

**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.)

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Prepared By: The Professional Staff of the Budget Committee

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BILL: SB 2124 (SPB 7136)

INTRODUCER: Budget Committee

SUBJECT: Department of Revenue

DATE: April 1, 2011

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Blizzard	Meyer, C.		<b>SPB 7136 Favorable, as amended</b>
2.				
3.				
4.				
5.				
6.				

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**I. Summary:**

This bill changes the Department of Revenue’s in-depth review cycle of county property tax assessment rolls from at least once every two years to at least once every three years. The bill clarifies the requirement that the department only review classes of property that constitute at least five percent of the total assessed value of real property in a county on the previous assessment roll. The bill reduces the tax rate from 4 percent to 1 percent on coin-operated amusement machines located in pari-mutuel facilities. In order to qualify for the reduced rate, a local community must pass an ordinance to authorize, license, regulate, and tax the machines in the pari-mutuel facility. In addition, the bill exempts the department from paying service charges imposed by the clerks of court for recording tax liens.

The implementation of the provisions in this bill relating to the assessment roll review provides a recurring cost savings of \$2,461,819 in general revenue and reduces staffing needs by 46 full-time equivalent positions. The elimination of the service charge by the clerks of court for recording tax liens provides a recurring cost savings of \$320,000 in general revenue.

This bill substantially amends the following sections of the Florida Statutes: 195.096, 212.05, and 213.69.

**II. Present Situation:**

**Assessment Roll Review**

Pursuant to s. 195.096, F.S., the department is required to conduct an in-depth review of each county’s assessment roll once every two years. The department’s current practice is to review

and approve each county's assessment roll every year, with half of the counties subject to an in-depth review. The department analyzes levels of assessment, equity, and uniformity for each classification of property that comprises at least five percent of the assessed value of the county's tax roll. Each classification of property must have a level of assessment of at least 90 percent in order to be considered in substantial compliance.

In conducting its review, the department evaluates recent sales of properties and compares these selling prices to the values listed on the assessment roll by the property appraiser. However, in many counties there are too few sales in some property classifications, particularly commercial and industrial, for the department to conduct a statistically reliable review. Therefore, the department uses field appraisers to develop estimated valuations for these properties. These estimated values are then compared with the property appraiser's values. For those counties not subject to an in-depth review, the department conducts a high-level, general review of the assessment roll without studying each property classification or evaluating the equity and uniformity of assessments within the county. No appraisals are used for this study. Instead, the department relies on any sales data that is available, as well as econometric and statistical models developed by outside consultants to estimate levels of assessment.

### **Sales and Use Tax on Coin-operated Amusement Machines**

A coin-operated machine is any machine operated by coin, slug, token, coupon, or other similar device for the purpose of entertainment or amusement. Examples include coin-operated radios or televisions, telescopes, juke boxes or music machines, pool tables, mechanical rides, video games, and pinball machines. Pursuant to s. 212.05, F.S., an operator of a coin-operated amusement machine must register with the Department of Revenue and pay an annual certification fee of \$30 per machine. Currently, a tax is imposed at the rate of 4 percent on the charges for the use of coin-operated amusement machines.

### **Clerk of Court Recording Charges**

Pursuant to s. 28.24, F.S., the clerks of the courts charge for services rendered in recording documents and instruments. Currently, s. 220.823, F.S., exempts the department from paying a fee for filing liens against corporate income and emergency excise taxes. However, the department continues to pay clerks of the court a service charge for filing liens against sales tax, surtaxes, fees, and surcharges administered by the department.

## **III. Effect of Proposed Changes:**

**Section 1** amends s. 195.096, F.S., to extend the department's in-depth review cycle of county assessment rolls to once every three years. This section also clarifies that the department will no longer study or review property classes that constitute less than five percent of the total assessed value of real property in the county on the previous assessment roll.

**Section 2** amends s. 212.05, F.S., to reduce the tax rate on coin operated amusement machines located in pari-mutuel facilities in cities or counties that choose to license the machines.

**Section 3** amends s. 213.69, F.S., to exempt the department from paying charges imposed by the clerks of the court for recording tax liens.

**Section 4** provides an effective date of July 1, 2011.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

Section 18, Art. VII of the State Constitution provides that, except upon approval by two-thirds of the members of each house, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would reduce the authority that municipalities or counties have to raise revenues in the aggregate, as such authority exists on February 1, 1989.

Section 18(d) of Article VII of the State Constitution exempts laws that have insignificant fiscal impact on cities and counties from the requirements of subsection (a). The impact of this legislation relating to the clerks of court service charge for recording tax liens is \$320,000, therefore is insignificant.

##### **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:**

None.

##### **C. Government Sector Impact:**

Reducing the department's assessment roll review to once every three years will result in a recurring cost savings of \$2,461,819 in general revenue, and reduce staffing needs by forty six full-time equivalent positions. Exempting the department from the requirement to pay the service charge imposed by the clerks of court for recording tax liens will result in a recurring general revenue savings of \$320,000.

Revenues to the clerks of the court will be reduced due to the elimination of the service charge for recording tax liens issued for any tax by the department.

In order to qualify for the reduced tax rate on coin operated amusement machines, local communities would have to pass an ordinance to authorize, license, regulate, and tax the machines in the pari-mutuel facility. If the local entity passes such an ordinance, there would be a negative indeterminate fiscal impact to the state and local communities.

The Revenue Estimating Conference has not determined the fiscal impact of this bill.

**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.)

None.

**B. Amendments:**

None.