

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Tax, Interest, Penalties - Homestead Fraud

Bill Number(s): PCS/HB 903

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2017 – Subject to additional action

Date of Analysis: 3/30/2017

Section 1: Narrative

- a. Current Law:** there is no statutory provision providing for outside contractors to conduct examinations of Homestead parcels for purposes of identifying homestead fraud providing from payment to the contractor to come from recovered taxes, penalty and interest.

Section 196.161 provides that upon a determination by the property appraiser that for any year or years within the previous 10 years a person was not entitled to a homestead exemption was granted a homestead exemption, notice shall be given and any property owned by the that person in the county shall be subject to the taxes exempted, thereby, plus a penalty of 50% of the unpaid taxes and 15% interest per annum.

- b. Proposed Change:** Creates section 196.1611 to create a Central Florida Homestead exemption fraud Detection Pilot Program. Provides that by October 1, 2017, property appraisers for Orange, Osceola, and Seminole Counties each may conduct an audit of homestead tax exemptions claimed on the exemption roll. Provides certain criteria for the audit. Further provides that if a property appraiser finds that more than 5 percent of the property owners claiming the exemption were not entitled to the exemption, the property appraiser may then request the county commission to contract for services to conduct a full examination and audit of the homestead exemptions claimed on the assessment roll.

Provides that an agreement for contracted services for homestead exemption examination services shall specify that the contractor may not exceed 25% of the back taxes, penalty and interest imposed that are collected on any assessment made as a result of the contractor's examination or audit.

Provides that claimed exemptions may be disallowed and removed from the tax rolls under this section for no more than the previous 5 years.

Provides section 196.1611 expires on September 30, 2019.

Amends section 196.161(1)(b) to provide that the property appraiser shall immediately certify to the county tax collector the additional assessment for each year that the owner was not entitled to the exemption and shall provide the owner the same information. The tax collector may provide the notice to the owner by US postal service to the address of record and shall serve upon the owner a notice of intent to record in the public record the of the county a notice of tax lien against any property owned by that person in the county.

Provides that the tax lien shall be filed for the taxes, penalties, fees and interest that remain unpaid until the taxes, penalties, fees and interest are paid in full.

Provides that except when the property appraiser makes a clerical error or improperly grants a homestead exemption, the taxes, penalties, fees, and interest assessed pursuant to this section that are not paid in full shall be included in the next tax notice and shall be collected in the same manner as, and in addition to, the current ad valorem taxes under chapter 197, including the annual tax certificate sale when appropriate.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

As participation in the pilot program is voluntary, the impact of the pilot program is indeterminate. The impact of the pilot program is negative due to the limitation of the lookback period under the pilot program to 5 years while current law allows for 10 years.

If the changes to s.191.161 result in the outstanding amounts being included in a tax certificate sale, it may result in an indeterminate positive if the sales of the tax certificate results in generating revues for the affected taxing authorities prior to when they might have been received under the current lien process.

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Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			0	indeterminate		
2018-19			indeterminate	indeterminate		
2019-20			indeterminate	indeterminate		
2020-21			indeterminate	indeterminate		
2021-22			indeterminate	indeterminate		

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 03/31/2017): The Conference adopted a positive indeterminate impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	0.0	0.0	0.0	0.0	**	0.0	**
2018-19	0.0	0.0	0.0	0.0	**	**	**	**
2019-20	0.0	0.0	0.0	0.0	**	**	**	**
2020-21	0.0	0.0	0.0	0.0	**	**	**	**
2021-22	0.0	0.0	0.0	0.0	**	**	**	**