

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1797 (PCB LGV 03-03) Ground Rents for Leased Governmental Property
SPONSOR(S): Local Government & Veterans' Affairs
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Government & Veterans' Affairs</u>	<u>17 Y, 0 N</u>	<u>Highsmith-Smith</u>	<u>Highsmith-Smith</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

This bill provides a method by which governmental entities may undertake the collection of ground rent from landowners through the levy of maintenance special assessments pursuant to general law.

This bill has no effect on the state budget. The bill may assist some local governments leasing ground, to collect the rent in a more cost-efficient and determinable fashion.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1797.lgv.doc
DATE: March 31, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. EFFECT OF PROPOSED CHANGES:

This bill provides a method by which governmental entities, with a contract between the landowners and the governmental entity, may undertake the collection of ground rent from landowners through the levy of maintenance special assessments pursuant to general law.

The bill authorizes the boards of community development districts to include amounts due governmental entities for leased ground, pursuant to a contract, as part of the maintenance special assessment.

Current law authorizes community development districts and the governing boards of such districts to exercise various powers. Among them, the power to determine, order, levy, impose, collect, and enforce special assessments pursuant to chapter 190, F. S., and chapter 170, F.S. Such special assessments may, in the discretion of the district, be collected and enforced pursuant to the provisions of ss. 197.3631, 197.3632, and 197.3635, or chapter 170, F.S. Districts are also authorized:

to hold, control, and acquire by donation, purchase, or condemnation, or dispose of, any public easements, dedications to public use, platted reservations for public purposes, or any reservations for those purposes authorized by this act and to make use of such easements, dedications, or reservations for any of the purposes authorized by this act.

Section 190.021, F.S., provides that maintenance special assessments entered by the property appraiser on the county tax rolls are collected and enforced by the tax collector in the same manner as county taxes. However district boards may, in their discretion, use other collection methods authorized by law. Maintenance special assessments become a lien on the property and are enforceable as are county taxes.

Section 197.3631, F. S., contains general provisions regarding the collection of non-ad valorem assessments. This section states that such a collection may be made by any method authorized by law including the uniform collection method described in s. 197.3632, F.S.

Section 197.3632, F. S., outlines the uniform method for the levy, collection and enforcement of non-ad valorem assessments. Under this method a local government may enter into a written agreement with the tax collector and the property appraiser. The agreement then provides that the special assessment will appear on the property owner's regular tax bill. Under this method, the special assessment is collected using the same method as the ad valorem property tax and non-payment of the special assessment is subject to the same collection provisions as the ad valorem property tax.

Chapter 170, F. S., authorizes special assessments against property deemed to be benefited by local improvements, as provided by s. 170.02, F.S., to be assessed upon the property specially benefiting by

the improvements in proportion to the benefits derived. The special benefits are to be determined and prorated according to the foot frontage of the respective properties specially benefiting from the improvement or by other method(s) prescribed by the governing body.

Landowner, by definition contained in s. 190.003(13), F.S., means the owner of a freehold estate as appears by the deed record, including a trustee, a private corporation, and an owner of a condominium unit; it does not include a reversioner, remainderman, mortgagee, or any governmental entity, who shall not be counted and need not be notified of proceedings under this act. Landowner shall also mean the owner of a ground lease from a governmental entity, which leasehold interest has a remaining term, excluding all renewal options, in excess of 50 years.

C. SECTION DIRECTORY:

Section 1 – Amends s. 190.011 (7), F. S., to authorize the collection of ground rent due a governmental entity, through maintenance special assessments pursuant to s. 190.021 (3), F.S., when contract with governmental entity exists.

Section 2 – Amends s. 190.021 (3), F. S., to allow boards of community development districts to include in the maintenance special assessment, pursuant to a contract with a governmental entity, the amounts of ground rent due each year by the district on behalf of the governmental entity; and allows discretion of board to use other authorized method of collection.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Governmental entities having contracts with community development district(s) for ground rent due the governmental entity, may experience more predictable, cost-effective and efficient collections of those rents.

2. Expenditures:

Under the uniform method for the levy, collection, and enforcement of non-ad valorem assessments prescribed by s. 197.3632, F.S., the tax collector at his or her option must be compensated for the collection of non-ad valorem assessments based on the actual cost of collection, whichever is greater. However, a municipal or county government shall only compensate the tax collector for the actual cost of collecting non-ad valorem assessments.

Pursuant to s. 192.091, F.S., property appraisers and tax collectors are entitled to payments for services, the amount of which are dependent on the officer providing the service and/or the amounts of special assessments collected and remitted.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Affected persons or tenants of a community development district, where the district has entered into a contract with a governmental entity to lease land on which the CDD has established or intends to

establish structures, may experience more predictable collections through the maintenance special assessment. Since maintenance special assessments become a lien on the property when unpaid, tenants or affected persons should be alert to this new authorization.

D. FISCAL COMMENTS:

Those local governing entities having or that will have ground rent contracts with community development districts may experience increased and stable collections of these rents.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

B. RULE-MAKING AUTHORITY:

N/A

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

None.

Other Comments

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.