

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 127 Property Appraisers
SPONSOR(S): Government Efficiency & Accountability Council, Hooper and others
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on State Affairs</u>	<u>10 Y, 0 N</u>	<u>Levin</u>	<u>Williamson</u>
2) <u>Government Efficiency & Accountability Council</u>	<u>14 Y, 0 N, As CS</u>	<u>Levin/Dykes</u>	<u>Cooper</u>
3) <u>Policy & Budget Council</u>	<u></u>	<u>Diez-Arguelles</u>	<u>Hansen</u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

Current law confers upon property appraisers certain duties in assessing property; but the law does not address the potential conflict of interest that arises when a property appraiser assesses property that he or she owns.

The bill does not permit a property appraiser to appraise property that he or she owns. In these instances, the property appraiser must provide for an independent appraisal. The appraisal must be performed by the Department of Revenue (DOR) or by a property appraiser other than the appraiser of the county where the property is located.

The DOR maintains it may incur substantial expenses if the DOR is required to perform the appraisals. In addition, local property appraisers may expend additional funds appraising property owned by other Florida property appraisers. The bill does not provide who is responsible for paying for the appraisals.

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; but the law does not address the potential conflict of interest that arises when a property appraiser assesses property that he or she owns.

Effect of Bill

The bill does not permit a property appraiser to appraise property that he or she owns. In these instances, the property appraiser must provide for an independent appraisal. The appraisal must be performed by the Department of Revenue (DOR) or by a property appraiser other than the appraiser of the county where 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 DOR indicates it may have additional expenditures if it is required to appraise properties owned by property appraisers. See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

Property Appraisers may have to make additional expenditures in order to have the department or another appraiser assess the property owned by the appraiser. Alternatively, property appraisers

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

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

The bill states that a Property Appraiser must provide for either the Department of Revenue or another Property Appraiser. However, the bill does not state who should pay for the costs of conducting the appraisal.

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.¹

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision of Article VII, subsection 18 (a) may apply, if it is determined that a Property Appraiser's office must pay for the expense of providing for appraisals on property owned by the Property Appraiser. The amount of these expenditures is not known at this time.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill's intent appears to be that the Department of Revenue or another Property Appraiser should assess property owned by a Property Appraiser in the county where he or she serves. However, the language of the bill prohibits a county's Property Appraiser from assessing property located in the county that is owned by another Property Appraiser.

Other Comments: Department of Revenue

The Department of Revenue raised the following issues and concerns, which are quoted verbatim:²

- 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.

¹ Department of Revenue 2008 Bill Analysis of HB 127, October 8, 2007, at 2 and 3 (on file with the Committee on State Affairs).

² *Id.* at 2.

- The bill does not provide for administrative appeal of the Department's appraisals – chapter 194 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.