

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: January 8, 1998 Revised: _____

Subject: Ad Valorem Tax Assessment on Agricultural Land

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Akhavein</u>	<u>Poole</u>	<u>AG</u>	<u>Favorable</u>
2.	<u>_____</u>	<u>_____</u>	<u>CM</u>	<u>_____</u>
3.	<u>_____</u>	<u>_____</u>	<u>WM</u>	<u>_____</u>
4.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
5.	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

I. Summary:

Currently, county property appraisers use one-year data to assess classified agricultural land for taxation. When using one-year data, there are often extreme fluctuations in the year-to-year tax obligations of agricultural land owners, causing inequities to exist. This bill would prevent periodic spikes in agricultural land assessments by requiring property appraisers to rely on 5-year moving average data when using the income methodology approach to assessing agricultural lands and applies the 5-year moving average provision uniformly to all agricultural commodities.

This bill amends section 193.461, Florida Statutes.

II. Present Situation:

Article VII, Section 4(a) of the Florida Constitution provides that agricultural land may be classified by general law and assessed solely on the basis of character or use. Accordingly, s. 193.461, F.S., requires county appraisers to use one-year data in the assessment of agricultural land. Property appraisers are required to assess land based solely on its agricultural use according to the following factors:

- The quantity and size of the property;
- The condition of the property;
- The present market value of the property as agricultural land;
- The income produced by the property;
- The productivity of land in its present use;
- The economic merchantability of the agricultural product; and
- Such other agricultural factors as may from time to time become applicable.

When using one-year data for assessment purposes, there are often extreme fluctuations in the year-to-year tax obligations of agricultural land owners, causing inequities to exist. The Commissioner of Agriculture appointed an Ad Valorem Agriculture Land Tax Task Force to examine the present Greenbelt Law and the Department of Revenue's guidelines regarding agriculture land assessment to ensure against annual spikes in assessments. Its mission was to recommend legislation to ensure fair and equitable uniform assessment procedures for agriculture lands. Included in the task force meetings were the Department of Agriculture and Consumer Services, the Department of Revenue, the Legislature, County Property Appraisers, and representatives of Florida's agricultural community.

III. Effect of Proposed Changes:

Section 1. Amends s. 193.461, F.S., to require county property appraisers to use the 5-year moving average data when using the income methodology approach to assessing agricultural lands and applies the 5-year moving average provision uniformly to all agricultural commodities.

Section 2. Provides that this act shall take effect upon becoming a law, and shall first apply to assessments effective January 1, 1999.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

While the bill does not reduce taxes, classified agricultural landowners could expect each of their tax years to be more uniform in cost from year to year. Such a benefit allows agricultural landowners to budget for their businesses more accurately and efficiently.

B. Private Sector Impact:

Improved year-to-year stability of tax obligations would result in better control of agricultural businesses and investments.

C. Government Sector Impact:

The Department of Revenue would need to promulgate guidelines for county property appraisers to use 5-year moving average data to assess classified agricultural land.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
