

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Finance and Tax Committee

BILL: PCS for SB 752 (400168)

INTRODUCER: Finance and Tax Committee

SUBJECT: Proposed Property Tax Notice

DATE: April 7, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wolfgang	Yeatman	CA	Favorable
2.	Fournier	McKee	FT	Pre-meeting
3.	_____	_____	GA	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

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|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This proposed committee substitute revises the Truth in Millage (TRIM) notice to include additional information on assessments and exemptions. It also provides information on the previous years' millage rate, adjusted for changes in the tax base, and the millage rate necessary to fund the proposed budget for each taxing authority.

This proposed committee substitute substantially amends sections 200.069 and 200.065 of the Florida Statutes.

II. Present Situation:

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.¹ This notice is commonly referred to as the Truth in Millage (TRIM) notice, which is generally the only acceptable means of providing notice to taxpayers, and is sent on

¹ Section 200.065(2)(b), F.S.

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, which includes five columns. The Department of Revenue (DOR) prescribes the forms. However, a county officer may use a different form provided that: (1) it is substantively similar to the one prescribed by DOR; (2) his or her office pays the related expenses; and (3) he or she obtains prior written permission from DOR’s executive director.

For counties with populations of 100,000 or fewer, DOR provides the forms. However, for counties with a population greater than 100,000, the responsible county officer reproduces the forms for distribution at the office’s expense.²

Section 200.069, F.S., specifies that the following information must appear in columnar form on the TRIM notice:

Taxing Authority	Your Property Taxes Last Year	Your Taxes This Year IF PROPOSED Budget Change is Made	A Public Hearing on the Proposed Taxes and Budget Will be Held	Your Taxes This Year IF NO Budget Change is Made
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Also, the following information must be listed underneath each of the headings:

- Taxing Authority – A brief, commonly used name for the taxing authority or its governing body;
- Your Property Taxes Last Year – The gross amount of ad valorem taxes levied against the parcel in the previous year. If the parcel did not exist in the previous year, this column is blank;
- Your Taxes This Year IF PROPOSED Budget Change is Made – The gross amount of ad valorem taxes proposed to be levied in the current year, which amount must be based on the proposed millage rates provided to the property appraiser or, in the case of voted levies for debt service, the millage rate previously authorized by referendum, and the taxable value of the parcel as shown on the current year’s assessment roll;
- A Public Hearing on the Proposed Taxes and Budget Will be Held: – The date, the time, and a brief description of the location of the required public hearing; and
- Your Taxes This Year IF NO Budget Change is Made – The gross amount of ad valorem taxes which would apply to the parcel in the current year if each taxing authority were to levy the rolled-back rate³ or, in the case of voted levies for debt service, the amount previously authorized by referendum.

Current law does not require that the TRIM notice include millage rate information.

² Section 195.022, F.S.

³ Section 200.065(1), F.S., describes the “rolled-back rate” as the millage rate which, exclusive of new construction, additions to structures, deletions, increase in the value of improvements that have undergone substantial rehabilitation which increased the assessed value by at least 100 percent, and property added due to geographic boundary changes, will yield the same ad valorem tax revenue for each taxing authority as was levied during the prior year.

The Department of Revenue recently published a Report on the Effect of Recent Changes in Law on the Notice of Proposed Property Taxes. The report noted that,

[t]he complexity of Florida's property tax structure has increased considerably since the Truth in Millage process was first enacted in 1980. A number of local option exemptions have been created, such as the low-income senior exemption and the economic development exemptions, resulting in different taxable values for different local governments. The Save Our Homes assessment increase limitation took effect in 1995. Additional provisions were added by Amendment 1 in 2008 which affect taxing authorities differently. These provisions are the additional \$25,000 homestead exemption and the 10 percent assessment increase limitation on non-homestead property, both applicable only to non-school tax levies.⁴

The Department recommended that the notice contain more information on valuation, exemptions, appeals, and how to find more information. The Report also advocated a greater degree of flexibility in designing the notice to allow the Department to accommodate future changes in the law.

The Department of Revenue's survey of local government officials, county property appraisers, and other interested parties shows that the inclusion of millage rates alone would be desirable. However, the Department of Revenue recommended against including the previous year's millage on the form.

While millage rates may assist in comparing the proposed levy to the levy if no budget change is made, it is important that the previous year's millage not be included on the form. In order to accurately display the impact of the local government's budget decisions, it is the comparison between the proposed levy and the no budget increase levy that is significant.

Since the previous year's millage rate was levied on a different value, any comparison to that rate will also be affected by the property appraiser's valuation determination. In times of rising property values, the millage rate may remain unchanged from the previous year, but it would still reflect the taxing authority's decision to increase tax revenue. As values rise, millage must be reduced to avoid this tax increase. The intent of Truth in Millage is to require that any decision by a local government to increase or decrease taxes be clearly identified and given proper public notice.⁵

III. Effect of Proposed Changes:

This proposed committee substitute amends s. 200.069, F.S., to implement recommendations found in the Department of Revenue Report. It expands the TRIM notice to four pages. It adds

⁴ Department of Revenue, Report on the Effect of Recent Changes in Law on the Notice of Proposed Property Taxes, January 30, 2009 *available at* <http://dor.myflorida.com/dor/property/noticEOFPTreport.pdf> (last visited March 16, 2009).

⁵ Department of Revenue, Report on the Effect of Recent Changes in Law on the Notice of Proposed Property Taxes, January 30, 2009 *available at* <http://dor.myflorida.com/dor/property/noticEOFPTreport.pdf> (last visited March 16, 2009).

two additional columns of information to the first page, which is titled “Notice of Proposed Property Taxes,” and it changes the order in which the columns are arranged. The new columns to be included are as follows:

- Last year’s adjusted tax rate – The millage rate for ad valorem taxes that will provide the same tax revenue for each taxing authority as was levied during the prior year, also known as the “rolled-back rate.” If the parcel did not exist in the previous year, this column must be blank (new Column 3); and
- Tax Rate This Year IF PROPOSED Budget is Adopted – The proposed millage rate for ad valorem taxes to be levied against the parcel in the current year (new Column 5).

These changes result in the following format, which will provide taxpayers additional information on the TRIM notice that is used in property tax calculations:

Taxing Authority	Your Property Taxes Last Year	Last Year’s Adjusted Tax Rate	Your Taxes This Year IF NO Budget Change is Made	Tax Rate This Year IF PROPOSED Budget Change is Made	Your Taxes This Year IF PROPOSED Budget Change is Made	A Public Hearing on the Proposed Taxes and Budget Will Be Held:
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The proposed CS also incorporates other proposals from the DOR Report concerning the TRIM notice. It expands the notice to include a full-page presentation of Valuations and Exemptions that will show the assessed value, exemptions, and taxable value for each taxing authority. It also shows the specific assessment reductions and exemptions that have been applied to the property.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The proposed committee substitute helps taxpayers understand how assessment limitations and exemptions affect the taxable value of their property, and shows the effect of local government's proposed budgets on their tax rates and tax levies.

C. Government Sector Impact:

County officers who use a form other than the form prescribed by DOR may incur additional expenses to redesign the form. In addition, counties with a population of 100,000 or more are required to print their own TRIM notices. These counties may incur additional expenditures printing a 4-page form.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

PCS by Finance and Tax:

- B. Amendments:**

None.