

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – The bill requires an independent property appraisal on any property owned individually or jointly by a Florida property appraiser.

B. EFFECT OF PROPOSED CHANGES:

Background

Current law confers upon property appraisers certain duties in assessing property;¹ but the law does not address either the conflict of interest that arises when property owned by property appraisers is valued by the property appraiser in his or her county or the property appraiser of the county in which the property is located.

Effect of Bill

The bill does not permit property appraisers to appraise property in any county within the State of Florida in which the property appraiser holds title, either as an owner or joint owner. In these instances, the property appraiser must obtain an independent appraisal. The appraisal must be performed by the Department of Revenue (DOR) or by a property appraiser other than the appraiser in which the property is located.

The bill has an effective date of July 1, 2008.

C. SECTION DIRECTORY:

Section 1 amends s. 193.023, F.S., to require property appraisers to provide for independent appraisals of certain property by the Department of Revenue or certain other property appraisers.

Section 2 provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill has not been considered by a Revenue Estimating Impact Conference. The DOR indicates it may have additional expenditures in appraising property. See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Local revenues may increase if property appraisers have undervalued property owned by property appraisers. Local revenues may decrease slightly if property appraisers have overvalued property

¹ Section 193.023, F.S.

owned by property appraisers.

2. Expenditures:

Local property appraisers may expend additional funds appraising property owned by other Florida property appraisers.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The amount of taxes paid by property appraisers may change because of the requirement for a different property appraiser than that required under current law.

D. FISCAL COMMENTS:

According to the Department of Revenue:

Appraisals are costly and time-consuming. The Department does not have on hand the number and type of parcels currently owned by each of the 67 Property Appraisers. The parcel count could easily number in the hundreds and the operational impact of this proposal would likely be substantial. Without knowing the number and type of parcels, the Department has no basis for quantifying the operational impact.²

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision of Article VII, subsection 18 (a) applies, but the funds required to be spent are insignificant. The mandates provision of Article VII, subsections 18(b) and (c) are not applicable because the law neither reduces the percentage of a state tax shared with counties or municipalities nor reduce the authority that municipalities and counties have to raise revenues in the aggregate.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Other Comments: Department of Revenue

The Department of Revenue raised the following issues and concerns, which are quoted verbatim:³

- The bill does not provide for the owner's disclosure of parcels owned jointly or individually by the 67 Property Appraisers. It is unlikely that the Department could identify all of these parcels independently of disclosure and such attempts would be inefficient and difficult.
- The bill does not provide the intended use of the Department's appraisal . . . The intended use should be specified (based on legislative intent) to avoid the inefficiencies and difficulties associated with varying perceptions of what the intended use should be.
- The bill does not provide for administrative appeal of the Department's appraisals – chapter 194

² Department of Revenue 2008 Bill Analysis of HB 127, October 8, 2007, at 2 and 3 (on file with the Committee on State Affairs).

³ *Id.* at 2.

provides for administrative appeals of the Property Appraiser's values but not for these appraisals by the Department. Also, the bill does not provide for resolution of disagreements between the Department and the Property Appraiser (and other local government participants)...

- The bill would move the Department into an administrative role by directly involving the Department in the local administration of the ad valorem tax. The Department's established role is oversight since the property tax is administered locally. The proposed dual roles for the Department could lead to conflicts when the Property Appraiser and the Department disagree over the value of the Property Appraiser's parcels at the same time the Department is performing its oversight role of the tax roll as a whole, or vice versa.
- The Department's appraisals could be perceived as biased if local interested parties disagree with the Department's appraisals. If so, this could cause conflict between local parties and state agencies.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 19, 2008, the Committee on State Affairs adopted an amendment and reported the bill favorable with amendment. The amendment clarifies that a property appraiser may not appraise real property in any county within the State of Florida in which an appraiser holds the title, either as an owner or joint owner.

On April 8, 2008, the Government Efficiency & Accountability Council reported HB 127 favorably with a Council Substitute to incorporate the amendment adopted by the Committee on State Affairs.