

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1279

Assessment of Property for Back Ad Valorem Taxes

SPONSOR(S): Rivera

TIED BILLS:

IDEN./SIM. BILLS: SB 2450

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	<u>Military & Local Affairs Policy Committee</u>	<u></u>	<u>Fudge</u>	<u>Hoagland</u>
2)	<u>Finance & Tax Council</u>	<u></u>	<u></u>	<u></u>
3)	<u>Economic Development & Community Affairs Policy 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 193.092, F.S., requires property appraisers to assess back taxes, for up to three years, on all property that has escaped taxation.

The bill provides that the retroactive assessment and collection of ad valorem taxes is not applicable if the owner of property has complied with all necessary permitting requirements; or if the owner, who has not previously been assessed, voluntarily discloses to the property appraiser the existence of the property before January 1 of the year the property is first assessed.

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

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:

Current Situation

Section 4, Article VII, 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.

Section 193.023, F.S., provides that property appraisers must 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. This section provides that in making the assessment of 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. In lieu of physical inspection, the property appraisers, at their discretion and where geographically suitable, may use image technology 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.

When the property appraiser discovers property that has escaped taxation, the property appraiser must assess the property for each year in which it escaped taxation, for up to three years.

Effect of Proposed Changes

The bill provides that the assessment of back taxes does not apply when the property owner has complied with all necessary permitting requirements; or when the owner has not been previously assessed and the owner notifies the property appraiser of the assessable property before January 1 of any year.

B. SECTION DIRECTORY:

Section 1: Amends s. 193.092, F.S., by reducing the authority of property appraisers to assess for back taxes.

Section 2: Provides an effective date of July 1, 2010.

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:

Local governments may experience a loss in revenues to the extent that back taxes have been collected in the past.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill will reduce the tax burden on those property owners who would have otherwise been subject to the back taxes.

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 reduces the authority that municipalities and counties have to raise revenue as that authority existed on February 1, 1989. The reduction in authority comes from the decline in back taxes. It has not been determined whether the decline in back taxes will remain below the \$1.9 million threshold for a mandate. Consequently, at this time the bill does not appear to qualify for an exemption.

If the mandates provision applies, and in the absence of an applicable exemption, Article VII, section 18(b), of the Florida Constitution provides that, "except upon approval by a two-thirds vote of the membership, the legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989."

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES