by Ways and Means:

This amendment allows the governing body of a county to adopt an extended early-discount period by emergency ordinance, as well as by ordinance.

Barcode 441042 by Ways and Means:

This amendment directs the tax collector to implement any extended early-payment discount period adopted by the county governing body. (WITH TITLE AMENDMENT)

Barcode 305822 by Ways and Means:

This technical amendment clarifies that the extended discount does not apply to mortgagees or lienholders who pay property tax on behalf of the property owner.

Barcode 345380 by Ways and Means:

This amendment provides that additional tax notices do not have to be mailed to property owners. It provides for notice of the extended early-payment discounts by advertisement in a newspaper of general circulation in the county, and posting in tax collector offices. (WITH TITLE AMENDMENT)