

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 781 Property Assessment Administration

**SPONSOR(S):** Fischer

**TIED BILLS:** IDEN./SIM. **BILLS:** SB 658

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local, Federal & Veterans Affairs Subcommittee	13 Y, 0 N	Rivera	Miller
2) Government Operations & Technology Appropriations Subcommittee			
3) State Affairs Committee			

### SUMMARY ANALYSIS

The Department of Revenue (DOR) is required to provide aerial photographs and nonproperty ownership maps to all 67 county property appraisers every 3 years or to any property appraiser as requested. For counties with populations of 25,000 or fewer, DOR must pay the costs to provide these items. All other counties must obtain these items at their own expense. In FY 2017-18, \$87,308 was appropriated for DOR to provide aerial photographs and maps to counties with a population of 25,000 or less. In FY 2018-2019, \$1,174,040 was appropriated for DOR to provide aerial photographs and maps to counties with a population of 50,000 or less.

Fiscally constrained counties are counties within a designated rural area of opportunity or counties for which the value of a mill will raise no more than \$5 million in revenue based on the taxable value certified for school purposes from the previous July 1. These counties receive special treatment by the Legislature for certain financial obligations, including State funding of certain required operating costs. Currently, there are 29 fiscally constrained counties in Florida.

The bill requires DOR to pay the costs for providing aerial photographs and nonproperty ownership maps to fiscally constrained counties in addition to counties with a population of 25,000 or less. The bill defines a "fiscally constrained county" as a county within a designated rural area of opportunity or for which the value of a mill will raise no more than \$5 million in revenue based on the certified school taxable value from the previous July 1.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

###### Property Taxes

Ad valorem, or property, taxes are levied annually by counties, school districts, municipalities, and, if authorized, special districts.<sup>1</sup> Property taxes are based on the value of real and tangible personal property as of January 1 of each year.<sup>2</sup> Property taxes are local taxes administered, levied, and collected by local officials. The state has preempted all other forms of taxation except as provided by general law.<sup>3</sup>

All property must be assessed at a just value for tax purposes, and county property appraisers determine the assessed value of property based on statutory factors. A property's taxable base is the fair market value of locally assessed real estate, tangible personal property, and state assessed railroad property, less certain exclusions, differentials, exemptions, and credits.<sup>4</sup>

###### Property Tax Oversight Program

The Department of Revenue (DOR) must supervise local property assessment and valuation so that all property is placed on the tax rolls at a just valuation.<sup>5</sup> Primarily, DOR must aid and assist county officers in their assessment and collection functions, especially the technical aspects,<sup>6</sup> and must prescribe reasonable rules and regulations for the assessment and collection of taxes by county property appraisers, tax collectors, clerks of the circuit court, and value adjustment boards.<sup>7</sup> DOR maintains a property tax oversight website page to provide local governments with resources, updates, and forms to assist and oversee the local administration of property taxes.<sup>8</sup>

To ensure that all properties are listed on county tax rolls, DOR is required to prescribe and furnish aerial photographs and nonproperty ownership maps to all 67 county property appraisers every three years or upon the request of any property appraiser. Counties with a population of greater than 25,000 receive aerial photographs and maps at their property appraiser's expense. DOR is authorized to impose a fee equal to the reasonable cost of procuring these items.<sup>9</sup>

For counties with a population of 25,000 or less, DOR is required to pay the cost of the aerial photographs and nonproperty ownership maps.<sup>10</sup> For 2018, the following 14 Florida counties had estimated populations of 25,000 or less: Calhoun, Dixie, Franklin, Gilchrist, Glades, Gulf, Hamilton,

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<sup>1</sup> Art. VII, s. 9, Fla. Const.

<sup>2</sup> S. 192.001(1) & (2), F.S., defines Ad valorem, or property, tax as a tax based upon the assessed value of property as determined annually by:

1. The just or fair market value of an item or property;
2. The value of property as limited by art. VII of the State Constitution; or
3. The value of property in a classified use or at a fractional value if the property is assessed solely on the basis of character or use or at a specified percentage of its value under art. VII of the State Constitution.

<sup>3</sup> Art. VII, s. 1, Fla. Const.

<sup>4</sup> Art. VII, s. 4, Fla. Const. and s. 193.011, F.S.

<sup>5</sup> S. 195.002(1), F.S.

<sup>6</sup> S. 195.002(1), F.S.

<sup>7</sup> S. 195.027(1), F.S. *See also* R. 12D, F.A.C.

<sup>8</sup> *See* DOR, *Property Tax Oversight*, <http://floridarevenue.com/property/Pages/Home.aspx> (last visited Mar. 11, 2019).

<sup>9</sup> S. 195.022, F.S.

<sup>10</sup> S. 195.022, F.S. DOR paid the costs to provide the items for all counties until the Legislature amended the law in 2008. *See* ch. 2008-138, s. 2, Laws of Fla.

Holmes, Jefferson, Lafayette, Liberty, Madison, Taylor, and Union.<sup>11</sup> For Fiscal Year 2017-18, \$87,308 was appropriated from the General Revenue Fund to procure aerial photographs and maps for counties with a population of 25,000 or less.<sup>12</sup> For Fiscal Year 2018-2019, \$1,174,040 was appropriated from General Revenue to allow DOR to provide aerial photographs and maps to counties with a population of 50,000 or less.<sup>13</sup>

### Fiscally Constrained Counties

A county is considered fiscally constrained when it meets one of the following requirements:

- It is entirely within a rural area of opportunity as designated by the Governor pursuant to s. 288.0656, F.S.; or
- The value of a mill levied by the county will raise no more than \$5 million in revenue, based on the taxable value certified for school purposes<sup>14</sup> from the previous July 1.<sup>15</sup>

Fiscally constrained counties receive special allowances for certain financial obligations, such as having the State pay the entire cost of local juvenile detention care when other counties must share the cost.<sup>16</sup> Fiscally constrained counties may also receive state funds to offset the loss of property tax revenue from the certain tax exemptions.<sup>17</sup>

Currently, DOR lists the following 29 counties as fiscally constrained counties: Baker, Bradford, Calhoun, Columbia, DeSoto, Dixie, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Highlands, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Okeechobee, Putnam, Suwannee, Taylor, Union, Wakulla, and Washington.<sup>18</sup>

### **Effect of Proposed Changes**

The bill requires DOR to pay the costs to procure aerial photographs and nonproperty ownership maps for fiscally constrained counties when the county requests, or the law requires, the items be provided. The bill defines a “fiscally constrained county” as either a county:

- Within a rural area of opportunity as designated by the Governor pursuant to s. 288.0656, F.S.; or
- For which the value of a mill will raise no more than \$5 million in revenue, based on the certified school taxable value certified pursuant to s. 1011.62(4)(a)1.a., from the previous July 1.

### **B. SECTION DIRECTORY:**

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<sup>11</sup> Bureau of Economic and Business Research, University of Florida, *Florida Estimates of Population 2018* 28, available at [https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates\\_2018.pdf](https://www.bebr.ufl.edu/sites/default/files/Research%20Reports/estimates_2018.pdf) (last visited Mar. 19, 2019).

<sup>12</sup> General Appropriations Act, ch. 2017-70, Laws of Fla., appropriated \$167,299 in total for aerial photography; however, \$87,308 was for DOR to provide aerial photography and maps to counties with populations 25,000 or less. \$79,991 was appropriated for DOR to provide aerial photography and maps to counties with populations between 25,000 and 50,000, pursuant to appropriations project HB 2729, however, this appropriation was vetoed by the Governor. *See Journals of the Florida House of Representatives, 2017 Regular Session and Special Session “A,”* vol. II, p. 1754.

<sup>13</sup> General Appropriations Act, ch. 2018-9, Laws of Fla. (last visited Mar. 7, 2019).

<sup>14</sup> School purposes are defined pursuant to s. 1011.62(4)(a)1.a., F.S.

<sup>15</sup> S. 218.67(1), F.S.

<sup>16</sup> S. 985.6865(5), F.S.

<sup>17</sup> *See* S. 218.12, F.S.; Art. VII, s. 3, Fla. Const., allowing the Legislature to appropriate money to offset the tax revenue lost as a direct result of an ad valorem tax exemption for real property dedicated in perpetuity for conservation purposes, including perpetual conservation easements or by other perpetual conservation protections, as defined by general law. *See also* ss. 218.131 and 197.318, F.S., allowing the Legislature to offset the tax revenue lost due to the abatement of taxes for certain residences due to specified hurricanes.

<sup>18</sup> DOR, *Fiscally Constrained Counties*, <http://floridarevenue.com/property/Documents/fcco081210.pdf> (last visited Mar. 7, 2019).

Section 1. Amends s. 195.022, F.S., requiring DOR to pay costs to provide aerial photographs and nonproperty ownership maps to fiscally constrained counties and defining “fiscally constrained county.”

Section 2. Provides an effective date of July 1, 2019.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

None.

2. Expenditures:

The bill will increase DOR expenditures to pay the costs to procure aerial photographs and nonproperty ownership maps for qualifying fiscally constrained counties.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

### **D. FISCAL COMMENTS:**

The bill will have a positive fiscal impact on eligible counties with populations over 25,000 that no longer have to obtain aerial photographs and nonproperty maps at their own expense.

## **III. COMMENTS**

### **A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds; reduce the authority that counties or municipalities have to raise revenue in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

### **B. RULE-MAKING AUTHORITY:**

The bill neither provides authority nor requires rulemaking by executive branch agencies.

### **C. DRAFTING ISSUES OR OTHER COMMENTS:**

The bill defines “fiscally constrained counties” but a similar definition already exists under s. 218.67(1), F.S. The section will have to be amended each time s. 218.67(1), F.S., is amended if the definitions are intended to be identical.

#### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**