

**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 Committee on Appropriations

**BILL:** CS/SB 1200

**INTRODUCER:** Appropriations Committee (Recommended by Appropriations Subcommittee on Finance and Tax) and Senator Simpson

**SUBJECT:** Taxation of Property

**DATE:** April 25, 2013      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Toman	Yeatman	CA	<b>Favorable</b>
2.	Weidenbenner	Halley	AG	<b>Favorable</b>
3.	Babin	Diez-Arguelles	AFT	<b>Fav/CS</b>
4.	Babin	Hansen	AP	<b>Fav/CS</b>
5.				
6.				

**Please see Section VIII. for Additional Information:**

- A. COMMITTEE SUBSTITUTE.....  Statement of Substantial Changes
- B. AMENDMENTS.....  Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

**I. Summary:**

CS/SB 1200 eliminates the authority of a Value Adjustment Board (VAB) under its own motion, to review certain land classifications and exemptions granted by a property appraiser. The bill also eliminates three statutory requirements directing the property appraiser to reclassify lands as nonagricultural.

The Revenue Estimating Conference (REC) determined that deleting the three statutory requirements directing the property appraiser to reclassify agricultural lands as nonagricultural will reduce local property tax revenues by \$0.5 million per year.

This bill substantially amends the following sections of the Florida Statutes: 193.461, 193.503, 193.625, and 196.194.

## II. Present Situation:

### Property Valuation in Florida

The Florida Constitution requires that all property be assessed at just value (fair market value) for ad valorem tax purposes.<sup>1</sup> However, sections 3, 4, and 6, Article VII of the Florida Constitution, provide for specified assessment limitations, property classifications, and exemptions. After the property appraiser has considered any assessment limitation or use classification affecting the just value of a property, the assessed value is determined. The assessed value is then reduced by any applicable exemptions to produce the taxable value.<sup>2</sup>

### Agricultural Property Classification

For property to be classified as agricultural land, it must be used “primarily for bona fide agricultural purposes.”<sup>3</sup> “Agricultural purposes” include, but are not limited to: horticulture; floriculture; viticulture; forestry; dairy; livestock; poultry; bee; pisciculture, when the land is used principally for the production of tropical fish; aquaculture; sod farming; and all forms of farm products and farm production.<sup>4</sup>

Property appraisers are required to reclassify lands as nonagricultural when:

- The land is diverted from an agricultural to a nonagricultural use;
- The land is no longer being utilized for agricultural purposes;
- The land has been zoned to a nonagricultural use at the request of the owner.<sup>5</sup>

The law creates a presumption that land is no longer used for a bona fide agricultural purpose when the land has been sold for three or more times the agricultural assessment on the land.<sup>6</sup> This presumption is rebuttable by a showing of special circumstances by the landowner demonstrating that the land will continue to be used for bona fide agricultural purposes.<sup>7</sup>

A county commission may reclassify lands from agricultural to nonagricultural when there is contiguous urban or metropolitan development and the county commission finds that the continued use of the lands for agricultural purposes will act as a deterrent to the timely and orderly expansion of the community.<sup>8</sup>

### Value Adjustment Boards

After the property appraiser determines the assessed value of all property, the county convenes a value adjustment board (VAB) to hear petitions from affected taxpayers regarding assessments. Each VAB is composed of two members from the county governing board, one member from the

---

<sup>1</sup> Fla. Const. Art. VII, s. 4

<sup>2</sup> See s. 196.031, F.S.

<sup>3</sup> Section 193.461(3)(b), F.S.

<sup>4</sup> Section 193.461(5), F.S.

<sup>5</sup> Section 193.461(4)(a), F.S.

<sup>6</sup> Section 193.461(4)(c), F.S.

<sup>7</sup> *Id.*

<sup>8</sup> Section 193.461(4)(b), F.S.

school board, and two citizen members.<sup>9</sup> Counties with a population of more than 75,000 must appoint special magistrates to take testimony and provide recommendations to the board.<sup>10</sup>

The value adjustment board meets for the following purposes:

- To hear petitions relating to assessments filed pursuant to s. 194.011(3), F.S.;
- To hear complaints relating to homestead exemptions pursuant to s. 196.151, F.S.;
- To hear appeals from tax exemptions that have been denied, or disputes pertaining to granted exemptions pursuant to s. 196.011, F.S.; and
- To hear appeals concerning ad valorem tax deferrals and classifications.<sup>11</sup>

Not only can VABs review assessments, exemptions and classifications when a taxpayer petitions for review, but the VAB is also permitted, on its own motion, to review agricultural land, historic property, and high-water recharge land classifications, as well as exemptions granted by the property appraiser.

### III. Effect of Proposed Changes:

**Section 1** amends s. 193.461, F.S., removing the VAB's authority to review agricultural classifications on its own motion.

The bill also:

- Deletes the requirement that a property appraiser reclassify agricultural property as nonagricultural when the owner requests the property be rezoned as nonagricultural;
- Deletes the rebuttable presumption that property is no longer used for bona fide agricultural purposes when it is sold for three or more times the agricultural assessment.
- Removes the county commission's authority to reclassify agricultural land as nonagricultural when there is contiguous urban development and the board finds that the continued agricultural use of the land will deter the expansion of the community.

**Section 2** amends s. 193.503, F.S., removing the VAB's authority to initiate a review of historic property classifications on its own motion.

**Section 3** amends s. 193.625, F.S., removing the VAB's authority to initiate a review of high-water recharge land classifications on its own motion.

**Section 4** amends s. 196.194, F.S., removing the VAB's authority to initiate a review of property tax exemptions on its own motion.

**Section 5** provides that the bill takes effect upon becoming a law and applies retroactively to January 1, 2013.

---

<sup>9</sup> Section 194.015, F.S.

<sup>10</sup> Section 194.035, F.S. Counties with a population of less than 75,000 may appoint special magistrates, but such is not required.

<sup>11</sup> Section 194.032(1)(a)1.-4., F.S.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

Article VII, Section 18 of the Florida Constitution, prohibits laws requiring counties or municipalities to spend funds or that limit their ability to raise revenues. Subsection 18(d) provides an applicable exemption for laws determined to have an “insignificant fiscal impact,” which means an amount not greater than the average statewide population for the applicable fiscal year times \$0.10 or \$1.9 million for FY 2012-13.<sup>12</sup> The REC determined that this bill will reduce local property tax revenues by \$0.5 million per year. Thus, this bill is exempt from the mandates requirement.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The REC determined that deleting the three statutory requirements directing a property appraiser to reclassify agricultural lands as nonagricultural will reduce local property tax revenues by \$0.5 million per year.

**B. Private Sector Impact:**

The bill may result in more landowners retaining the agricultural classification on their property.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

---

<sup>12</sup> Based on the Demographic Estimating Conference’s final population estimate for April 1, 2012, which was adopted on November 7, 2012. The Executive Summary can be found at: <http://edr.state.fl.us/Content/conferences/population/demographicsummary.pdf>.

**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.)

**CS by Appropriations April 23, 2013:**

The committee substitute:

- Deletes a presumption in current law that agricultural land sold for three or more times the agricultural assessment will no longer be used for agricultural purposes.
- Changes the effective date from January 1, 2012 to January 1, 2013.

- B. **Amendments:**

None.