

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 51 Partial Payment of Property Taxes  
**SPONSOR(S):** McKeel and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1004

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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 &amp; Accountability Council</u>	<u>13 Y, 0 N</u>	<u>Levin/Dykes</u>	<u>Cooper</u>
3) <u>Policy &amp; 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>

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**SUMMARY ANALYSIS**

Section 197.373, F.S. governs the payment of a portion of taxes due to a county tax collector. The section currently permits the payment of a part of a tax notice when the part to be paid can be ascertained by the legal description and the portion of the property representing the part to be paid is under contract for sale or has been transferred to a new owner.

The bill amends s.197.373, F.S., and requires tax collectors to accept any payment that is a portion of the total amount of taxes owed, regardless of whether the portion of the tax notice to be paid can be ascertained by the legal description. Consistent with the new requirement, interest and penalties are applied only to the amount of taxes that remain unpaid. The tax procedures for the sale of tax certificates, cancellations of void tax certificates, and other processes of law pursuant to ss.197.432,197.442 and 197.443, F.S., are modified to require full payment of the taxes. Taxpayer rights to redress also are clarified to require payment in full before a taxpayer may redeem real property and tax certificates prior to the issuance of a tax deed.

The Revenue Estimating Conference adopted a negative indeterminate fiscal impact on local governments from the provisions of this bill.

This bill may be a mandate requiring a two-thirds vote of the membership. See MANDATES section of analysis.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – The bill creates new requirements for tax collectors regarding acceptance of payments of portions of amounts billed in tax notices.

Ensure lower taxes – The bill decreases the amount of interest and penalties owed by taxpayers under certain circumstances.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Background**

Section 197.373, F.S., governs the payment of a portion of taxes due to a county tax collector. The section currently permits the payment of a part of a tax notice when the part to be paid can be ascertained by the legal description and the portion of the property representing the part to be paid is under contract for sale or has been transferred to a new owner.

##### **Effect of Bill**

The bill amends s. 197.373, F.S., to require tax collectors to accept any payment that is a portion of the total amount of taxes owed. Consistent with the new requirement, interest and penalties are applied only to the amount of taxes that remain unpaid. The tax procedures for the sale of tax certificates, cancellations of void tax certificates, and other processes of law, pursuant to ss. 197.432, 197.442, and 197.443, F.S., are modified to require full payment of the taxes. Taxpayer rights to redress found in s. 192.0105, F.S., also are amended to require payment in full before a taxpayer may redeem real property and tax certificates prior to the issuance of a tax deed.

Section 197.432, F.S., relating to the sale of tax certificates for unpaid taxes, is amended to require tax collectors to commence the sale of a tax certificate on any lands on which the taxes have not been paid fully.

Section 197.442, F.S., is amended to clarify that taxes must be paid fully, on land in which tax collectors sell tax certificates, before an aggrieved taxpayer is entitled to:

- Cancellation of an improperly issued tax certificate or deed;
- Legitimate expenses in clearing his or her title, should the tax collector fail to act within a reasonable amount of time;
- The tax collector being responsible to the publisher for the costs of advertising lands on which the taxes have been fully paid; and
- The property appraiser being responsible to the publisher for the costs of advertising lands doubly assessed or assessed in error.

Section 197.443, F.S., is amended to require tax collectors to forward tax certificates that have been rendered void, because taxes on land had been fully paid at the time of sale, to the Department of Revenue for review and then cancellation or correction by the tax collector.

Taxpayer rights to redress contained within s. 192.0105, F.S., also are clarified to require payment in full before a taxpayer may exercise the right to redeem real property and tax certificates prior to the issuance of a tax deed.

The effective date of the bill is July 1, 2008.

C. SECTION DIRECTORY:

Section 1 amends s. 192.0105, F.S., to make conforming changes.

Section 2 amends s. 197.373, F.S., to require tax collectors to accept payments of portions of amounts billed in tax notices.

Section 3 amends s. 197.432, F.S., to make conforming changes.

Section 4 amends s. 197.442, F.S., to make conforming changes.

Section 5 amends s. 197.443, F.S., to make conforming changes.

Section 6 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:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

2. The Revenue Estimating Conference adopted a negative indeterminate fiscal impact on local governments from the provisions of this bill. Local government revenues will decline due to the loss of interest payments when taxpayers make partial payments.

3. Expenditures:

Tax collectors will experience an increase in workload and other expenses as a result of the requirement that they accept all partial payments of ad valorem taxes. The amount of additional expenditures is unknown at this time.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Taxpayers making a partial payment of ad valorem taxes, including those who make minor mistakes in the checks they write, will pay a smaller amount in interest and penalties.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

The mandates provision appears to apply because the bill requires the expenditure of funds by tax collectors. If these expenditures exceed \$1.9 million statewide, the bill will not be exempt from the mandates provision and the legislature must determine that the law fulfills an important state interest and the law must be passed by a two-thirds vote of the membership of each house.

Also, the mandates provision may apply because the bill reduces the authority that cities and counties have to raise revenues. The amount of the loss cannot be determined at this time. Therefore, it is not clear whether the insignificant fiscal impact exemption from the mandates provision applies.

##### 2. Other:

None.

#### B. RULE-MAKING AUTHORITY:

None.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### D. STATEMENT OF THE SPONSOR

No statement submitted.

### IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

None.