

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** PCB GEAC 08-27 Department of Revenue  
**SPONSOR(S):** Government Efficiency & Accountability Council  
**TIED BILLS:** **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
<b>Orig. Comm.:</b> Government Efficiency & Accountability Council		Fox/Dykes	Cooper
1) _____	_____	_____	_____
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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**SUMMARY ANALYSIS**

The Certification Trust Fund is used to pay expenses associated with the Department of Revenue's (department) duties to upgrade assessment and collection skills for local government officials at training schools and programs. This bill expands the authorized uses of the Certification Trust Fund to include payment of salaries and benefits of department employees whose duties are directly associated with conducting training schools.

The department is required by statute to provide aerial photographs every three years to all sixty-seven county property appraisers to insure that all properties are listed on the tax roll. The department currently pays all expenses associated with providing these aerial photographs. This bill requires counties with populations of more than 25,000 to bear the expense of obtaining aerial photographs and authorizes the department to impose a fee on these counties equal to the cost of obtaining the photographs. The department will continue to pay for aerial photographs for the counties that have a population of 25,000 or less.

The department is currently required to provide mapping grants to counties that need to convert their manual maps to digital form in order for the counties to take advantage of the Geographic Information System. This bill eliminates state funding for mapping grants to counties that have not converted their maps to digital form.

The department is currently required to provide copies of property tax forms, at no charge, to counties with a population of 100,000 or less. This bill eliminates the requirement for the department to provide property tax forms to those counties.

It is estimated that this bill will have a significant positive net fiscal impact on the General Revenue Fund. The recurring positive fiscal impact in Fiscal Year 2008-2009 is \$1.3 million. It will have a negative impact on the Certification Trust Fund of \$200,000.

This bill will be a negative fiscal impact on certain counties totaling approximately \$1.1 million in FY 2008-09.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes – This bill eliminates state funding associated with mapping grants and tax forms for the counties, and eliminates the majority of state funding for aerial photography for counties. This will result in a positive impact on General Revenue. The fund shift to the Certification Trust Fund will also result in a positive impact on General Revenue.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Certification Program Trust Fund**

The Certification Program Trust Fund was created in 1990 in s.195.002, F.S. This trust fund was formed for the purpose of paying expenses pertaining to the Department of Revenue's (department) duty to upgrade assessment and collection skills for local government officials at training schools and programs. The trust fund may be used to pay reasonable expenses incurred by the department for hiring instructors, travel, office operations, certificates of completion, badges or awards, and food service incidental to conducting such schools. Monies deposited into the trust fund are obtained from tuition and fees collected from those who register for the various certification courses offered by the department.<sup>1</sup>

This bill expands the authorized uses of the Certification Trust Fund to include payment of salaries and benefits of department employees whose duties are directly associated with conducting training schools. Currently, there are 3 FTE directly related with these schools in the Property Tax Oversight Program that are being funded from General Revenue. With this statutory modification and fund shift, the Certification Program Trust Fund will pay for the salaries and benefits of these 3 FTE.

##### **Aerial Photography**

Section 195.022, F.S., requires the department to provide aerial photographs and non-property ownership maps every three (3) years to all sixty-seven (67) county property appraisers to insure that all properties are correctly listed on the county tax rolls. The counties rely on the use of aerial photography for discovery, location, and identification of property characteristics. In order to meet the statutory obligation of providing these photographs for the counties, the department contracts for aerial photography services for a minimum of 22 counties each year. The department currently has eleven qualified aerial vendors under a five year contract to fly and produce large-scale digital ortho-photography. Ortho-photography is digital imagery in which distortion from the camera angle and topography of the ground have been removed, thus equalizing the distances represented on the photo image. The department has a current appropriation of \$1,326,266 in General Revenue to pay all expenses associated with providing aerial photographs to the counties.

This bill requires counties with populations of more than 25,000 to bear the expense of obtaining aerial photographs and authorizes the department to impose a fee on these counties equal to the cost of obtaining the photographs. Those fifty counties would have to pay for the cost of the aerial photography service before the photographs are created. Payments by the counties will be deposited into the Certification Program Trust Fund. The department will continue to appropriate \$450,000 in General Revenue to pay for aerial photographs for counties with a population less than 25,000. As of April 1, 2007, there are 17 counties with a population under 25,000<sup>2</sup>. The counties are Bradford, Baker,

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<sup>1</sup> Correspondence by Department of Revenue – received by email March 19, 2008 on file with the Government Efficiency & Accountability Council

<sup>2</sup> Bureau of Economic and Business Research

Calhoun, Dixie, Franklin, Gilchrist, Glades, Gulf, Hamilton, Holmes, Jefferson, Lafayette, Liberty, Madison, Taylor, Union, and Washington.

### **Mapping Grants**

The Mapping Grants Program was established in 1999 to assist counties with converting their manual maps to digital form. Only counties with large tax bases could afford to convert their maps and take advantage of Geographic Information System (GIS) integrated with their map and appraisal systems. The GIS is a system that captures, stores, analyzes, and manages geographical information data such as identifying wetlands or undeveloped property. It is used also to identify all parcels and structures along with the meets and bounds in a digital environment.

Smaller counties with limited resources have taken advantage of this program and currently have functional digital parcel maps that are being utilized within their property appraisal process. Currently, most counties have completed all of their mapping to digital form.<sup>3</sup> At this time, only four counties have not fully converted their maps to the GIS. Those counties are Franklin, Polk, Putnam, and Suwannee.<sup>4</sup> The grant award is a 50% cost share not to exceed \$75,000 per year for outsourcing the digital conversion or to upgrade the accuracy of their digital maps. Grant money cannot be used for hardware or software.

This bill eliminates state funding for mapping grants for the remaining counties that have not fully converted their maps to the GIS system (Franklin, Polk, Putnam, and Suwannee). These counties will have to pay the full expense of converting their maps to the GIS system. The cost of converting their maps to digital varies due to the size of the counties. However, the cost is at least \$50,000 per county to convert to digital.

### **Property Tax Forms**

In 1970, the department was given the oversight responsibility for property tax administration and the responsibility to provide all property tax forms to the sixty-seven counties. In the 2003 Special Session, the Legislature passed a bill requiring all counties over 100,000 to reproduce property tax forms at their own expense. Currently, the department provides copies of all the tax forms, at no charge, to counties with a population of 100,000 or less. All counties may currently access and print these forms off the department's website.

This bill amends s. 195.022, F.S., to eliminate the requirement for the department to provide forms, at no cost, to counties with a population of 100,000 or less. These counties will now have access and may print these forms directly off the department's website. The other option that the county has is that they may receive a hard copy of the form from the department. The cost varies by form ranging from \$0.02 - \$0.79 per copy. The counties would have to pay the cost upfront before receiving the forms.

#### **C. SECTION DIRECTORY:**

- Section 1. Amends s. 195.002, F.S., to allow the Certification Trust Fund to pay for salaries and benefits.
- Section 2. Amends s. 195.022, F.S., to eliminate funding for tax forms for counties with a population of 100,000 or less; eliminate funding for mapping grants to all counties; eliminate funding for aerial photography for counties with a population of 25,000 or more.
- Section 3. Amends s. 195.087, F.S., to require counties to pay costs related to aerial photography provided by the department.
- Section 4. Provides an effective date of July 1, 2008.

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<sup>3</sup> Meeting with Department of Revenue – March 18, 2008.

<sup>4</sup> Meeting with Department of Revenue – March 18, 2008.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: The positive impact on General Revenue is estimated as follows:

Fund Shift to the Certification Trust Fund	\$ 200,000
Reduction of Funding for Aerial Photography	\$ 876,266
Elimination of Funding for Mapping Grants	\$ 75,000
Elimination of Funding for Tax Forms	<u>\$ 105,000</u>
Total	\$1,256,266

2. Expenditures: The negative impact on trust funds is estimated as follows:

Certification Trust Fund	\$ 200,000
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### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None

2. Expenditures:

The counties with a population over 25,000 must pay in advance the costs associated with the aerial photography services. The cost for the counties would be approximately \$876,266 per year.

Franklin, Polk, Putnam, and Suwannee counties would pay the full cost of converting their maps to the GIS system. Their expense would vary due to size but would be at least \$50,000 per county.

All counties must pay for copies of tax forms. Their expense would be the cost of printing out the tax form at their respective office or pay upfront to the department for copies of the forms. The cost of the forms ranges from \$0.02 - \$0.79 per copy.

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 mandates provision of Article VII, subsection 18 (a) may apply because certain counties will be required to make expenditures for forms and aerial photographs; however, if it is determined that this bill constitutes a mandate, an exemption would apply because county expenditures are insignificant (less than \$1.9 million annually).

2. Other: None

B. RULE-MAKING AUTHORITY: None

C. DRAFTING ISSUES OR OTHER COMMENTS: None

D. STATEMENT OF THE SPONSOR: Not applicable.

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

N/A