

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 979 CS

Property Tax Administration

SPONSOR(S): Seiler

TIED BILLS:

IDEN./SIM. BILLS: SB 490

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Government Council</u>	<u>8 Y, 0 N, w/CS</u>	<u>DiVagno</u>	<u>Hamby</u>
2) <u>Finance & Tax Committee</u>	<u></u>	<u>Monroe</u>	<u>Diez-Arguelles</u>
3) <u>Fiscal Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

The Department of Revenue (DOR) conducts an in-depth review of every property appraiser's assessment rolls at least every two years. DOR then creates a report on each assessment roll. Included in the report is DOR's confidence level in the property appraiser's rolls based on DOR's use of various statistical and analytical measures, which are also included in the report. DOR then forwards this report to the "Senate Finance, Taxation, and Claims Committee, the House Finance and Taxation Committee", and the property appraiser. Once DOR presents the property appraiser with its report, the report becomes a public record.

This bill changes the committees in the Legislature that DOR would submit its report to, "the committees of the Senate and the House of Representatives with oversight responsibilities for taxation." The bill also requires DOR to notify the chairperson of the appropriate county commission, or the corresponding official under a consolidated charter, that its report is available at their request. When a written request from the chairperson, or corresponding official, is received by DOR, DOR must provide them a copy within 90 days.

This bill would take effect July 1, 2006.

The operational impact on the Department of Revenue is yet to be determined.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government: The bill increases the duties of the Department of Revenue by requiring them to notify county chairpersons of the availability of a report, and forward a copy of its report upon request.

B. EFFECT OF PROPOSED CHANGES:

Current Situation in Assessment Rolls:

Property appraisers¹ are required to assess all property in their county and prepare assessment rolls for all real property and tangible personal property.² An assessment roll is a record of all taxable property within the tax district which is completed, verified, and reported to the Department of Revenue (DOR) by the property appraiser. DOR has supervisory authority over property appraisers under chapter 195, F.S. DOR prescribes forms, rules and regulations for assessing and collecting taxes, establishment of standards of value, manual of instructions, classification of property, budgetary processes, and review of assessment rolls.

Each assessment roll is submitted to DOR for review. The purpose of the review is to determine that the rolls meet the appropriate requirements of law relating to form and just value.³ DOR is required to conduct an in-depth review of the assessment rolls for each county no less than once every two years. At a minimum, DOR is to review the level of assessment for the county in relation to just value of each of the various classifications of property found in s. 195.0969(3)(a), F.S. The in-depth review may include a review of the proceedings of the value adjustment board and the audit or review of procedures used by the counties to appraise property.

Within 120 days after receiving a county's assessment roll, or within 10 days after approving it, whichever is later, DOR is to finalize its review and forward its findings to the "Senate Finance, Taxation, and Claims Committee, the House Finance and Taxation Committee", and the appropriate property appraiser. DOR is to include in its findings a statement of the confidence interval⁴ for the median, other measures studied, and the roll as a whole, and related statistical and analytical information.⁵ DOR's report becomes a public record, subject to chapter 119, F.S., once it is released to the property appraiser.⁶

Effect of Bill:

This bill changes the committees in the Legislature DOR is to submit its findings to. Rather than submitting its findings to the specific committees within the Senate and House, DOR is to submit them to the committees of the Senate and House with oversight responsibilities for taxation. This change will allow the statute to remain accurate when the committees that handle taxation issues change.

The bill also requires DOR to notify the chairperson of the county commission, or the corresponding official, that its report is available upon request. If the chairperson of the county commission, or the

¹ Property Appraisers are independently elected, constitutional officers. Art. VII, section 1(d), Florida Constitution.

² Sections 192.011 and 193.114, F.S.

³ Section 193.1142(1), F.S.

⁴ The confidence interval is a statistical measure of the reliability of DOR's sample. E-mail from David Beggs of DOR (March 8, 2006).

⁵ Section 195.096(2)(f), F.S.

⁶ Section 195.096(2)(e), F.S.

corresponding official, submits a written request for the report, DOR must forward a copy within 90 days. The copy is required to include the confidence interval for the median and such other measures for each classification or subclassification studied and for the roll as a whole, and all statistical and analytical details.

C. SECTION DIRECTORY:

Section 1: Amends paragraph (f) of subsection (2) of s. 195.096, F.S., to change committees to which reports are forwarded and require notification and forwarding by the Department of Revenue.

Section 2: Provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Operational impact on the Department of Revenue is yet to be determined.⁷

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

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.

⁷ Department of Revenue: Bill Analysis (HB 979).

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Proponents (on original bill):

The Broward County Property Appraiser (Lori N. Parrish) is a proponent of the bill. She supports the bill as a current property appraiser and former County Commissioner and School Board Member. During her years of service, she was unaware, as she asserts many are, that these reports existed. When she became the property appraiser and learned of the reports, she found out that few in the office knew of these reports and there were no records of the reports in the office. Upon obtaining copies of the reports from the Department of Revenue, it was discovered that Broward County had been out of compliance for a number of years. She asserts that had these reports been made known to the public, the property appraiser would have been forced to fix the problem or face the threat of not being reelected. The problem, she asserts, is not the availability of the report, but rather knowing it even exists. She hopes that the public scrutiny and examination will improve public performance, ensuring every Florida resident pays their fair share, not only in Broward County, but in all counties within Florida.⁸

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

The Council on Local Government adopted one amendment on March 8, 2006. As originally drafted, the bill required the property appraiser to automatically forward a copy of the report to the county commission within 90 days. The amendment provides that DOR will notify the county commission that the report is available. Upon request, DOR will forward the report to the chairperson of the county or the corresponding official within 90 days. The bill, as amended, was reported favorably with committee substitute.

⁸ E-mail from Lori N. Parrish, May 20, 2006.