

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 417 Property Appraisers
SPONSOR(S): Ways & Means Committee, Fernandez-Barquin
TIED BILLS: IDEN./SIM. **BILLS:** HB 119

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	16 Y, 2 N, As CS	Davis	Aldridge
2) Local Administration & Veterans Affairs Subcommittee	16 Y, 1 N	Darden	Miller
3) State Affairs Committee			

SUMMARY ANALYSIS

Each county in Florida has its own Value Adjustment Board (VAB) which are independent boards that hear petitions from taxpayers regarding disputes between taxpayers and property appraisers. These disputes may relate to the property appraiser’s determinations on value, tax exemption, property classification, and portability assessment difference transfers. VAB petitions are heard by special magistrates, who make recommendations to the board after hearing a petition. The VAB will consider the recommendations of the special magistrate when issuing its written decision on the petition. Taxpayers may appeal decisions of the VAB by bringing an action in circuit court pursuant to s. 194.171, F.S. Property appraisers may appeal decisions of the VAB to circuit court if one or more of the following criteria are met:

- The property appraiser asserts that there is a specific constitutional or statutory violation, or specific violation of administrative rules, in the decision of the board;
- There is a variance from the property appraiser’s assessed value in excess of specified amounts; or
- The property appraiser submits an assertion to the Department of Revenue that there exists a consistent and continuous violation of the intent of the law or administrative rules by the VAB in its decisions, and the Department is in agreement with the property appraiser after conducting its own investigation.

Property appraisers are authorized to challenge VAB decisions that result in a variation from the property appraiser’s assessed value in excess of various amounts. This bill increases the variance percentages which must be met in order for a property appraiser to challenge a VAB decision in circuit court to the following amounts:

- From 15 to 25 percent variance from any assessment of \$50,000 or less;
- From 10 to 20 percent variance from any assessment in excess of \$50,000 but not in excess of \$500,000;
- From 7.5 to 17.5 percent variance from any assessment in excess of \$500,000 but not in excess of \$1,000,000; or
- From 5 to 15 percent variance from any assessment in excess of \$1,000,000.

The Revenue Estimating Conference (REC) estimated the provisions of the bill to have a recurring annual revenue impact of -\$1.3 million on local government revenues (-\$0.5 million school taxes; -\$0.8 million non-school taxes) starting in FY 2022-23.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Value Adjustment Boards

Value Adjustment Boards (VABs) are independent boards created by chapter 194, F.S. to accept and process petitions relating to disputes between taxpayers and the property appraiser. Taxpayers may petition the VAB to appeal a property appraiser's determinations on value, tax exemptions, property classifications, and portability assessment difference transfers.¹ Taxpayers may also file petitions appealing a tax collector's determinations on tax deferrals and associated penalties. Each county has their own VAB, and each board consists of two county commissioners, one school board member, and two citizen members (one who owns homestead property in the county, appointed by the county governing body, and one who owns a business and occupies commercial space in the school district, appointed by the school board).² Hearings at the VAB are conducted by independent appraisers and attorneys who are hired by the VAB to sit as special magistrates to hear and make recommendations to the VAB concerning the petitions filed.³ Unless a petition is withdrawn by the petitioner or is acknowledged as correct by the property appraiser, the VAB is required to render a written decision.⁴ This decision must contain findings of fact and the recommendations of the special magistrate shall be considered by the board.

To appeal decisions of the VAB, taxpayers may bring an action in circuit court to contest a tax assessment pursuant to s. 194.171, F.S.⁵ In order for property appraisers to appeal decisions of the VAB to the circuit court, one or more of three criteria must be met:

- The property appraiser asserts that there is a specific constitutional or statutory violation, or specific violation of administrative rules, in the decision of the VAB;
- There is a variance from the property appraiser's assessed value in excess of specified amounts; or
- The property appraiser submits an assertion to the Department of Revenue that there exists a consistent and continuous violation of the intent of the law or administrative rules by the VAB in its decisions. If the Department finds upon its investigation that a consistent and continuous violation of the intent of the law or administrative rules by the VAB has occurred, the property appraiser may thereupon bring suit in circuit court against the VAB for injunctive relief.⁶

Property appraisers may not utilize appeals from the VAB to challenge the validity of any portion of the constitution or of any duly enacted legislative act of Florida.⁷

Property appraisers may challenge VAB decisions in circuit court that result in a variation from the property appraiser's assessed value in excess of the following amounts:

- 15 percent variance from any assessment of \$50,000 or less;
- 10 percent variance from any assessment in excess of \$50,000 but not in excess of \$500,000;
- 7.5 percent variance from any assessment in excess of \$500,000 but not in excess of \$1,000,000; or
- 5 percent variance from any assessment in excess of \$1,000,000.⁸

These variance amounts have been in effect since enacted by the Legislature in 1976.⁹

¹ See 194.032(1)(a), F.S.

² S. 194.015, F.S.

³ S. 194.035(1), F.S.

⁴ S. 194.034(2), F.S.

⁵ S. 194.036(2), F.S.

⁶ S. 194.036(1), F.S.

⁷ S. 194.036(1)(a), F.S.

⁸ S. 194.036(1)(b), F.S.

Effect of Proposed Changes

The bill increases the variance percentages which must be met in order for a property appraiser to challenge a VAB decision in circuit court to the following amounts:

- 25 percent variance from any assessment of \$50,000 or less;
- 20 percent variance from any assessment in excess of \$50,000 but not in excess of \$500,000;
- 17.5 percent variance from any assessment in excess of \$500,000 but not in excess of \$1,000,000; or
- 15 percent variance from any assessment in excess of \$1,000,000.

B. SECTION DIRECTORY:

Section 1: Amends s. 194.036, F.S., relating to the circumstances in which property appraisers may appeal decisions of the VAB.

Section 2: Provides an effective date of July 1, 2022.

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 (REC) estimated the provisions of the bill to have a recurring annual revenue impact of -\$1.3 million on local government revenues (-\$0.5 million school; -\$0.8 million non-school) starting in FY 2022-23.

2. Expenditures:

The bill may have a positive fiscal impact on local government expenditures to the extent the number of VAB appeals filed by property appraisers are reduced.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, s. 18 of the Florida Constitution may apply because this bill reduces ad valorem tax revenues to the extent property appraisers are prohibited

from appealing decisions of the VAB. However, an exemption may apply if the fiscal impact of the bill is insignificant.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

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

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On February 9, 2022, the Ways & Means Committee considered a proposed committee substitute and reported the bill favorably as a committee substitute. The committee substitute differs from HB 417 in that it removes a provision amending s. 193.011, F.S., relating to the criteria the property appraiser shall take into account in arriving at just valuation.

The analysis is drafted to the committee substitute as passed by the Ways & Means Committee.