

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 595
SPONSOR(S): Nelson
TIED BILLS:

Property Appraisers

IDEN./SIM. BILLS: SB 1548

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on State Affairs</u>	<u>9 Y, 0 N</u>	<u>Levin</u>	<u>Williamson</u>
2) <u>Government Efficiency & Accountability Council</u>	<u></u>	<u>Levin/Dykes</u>	<u>Cooper</u>
3) <u>Policy & Budget 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

Section 193.023, F.S., requires the physical inspection of real property every five years for purposes of assessing the value of the property and ensuring that the tax roll meets all applicable requirements of law. The bill allows the property appraiser, at his or her discretion and where geographically suitable, to use image technology in lieu of physical inspection.

Section 196.011, F.S., requires persons with legal title to real or personal property, who are entitled to exemption from taxation, to make application for exemption on or before March 1 of each year. The bill permits applicants who demonstrate extenuating circumstances to the property appraiser within 25 days following the mailing of the assessment to receive an exemption after the March 1 deadline.

Current law provides eight factors a property appraiser may consider in determining whether a person is entitled to a homestead exemption as a permanent resident of Florida. The bill requires formal declarations of domicile to be recorded in the public records of the county in which exemption is sought. It replaces informal statements of the applicant with evidence of the location of the school where the applicant's dependent children are registered; place where the applicant is registered to vote with proof of voter registration; place of issuance of a driver's license with the requirement of a Florida driver license; and place of motor vehicle registration with the requirement of Florida vehicle registration. It adds location of bank statement and checking accounts to the factors that may be considered as well as proof of payment of utilities at the property for which permanent residency is claimed.

The bill was considered by the Revenue Estimating Impact Conference on February 15, 2008. The conference adopted an positive/negative indeterminant impact for both state and local funds in all applicable years.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – The bill creates additional requirements an applicant must meet when establishing permanent residence in order to receive a homestead exemption.

Ensure lower taxes – The bill enables applicants for homestead exemption to demonstrate extenuating circumstances to the property appraiser in order to receive an exemption after the deadline for application.

B. EFFECT OF PROPOSED CHANGES:

Background

Article VII, s. 4 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.¹

Section 193.023, F.S., requires property appraisers to 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. It also provides that in assessing the value of real property, the property appraiser must physically inspect each property every five 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.

Effect of Bill

Section 193.023, F.S., requires the physical inspection of real property by the property appraiser every five years for purposes of assessing the value of the property and ensuring that the tax roll meets all applicable requirements of law. The bill allows the property appraiser, at his or her discretion and where geographically suitable, to use image technology in lieu of physical inspection to ensure the tax roll meets all requirements of law.

Section 196.011, F.S., requires persons with legal title to real or personal property, who are entitled to exemption from taxation, to make application for exemption on or before March 1 of each year. The bill permits applicants demonstrating extenuating circumstances to the property appraiser within 25 days following the mailing of the assessment to receive an exemption after the March 1 deadline.

Section 196.015, F.S., contains eight factors a property appraiser may consider in determining whether a person is entitled to a homestead exemption as a permanent resident of Florida. The bill requires formal declarations of domicile to be recorded in the public records of the county in which exemption is sought. It replaces informal statements of the applicant with evidence of the location of the school where the applicant's dependent children are registered; place where the applicant is registered to vote with proof of voter registration; place of issuance of a driver's license with the requirement of a Florida driver license; and place of motor vehicle registration with the requirement of Florida vehicle

¹ Section 193.085(1), F.S.

registration. It adds location of bank statement and checking accounts to the factors that may be considered as well as proof of payment of utilities at the property for which permanent residency is claimed.

C. SECTION DIRECTORY:

Section 1 amends s. 193.023, F.S., to revise the authority of the property appraiser to inspect property for assessment purposes.

Section 2 amends s. 196.011, F.S., to revise required time limitations for filing applications for homestead exemptions and to revise procedural requirements for property appraiser approval of such exemptions.

Section 3 amends s. 196.015, F.S., to revise factors for consideration by property appraisers in determining permanent residency for homestead exemption purposes.

Section 4 provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

+/- Indeterminant.

2. Expenditures:

None.²

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

+/- Indeterminant.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Individuals applying for homestead exemption may be required to obtain a Florida driver license or registration for motor vehicles, boats, or aircraft owned or operated in this state.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision is not applicable because the bill does not: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the percentage of a state

² Department of Revenue 2008 Bill Analysis, HB 595, February 11, 2008, at 3.

tax shared with counties or municipalities; or reduce the authority that counties and municipalities have to raise revenue in the aggregate.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

House Bill 595 equips appraisers with the tools they need to crack down on abuse of the Homestead Exemption by out-of-state residents. Additionally, HB 595 clears an unnecessarily difficult hurdle required of those who have filed applications for the Homestead Exemption late and will save appraisers millions of dollars by allowing them to utilize precision imaging technology in lieu of intrusive and time consuming physical inspections.³

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 12, 2008, the Committee on State Affairs adopted two amendments and reported the bill favorable with amendments.

The bill provides additional criteria to be considered in determining permanent resident status pursuant to s. 196.015, F.S. Amendment 1 removes those additional criteria. Amendment 2 permits orphans who are minors to be deemed to be permanent residents until they reach the age of majority, thereby permitting minors to receive the homestead exemption.

³ Email from the office of Rep. Nelson, March 11, 2008.