

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 179 Property Appraisers
SPONSOR(S): Finance & Tax Council; Military & Local Affairs Policy Committee and Nelson
TIED BILLS: **IDEN./SIM. BILLS:** SB 800

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	<u>Military & Local Affairs Policy Committee</u>	<u>13 Y, 0 N, As CS</u>	<u>Noriega</u>	<u>Hoagland</u>
2)	<u>Economic Development & Community Affairs Policy Council</u>	<u>13 Y, 0 N</u>	<u>Noriega</u>	<u>Tinker</u>
3)	<u>Finance & Tax Council</u>	<u>14 Y, 0 N, As CS</u>	<u>Diez-Arguelles</u>	<u>Langston</u>
4)	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
5)	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

SUMMARY ANALYSIS

This bill makes changes to three areas dealing with the administration of property taxes.

Current law requires the physical inspection of real property at least once every five years for purposes of assessing the property’s value and ensuring that the tax roll meets all applicable law requirements. This bill allows property appraisers, at their discretion and where geographically suitable, to use image technology in lieu of a physical inspection. The Department of Revenue is directed to establish standards for the use of image technology.

Also, current law requires persons with legal title to real or personal property who are entitled to a tax exemption to apply on or before March 1 of each year. A person who misses the deadline may file an application and a petition with the Value Adjustment Board (VAB). If the applicant qualifies for the exemption and can show extenuating circumstances for missing the deadline, the Property Appraiser or the VAB may grant the exemption. This bill provides for the filing of a late application with the Property Appraiser prior to filing an application with the VAB. If the Property Appraiser denies the exemption, the applicant may file a petition with the VAB.

Finally, current law sets forth eight factors the property appraiser may consider in determining the intent of a person claiming a homestead exemption to establish a permanent residence in Florida. This bill revises these factors and adds additional factors.

The Revenue Estimating Conference has determined that the provisions of this bill would have no fiscal impact on state government and an indeterminate fiscal impact on local governments, which may be positive or negative.

This bill has an effective date of July 1, 2009.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Article VII, s. 4 of the Florida Constitution, requires the just valuation of all property for ad valorem taxation, with certain exceptions. Florida property appraisers have the statutory responsibility to ensure that all real property¹ within their counties is listed and valued on the real property assessment roll.²

Use of Image Technology

Section 193.023(2), F.S., requires the property appraiser to physically inspect each property at least once every five years to assess its value and ensure that the tax roll meets all applicable law requirements. In addition, this section provides that the property appraiser may review image technology at his or her discretion. The property appraiser must physically inspect any parcel of taxable real property upon the request of the taxpayer or owner.

Review of Late-Filed Exemption Applications

Section 196.011(1), F.S., requires persons with legal title to real or personal property who are entitled to an exemption to apply on or before March 1 of each year.

Section 196.011(8), F.S., provides that an applicant who is qualified to receive an exemption but who misses the filing deadline may file an application for the exemption and file a petition with the Value Adjustment Board (VAB) requesting that the exemption be granted. The petition must be filed no later than 25 days after the Truth in Millage (TRIM) notice is mailed by the property appraiser pursuant to ss. 194.011(1)³ and 200.069⁴,

¹ Section 192.001(12), F.S., defines "real property" as lands, buildings, fixtures, and all other improvements to land.

² Section 193.085(1), F.S.

³ Subsection (1) of s. 194.011, F.S., provides that each taxpayer who is subject to real or tangible personal ad valorem taxes shall be notified of the assessment of each taxable item of such property, as provided in s. 200.069, F.S.

⁴ Section 200.069, F.S., requires property appraisers to prepare and deliver a notice of proposed property taxes and non-ad valorem assessments to each taxpayer listed on the current year's assessment roll. This notice is commonly referred to as the TRIM notice, and is sent on behalf of all taxing authorities and local governing boards levying both ad valorem taxes and non-ad valorem assessments. In addition, s. 200.069, F.S., provides the specific elements and required content and format of the TRIM notice. DOR is responsible for reviewing TRIM notices to ensure compliance with statutory requirements.

F.S. Upon reviewing the petition, if the applicant is qualified to receive the exemption and demonstrates particular extenuating circumstances to warrant granting the exemption, the property appraiser or the VAB may grant the exemption.

Permanent Residency – Factors the Property Appraiser May Consider

Section 196.015, F.S., sets forth eight factors a property appraiser may consider in determining whether a person is entitled to a homestead exemption as a permanent resident of Florida. These factors are:

- Formal declarations of the applicant;
- Informal statements of the applicant;
- The applicant's place of employment;
- The previous permanent residency in another state or country and the date the residency terminated;
- The place where the applicant is registered to vote;
- The place of issuance of a driver's license to the applicant;
- The place of issuance of a license tag on any motor vehicle owned by the applicant; and
- The address as listed on federal income tax returns filed by the applicant.

Proposed Changes

Use of Image Technology

This bill amends s. 193.023(2), F.S., by providing that property appraisers, at their discretion and where geographically suitable, may use image technology in lieu of a physical inspection to ensure that the tax roll meets all legal requirements. The Department of Revenue is directed to establish minimum standards for the use of image technology consistent with standards developed by professionally recognized sources for mass appraisal of property.

Review of Late-Filed Exemption Applications

This bill amends s. 196.011(8), F.S., by revising the filing process when an applicant misses the March 1 filing deadline for filing for an exemption. Under this bill, a late applicant must file an exemption application with the property appraiser within 25 days following the mailing of the TRIM notice. If sufficient evidence exists to demonstrate that the applicant was unable to meet the filing deadline, based on the property appraiser's judgment, the property appraiser may grant the exemption. If the property appraiser denies the exemption, the applicant may file a petition with the VAB.

Permanent Residency – Factors the Property Appraiser May Consider

This bill amends s. 196.015, F.S., by revising the factors and adding new factors to be considered by a property appraiser when determining permanent residency for a homestead exemption. The proposed factors to be considered are:

- An applicant's formal declaration of domicile recorded in the public records of the county where the exemption is being sought;
- Evidence of the location where the applicant's dependent children are registered for school;
- The place of employment of the applicant;
- The previous permanent residency by the applicant in a state other than Florida or in another country and the date that residency was terminated;

- Proof of Florida voter registration with the voter information card address of the applicant, or other official correspondence from the supervisor of elections providing proof of voter registration, both of which must match the address of the physical location where the exemption is being sought;
- A valid Florida driver's license issued under s. 322.18, F.S., or a valid Florida identification card issued under s. 322.051, F.S., and evidence of relinquishment of driver's licenses from other states;
- Issuance of a Florida license tag on any motor vehicle owned by the applicant;
- The address listed on federal income tax returns filed by the applicant;
- The location where the applicant's bank statements and checking accounts are registered; and
- Proof of payment for utilities at the property for which permanent residence is being claimed.

B. SECTION DIRECTORY:

Section 1: amends s. 193.023(2), F.S.

Section 2: amends s. 196.011(8), F.S.

Section 3: amends s. 196.015, F.S.

Section 4: provides an effective date of July 1, 2009.

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:

The Revenue Estimating Conference has determined that the provisions of this bill would have an indeterminate recurring fiscal impact on local governments, which may be positive or negative.

2. Expenditures:

The provisions of the bill allowing property appraisers to use image technology in lieu of conducting physical inspections of properties should produce savings for the Property Appraisers' Offices.

In 2008, the Orange County Property Appraiser's Office stated that the provisions of the 2008 bill associated with the use of imaging technology in lieu of physical inspections would:

- double the number of parcels that can be reviewed each week;

- allow the property appraiser to keep up with Florida's growth without the need for additional field staff, thereby saving an estimated \$1.443 million over 5 years in salary, benefits, fuel costs, education, computers, and other equipment; and
- provide estimated statewide savings of \$5.7 to \$8.2 million in the first year of implementation.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

A person missing the March 15th deadline will not have to file with the VAB and pay the \$15 filing fee unless the Property Appraiser denies the application.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties and municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

DOR indicates that the real property guidelines would need to be revised as a result of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 11, 2009, the Military & Local Affairs Policy Committee adopted one amendment and reported the bill favorably as a Committee Substitute.

The amendment made the following changes to the bill:

- it changed the term "voter identification card" to the correct term: "voter information card;"
- it deleted the word "county" from "county supervisor of elections;" and
- it added statutory citations to the provision that refers to a valid Florida driver's license and Florida identification card.

This analysis reflects the amendment adopted by the Military & Local Affairs Policy Committee.

On March 31, 2009, the Finance and Tax Council adopted one amendment to the bill. The amendment directs the Department of Revenue to establish minimum standards for the use of image technology.

This analysis reflects the amendment adopted by the Finance and Tax Council.