

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 489 Value Adjustment Board Proceedings

SPONSOR(S): Local and Federal Affairs Committee and Sullivan

TIED BILLS: **IDEN./SIM. BILLS:** SB 260

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Finance & Tax Committee	17 Y, 0 N	Dugan	Langston
2) Local & Federal Affairs Committee	15 Y, 0 N, As CS	Zaborske	Kiner

SUMMARY ANALYSIS

Current law provides for administrative and judicial review of ad valorem tax assessments. As part of that process, each county in Florida has a value adjustment board (VAB) composed of five members that hears petitions pertaining to property assessments made by the county property appraiser. The VAB hears evidence from both the petitioner and property appraiser as to whether a property is appraised at its just value, as well as issues related to tax exemptions, deferments, and portability.

CS/HB 489 makes the following revisions to the process for petitioning a value adjustment board (VAB):

- Requires the clerk of the VAB to have available and distribute petition forms (a function already performed by the property appraiser).
- Allows an owner of multiple, similar items of tangible personal property to file a single, joint petition protesting the assessment of such property.
- Provides that during the evidence exchange process the property appraiser must include the property record card regardless of whether the card was provided by the clerk.

CS/HB 489 reenacts ss. 192.0105(2)(b), 194.013(1), 194.032(1)(a), and 196.011(6)(a) and (8), F.S., to incorporate the changes made to s. 194.011, F.S.

The Revenue Estimating Conference on February 13, 2015, conducted an analysis of the impacts of the bill. The bill is expected to have a negative fiscal impact of approximately \$100,000 on VAB fee revenues in the aggregate. The bill also may result in minimal additional expenditures by VAB clerks and property appraisers.

The bill has an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Value Adjustment Boards

Chapter 194, F.S., provides for administrative and judicial review of ad valorem tax assessments. Each county in Florida has a value adjustment board (VAB) composed of five members¹ that hears petitions pertaining to property assessments made by the county property appraiser.² The VAB hears evidence from both the petitioner and property appraiser as to whether a property is appraised at its fair market value, as well as issues related to tax exemptions, deferments, and portability.³

Petition Process for VAB Hearing

A property appraiser establishes the value of taxable property as of January 1 each year, and reviews and applies exemptions, assessment limitations, and classifications that may reduce a property's taxable value.⁴ The VAB has no authority to review, by its own motion, the determinations of the property appraiser.⁵ Rather, the property owner may initiate a review by filing a petition with the clerk of the VAB,⁶ which can cost up to \$15 per petition.⁷

The Florida Department of Revenue (DOR), in its property tax oversight role, maintains a calendar indicating when the petition process begins (early March), and when petitions must be received by (mid-September), each year.⁸ The clerk of the VAB⁹ is responsible for receiving completed petitions, acknowledging receipt to the taxpayer, sending a copy of the petition to the property appraiser, and scheduling appearances before the value adjustment board. VAB petition forms may be found at the DOR website, the County Property Appraiser's office, and in most counties at the office or website of the VAB Clerk; however, currently only the property appraiser is required to have the forms available.¹⁰

Joint Petitions

An owner of contiguous, undeveloped parcels of real property may file a single joint petition if the property appraiser determines such parcels are substantially similar in nature.¹¹ Also, a condominium, cooperative, or homeowners' association may file a single joint petition on behalf of any association member who owns parcels of real property that the "property appraiser determines are substantially similar with respect to

¹ S. 194.015, F.S.; Pursuant to Rule 12D-9.004, F.A.C., every county has a VAB consisting of 2 members of the county's governing body, 1 member of school board of county, and 2 citizen members.

² S. 194.011, F.S. The VAB also hears complaints about homestead exemptions and appeals exemption, deferral, or classification decisions. s. 194.032(1)(a), F.S.

³ Additionally, VABs appoint special magistrates, who are qualified real estate appraisers, personal property appraisers or attorneys, to act as impartial agents in conducting hearings and making recommendations on all petitions. s. 194.035(1), F.S.

⁴ For timeframes and instructions on filing, see Dep't of Revenue, Petitions to the Value Adjustment Board, available at: <http://dor.myflorida.com/dor/property/brochures/pt101.pdf> (last visited 2/12/2015).

⁵ See Ch. 2013-95, ss. 1-4, Laws of Fla. (CS/HB 1193).

⁶ S. 194.011(3)(b), F.S.

⁷ S. 194.013, F.S.

⁸ See the most recent calendar for exact dates. Dep't of Revenue, Value Adjustment Board Calendar, available at: <http://dor.myflorida.com/dor/property/cofficials/pdf/pt902020.pdf> (last visited 02/12/2015).

⁹ The county clerk usually serves as the clerk of the value adjustment board. S. 194.015, F.S.

¹⁰ S. 194.011(3)(a), F.S.

¹¹ S. 194.011(3)(f), F.S.; Rule 12D-9.015(8), F.A.C.

location, proximity to amenities, number of rooms, living area, and condition.”¹² A single filing fee for a joint petition is to be charged, which cannot exceed \$5 per parcel and must be proportionately paid among the parcel owners.¹³

Record cards

A petitioner is required to provide the property appraiser with a list of evidence, copies of documentation, and summaries of testimony at least 15 days prior to the hearing.¹⁴ If the petitioner provides this information, and sends the appraiser a written request for responsive information, the appraiser must provide a list of evidence and copies of documentation to be presented at the hearing, including the property record card.¹⁵

Property appraisers maintain records of assessment information for assessed properties, which may be referred to as “property record cards.” On a petition to the VAB, a petitioner may elect to receive a copy of the property record card.¹⁶ Prior to 2013, the clerk of the VAB was required to provide a copy of the card when the petitioner made the election on the petition.¹⁷ In 2013, the Legislature shifted this responsibility from the clerk of the VAB to the property appraiser; however, the legislation did not conform s. 194.011(4)(b), F.S., to recognize this change.

Effect of Proposed Changes

CS/HB 489 makes the following revisions to the process for petitioning a value adjustment board:

- Requires the clerk of the VAB to have available and distribute petition forms (a function already performed by the property appraiser).
- Allows an owner of multiple, similar items of tangible personal property to file a single, joint petition protesting the assessment of such property.
- Provides that during the evidence exchange process the property appraiser must include a property record card regardless of whether the card was provided by the clerk of the VAB.

B. SECTION DIRECTORY:

- Section 1. Amends ss. 194.011(3)(a), (f), and (4)(b), F.S., to require the clerk of the VAB to have available and distribute petition forms; to allow an owner of multiple, similar items of tangible personal property to file a single, joint petition protesting the assessment of such property; and to require, during the evidence exchange process, the property appraiser to include the property record card regardless of whether the card was provided by the clerk.
- Section 2. Re-enacts s. 192.0105(2)(b), F.S., to incorporate the changes made to s. 194.011, F.S.
- Section 3. Re-enacts s. 194.013(1), F.S., to incorporate the changes made to s. 194.011, F.S.
- Section 4. Re-enacts s. 194.032(1)(a), F.S., to incorporate the changes made to s. 194.011, F.S.
- Section 5. Re-enacts s. 196.011(6)(a) and (8), F.S., to incorporate the changes made to s. 194.011, F.S.
- Section 6. Provides an effective date of July 1, 2015.

¹² S. 194.011(3)(e), F.S.; r. 12D-9.015(8), F.A.C.

¹³ S. 194.013(1), F.S.

¹⁴ S. 194.011(4)(a), F.S.

¹⁵ S. 194.011(4)(b), F.S.

¹⁶ S. 194.032(2)(a), F.S.

¹⁷ Ch. 2013-109, s. 8, Laws of Fla.

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 on February 13, 2015, conducted an analysis of the impacts of the bill and concluded that the bill is expected to have a negative fiscal impact of approximately \$100,000 on VAB fee revenues in the aggregate.

2. Expenditures:

The clerk of a VAB may need to expend funds to have available and distribute petition forms. A property appraiser may need to expend funds to provide property record cards.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There may be a cost-savings for an owner of multiple pieces of similar tangible personal property that choose to contest an assessment because the owner can file a single joint petition rather than multiple petitions.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of article VII, section 18 of the Florida Constitution may apply because this bill may require additional expenditures by property appraisers and VAB clerks, which are partially funded by county government. However, the bill may be exempt under article VII, section 18(d) of the Florida Constitution because it is expected to have an insignificant impact.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The Department may need to revise rule 12D-9.015, F.A.C., relating to the filing of petitions.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 5, 2015, the Local and Federal Affairs Committee adopted an amendment and reported the bill favorably as a committee substitute. The amendment reenacts ss. 192.0105(2)(b), 194.013(1),

194.032(1)(a), and 196.011(6)(a) and (8), F.S., to incorporate the changes made to s. 194.011, F.S. This analysis is drafted to the committee substitute as passed by the Local and Federal Affairs Committee.