

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Section 193.023, F.S., requires that real property must be physically inspected every three years for purposes of assessing the value of the property. This bill would require the property appraiser to physically inspect the property every five years. In addition, the property appraiser “may review image technology, as he or she deems necessary.”

As noted in the background information, the change from physically inspecting property every three years to every five years would fall within the commonly accepted professional standards. In addition, while this statutory change would require that property be inspected every five years, property appraisers would be free to inspect property more often if they deemed it necessary or upon the request of the taxpayer or owner.

Background:

Section 4, Article VII, of the Florida Constitution, requires a just valuation of all property for ad valorem taxation, with certain exceptions. Florida property appraisers have the statutory responsibility to list and determine the just value of all real property in each county each year for purposes of ad valorem taxation. Section 193.085(1), F.S.

Section 193.023, F.S., provides that property appraisers must complete an assessment of the value of all property no later than July 1 of each year, except that the Department of Revenue may for good cause extend the time for completion of assessment of all property. This section provides that in making the assessment of the value of real property, the property appraiser must physically inspect each property every three years to ensure that the tax roll meets all the requirements of law. In addition, the property appraiser must physically inspect any parcel of taxable real property upon the request of the taxpayer or owner. In valuing 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 regulations of the Department of Revenue.

Section 195.022, F.S., requires the Department of Revenue to provide aerial photographs at a minimum of every three years to the state’s 67 property appraisers. Many property appraisers rely on the use of aerial photography for discovery, location, and identification of property characteristics. A schedule of counties to be flown each year (approximately one third of the state) has been developed to ensure that this requirement is met. This is accomplished through an interlocal agreement with the Department of Transportation to provide photo enlargements to the counties. However, due to workload and resource allocation, the Department of Transportation is often unable to fly all counties that have been scheduled. As a result, the Department of Revenue contracts with private aerial photography firms to fly the remaining counties.

The International Association of Assessing Officers publishes advisory standards to assist assessing officers in the improvement and standardization of their offices. The 2002 Standard on Mass Appraisal of Real Property recommends that property be physically reviewed and individually reappraised every four to six years.

C. SECTION DIRECTORY:

Section 1 of the bill amends s. 193.023, F.S., to require that property appraisers physically inspect property every five years instead of every three years. In addition, property appraisers may review, as they deem necessary, image technology.”

Section 2 provides that the bill shall take effect upon becoming law.

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:

Indeterminate. To the extent that changes in physical inspection requirements result in changes in the tax roll they may either increase or decrease local revenues.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Some property appraisers have expressed concerns that with a requirement that property be inspected every five years they will not be given enough resources to inspect property on a more regular basis.

The bill states that the property appraiser may review "image technology". Image technology is not defined in the bill or the statutes and no common definition of the term exists. As such, it is uncertain exactly what the bill is referring to. In addition, by specifying that "image technology" is different from a physical inspection, the language may prevent property appraisers from using emerging technology to perform physical inspections in the future.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On November 10, 2005, the Committee on Finance and Tax adopted one amendment to this bill. The amendment removed language which would have "required" the property appraiser to review certain images "as he or she deems necessary." The use of the word "required" appeared to make this review mandatory, while the discretion granted to the property appraiser by the later phrase made this review voluntary. The language was changed so that it could not be read as creating a new duty on the part of the property appraiser. In addition, while the original bill stated that the property appraiser may review satellite imaging, aerial photos, and other "similar imagery", the committee substitute provides that they may review "image technology".