

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 Finance and Tax

BILL: SB 216

INTRODUCER: Senator Hooper

SUBJECT: Tax Collections

DATE: February 7, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hackett</u>	<u>Ryon</u>	<u>CA</u>	Favorable
2.	<u>Shuler</u>	<u>Khan</u>	<u>FT</u>	Pre-meeting
3.	_____	_____	<u>AP</u>	_____

I. Summary:

SB 216 makes various changes to local governments' tax collection administration. The bill:

- Removes a \$10 processing fee associated with partial payment of current year taxes;
- Requires that tax collectors include properties subject to federal bankruptcies, properties in which the taxes are below the minimum tax bill, and properties assigned to the list of lands available for taxes in their report on tax collections submitted annually to the board of county commissioners; and
- Clarifies the status of a tax certificate following cancellation of a tax deed application.

The bill takes effect July 1, 2024.

II. Present Situation:

Partial Payment of Current Year Taxes

Each year, property tax bills are mailed in November for assessments made the previous January 1, and payment is due by March 31.¹ Taxes are typically considered delinquent on April 1.² At their own discretion, a tax collector may accept one or more partial payments of current year taxes and assessments on real or tangible personal property prior to the date of delinquency.³ Each partial payment is credited to the associated tax account, less a \$10 processing fee.⁴ Partial payments are not eligible for certain discounts, and do not affect the property owner's responsibility to pay taxes in full by their delinquency date.⁵

¹ Sections 197.322 and 197.333, F.S.

² If the tax notice is mailed late, the date of delinquency is 60 days after mailing of the notice. Section 197.333.

³ Section 197.374(2), F.S.

⁴ Section 197.374(3), F.S.

⁵ Section 197.374, F.S.

The Florida Tax Collectors Association has indicated that, following Hurricane Michael (October 2018) tax collectors began waiving the \$10 fee in an effort to help taxpayers affected by natural disasters.⁶

Tax Certificate Sales

A tax certificate is a financial instrument representing the value of unpaid delinquent taxes and assessments, with associated costs and charges, issued against a parcel and sold thereafter at auction.⁷ The tax certificate sale serves to reduce interest on unpaid taxes, from 18 percent to as low as 5 percent, in exchange for the local government collecting its expected tax roll.⁸ The tax certificate is held as a lien on the property in the amount of unpaid taxes due, and is fulfilled when the unpaid taxes, assessments, costs, charges, and interest are paid by the person redeeming the tax certificate.⁹ Two years after a tax certificate is sold, the certificate holder may apply for a tax deed.¹⁰ A tax certificate expires after 7 years, unless it is subject to a tax deed application or other administrative or legal proceeding such as bankruptcy.¹¹

Errors and Insolvencies Report

Within 60 days after the tax certificate sale is adjourned, tax collectors are required to submit an errors and insolvencies report to the board of county commissioners.¹² This report must show the discounts, errors, double assessments, and insolvencies relating to tax collections in which credit is to be given.¹³ This report serves to explain discrepancies between expected and actual tax revenue.

Tax Deed Application

Two years after the April 1 of the year of the issuance of a tax certificate, the certificateholder may apply for a tax deed.¹⁴ This brings into motion a process through which the property will ultimately be sold by the county in order to cover unpaid taxes.¹⁵ Applying for a tax deed requires the certificateholder to pay to the tax collector all amounts required for redemption or purchase of all outstanding tax certificates, as a new certificate can be produced for each year's unpaid taxes, alongside associated costs, taxes, and interest, and any outstanding delinquent or current year taxes.¹⁶ This application therefore redeems or collects tax certificates other than the one on which the tax deed application was based, and the property comes subject to a single tax certificate lien.

⁶ OFF. OF ECON. & DEMOGRAPHIC RSCH., *Revenue Estimating Conference Impact Results: SB216/HB113*, 29-30 (Nov. 17, 2023), available at <http://edr.state.fl.us/content/conferences/revenueimpact/archives/2024/pdf/impact1117.pdf> (last visited Jan. 29, 2024).

⁷ Section 197.102(1)(f), F.S.

⁸ See generally sections 197.172, 197.432, and 197.472 F.S.

⁹ Sections 197.432 and 197.472, F.S.

¹⁰ Section 197.502(1), F.S.

¹¹ Section 197.482, F.S.

¹² Section 197.492, F.S.

¹³ *Id.*

¹⁴ Section 197.502(1), F.S.

¹⁵ See generally section 197.502, F.S.

¹⁶ Section 197.502(2), F.S.

After application for tax deed, the county clerk notifies the applicant of the costs required to bring the property to sale. These costs include property information searches, mailing and advertising costs, and resale costs. If the certificateholder-applicant fails to pay these costs within 30 days after notice from the clerk, the tax collector must cancel the tax deed application.¹⁷ All taxes and costs associated with the canceled tax deed application earn interest at the bid rate of the certificate on which the tax deed application was based, and the property is listed as land “available for taxes,” and taxed normally thereafter.¹⁸

III. Effect of Proposed Changes:

Section 1 amends s. 197.374, F.S., to remove a \$10 processing fee associated with partial payment of current year taxes.

Section 2 amends s. 197.492, F.S., to require that tax collectors include properties subject to federal bankruptcies, properties in which the taxes are below the minimum tax bill, and properties assigned to the list of lands available for taxes in their report on tax collections submitted annually to the board of county commissioners.

Section 3 amends s. 197.502, F.S., to clarify that, upon cancellation of a tax deed application due to failure to pay costs to bring the property to sale, the tax certificate on which the canceled tax deed application was based shall earn interest at the original bid rate of that certificate and remain inclusive of other taxes and costs paid associated with bringing the application. This change appears clarifying and not substantive in nature.

Section 4 provides that the bill takes effect July 1, 2024.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18(b) of the Florida Constitution provides that except upon the approval of each house of the Legislature by a two-thirds vote of the membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. The mandate requirement does not apply to laws having an insignificant impact, which for Fiscal Year 2024-2025 is forecast at approximately \$2.3 million.

The Revenue Estimating Conference estimated that the bill provisions will have a negative indeterminate impact on local government revenues in Fiscal Year 2024-2025.¹⁹ Therefore, the mandates provision likely does not apply.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ OFF. OF ECON. & DEMOGRAPHIC RSCH., *Revenue Estimating Conference Impact Results: SB216/HB113*, 29-30 (Nov. 17, 2023), available at http://edr.state.fl.us/content/conferences/revenueimpact/archives/2024/_pdf/impact1117.pdf (last visited Jan. 29, 2024).

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

Article VII, s. 19 of the Florida Constitution requires that legislation that increases or creates taxes or fees be passed by a 2/3 vote of each chamber in a bill with no other subject. The bill does not increase or create new taxes or fees. Thus, the constitutional requirements related to new or increased taxes or fees do not apply.

E. Other Constitutional Issues:

None identified.

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

The Revenue Estimating Committee adopted a negative indeterminate impact based on the permanent removal of fees for partial payment of current year taxes.²⁰

B. Private Sector Impact:

Parties will permanently cease payment of the \$10 processing fee associated with partial payment of current year taxes.

C. Government Sector Impact:

Local governments will permanently cease collection of the \$10 processing fee associated with partial payment of current year taxes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends sections 197.374, 197.492, and 197.502 of the Florida Statutes.

²⁰ *Id.*.

IX. Additional Information:

- A. **Committee Substitute – Statement of Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
