

Appendix A: Property Appraiser Survey March 2007

Responses to open-ended questions

Question: 1a. What changes would you recommend to improve the ability of Florida's property tax system to determine the just value of all property?

Resources and training

The Auditor General audits the Department of Revenue and in turn the Department of Revenue audits property appraisers, who stand between the taxpayer/property owner and these layers of government. These are the individuals that have local knowledge of their markets but who are consistently told local knowledge is not in the playbook and is not a factor in the sterile world of audits. The system is only as good as the person administering it. The Florida Department of Revenue could speak to how the system works statewide since they have the tax rolls of all property appraisers to compare.

When a Property Appraiser is permitted to disregard highest and best use (HABU) & Dept. of Revenue ignores the flawed methodology, then property is intentionally under assessed. Constitution requires assessments at just value. Valencia Center Inc., v. Bystrom - highest and best use (HABU) use was addressed and Supreme Court found that property must be assessed at highest and best use (HABU) in order to satisfy the requirement of just value. To not assess property at its highest and best use conflicts with the requirements of Article VII, Section 4 of the Constitution. It is contrary to appraisal practices used by banking and lending institutions. Violates the Uniform Standards of Professional Appraisal Practices promulgated by the Appraisal Foundation and endorsed by the United States Congress. The Department of Revenue must enforce the standards for all property.

Portability as a local option, a tax cap for all governments, first time home buyers relief

For our small rural county large outlier sales affect our percentages greatly.

Disparities between counties appear to exist due to different interpretation of statutes, office practices, staffing levels, variations in software, available funding, and unfortunately, reluctance by the Department of Revenue to aid and assist in areas of unique properties and appraisals, or in best practices for properties that are similar from county-to-county.

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Question: 1b. What characteristics do you feel contribute most to the effectiveness of Florida's property tax system regarding the just valuation of all property?

This question and others in this survey are asking me to evaluate the performance of other Property Appraisers offices throughout Florida. My answers are referring only to Pasco County. Others, like the Department of Revenue are the ones to address statewide issues. In my county we need to continue the use of the 8 criteria enumerated in FS 193.011. Department of Revenue oversight must improve to ensure all counties are following statutory guidelines.

Annual reappraisal, appraising all property at 100% of market value, requiring periodic physical inspections, the appeals process, and the Department of Revenue compliance review process, which is done every other year.

"Just Value" is defined by the courts as equivalent to "Market Value." This would be easier for the public to interpret if and for us to defend if that wording was in the statutes. This is a suggestion.

Highest and Best use.

Market value is reflected by "What most people do most of the time" in buying and selling in the market.

Local knowledge of the real estate market is critical. Using that, when the eight criteria are properly examined and resulting value conclusions are applied to the parcel population, just valuations for the majority of properties are accurate. This is the goal of mass appraisal.

The Department of Revenue oversight, including ratio studies and audits, assures equity among all counties.

The desire of the Property Appraiser and staff to insure accuracy and equity in their county assessments. The training, continuing education and certification programs both offered and required help to insure a certain degree of knowledge and understanding of the valuation process among the property appraisers and their staff. Our assessment data is posted on our web site for public use, and we have found that property owners regularly check our data for accuracy. If we have incorrect data and the property owner provides us with correct info, we make the necessary changes. Sometimes this results in a lower assessment for the owner, and sometimes it will result in a higher assessment. But regardless of the change, the data accurately reflects the property characteristics and provides for a fair assessment.

Property appraisers and staff work hard to achieve fair, equitable and uniform values. My staff and I are available to review the assessment with property owners and to make corrections when needed.

The fact that each County's Property Appraiser lives in the county and is intimately familiar with the local real estate market is the most important factor in the accuracy and effectiveness of Florida's property tax system.

Department of Revenue overview and taxpayer interaction. Dept. of Revenue reviews all the counties statewide to make sure values comply with statutory requirements. The system allows taxpayers to have input as well through the appeal process.

The assessment methodology and results are reviewed by the Department of Revenue annually (with an in depth analysis bi-annually) to ensure there is reasonable consistency from County to County.

The property appraiser's understanding that it is his job to reflect the just value on all properties using all resources available.

The annual requirement that all property is appraised as of January 1st of each year versus a multi year cycle. Also, the detail of factors that must be considered in arriving at just value as well as the requirement to inspect properties no less than every five years.

Annual assessments based on market sales and the first and eighth criteria with annual audits for compliance. Having taught Assessment Administration in several states and being on the International Board of Directors of the International Association of Assessing Officers (IAAO) gives me a unique perspective as I have seen first hand other state's assessment practices for ad valorem tax

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purposes and that experience has taught me that Florida truly has the best system in the Nation. Having said that, Florida needs continued revamping and adjustments to insure continued improvement. Florida is recognized as the standard for "Excellence in Assessments" worldwide.

Any county that meets or exceeds the current standards imposed by Department of Revenue Rules, which are subject to audit, has published an adequate tax roll. Combine this with the ability of every property owner to contest their individual property value before an impartial adjudicatory body and the results are a fair and effective tax system.

the quality education given to the Appraisers and their staff

Requirement that the three standard approaches to value; cost, market, and income, be considered. Valuation at a property's highest and best use. Of course, appraisers have differing opinions, it's an art, not a science, so any appraiser's opinion will naturally contribute to the true effectiveness of the property tax system.

Properly tracking of the market and sales of property and proper application of the three approaches to value found in the Florida Statutory eight criteria. I feel we have the necessary statutory criteria that must be considered in reaching assessments. We are audited by the Department of Revenue, who is audited by The Auditor General to make sure that we follow the eight criteria as outlined in Chapter 193, Florida Statutes, even down to considering the present use of a property. A property owner has an opportunity to discuss, protest, litigate, or appeal their assessment, should the need arise. My responsibility is to place a just value on property within my County. I do not levy taxes. Taxes are levied by the City, County, School Board and Suwannee River Water Management in my County. I, along with my staff, work very hard to insure equity among my taxpayers.

The lengths to which the property appraiser and their staff go to arrive at fair and equitable values in their respective counties. The taxpayer has ample opportunity to question the property appraiser's methodology and subsequent final value, either through informal discussions, formal Value Adjustment Board action, or through legal recourse. The fact that property appraisers are elected and separate from the taxing authorities, along with the fact that they are governed by statute, administrative rule, and case law, effectively represents the taxpayer's interest in a fair manner.

Florida's property tax system is setup to estimate the just or market value of all property using the same theories and techniques used by private appraisers working for banks or other lending institutions. The statutory criteria that must be considered by the property appraiser in making value estimates is well established and supported by a body of case law. The assessment roll produced annually by each county property appraiser is reviewed by the State of Florida Department of Revenue to determine if compliance with state law has been met. The Department of Revenue utilizes several statistical measures to determine if the assessments are both accurate and equitable and free of any systemic problems. Only when the Department of Revenue is satisfied with assessment roll product will they allow tax bills to be sent out.

The laws governing Florida's Property Tax Structure have proven to be quite effective in assisting Property Appraisers in making a determination of the just value of property. The criteria established in Florida Statutes 193.011 provides Appraisers with the factors to consider in arriving at the just value of property. These factors are consistent with standard appraisal practices. If the Property Appraiser considers all factors, a fair opinion of just value can be established.

The eight criteria, along with the appeal process of the Value Adjustment Board and the Court System.

1). Property appraisers and their staff working diligently to achieve fair, equitable and uniform values within their counties. When taxpayers have questions regarding the assessment of their property, they can meet with the property appraiser and/or staff member most familiar with their assessment and review all data and information supporting the assessment. A tremendous amount of data regarding assessments of property within the county also is provided on the internet. The property appraiser and/or staff member will always accept any additional information that property owners provide in support of a lower assessment and review it with the owner. If a mistake has been made, it will be quickly corrected. Ultimately, the vast majority of taxpayers will leave the property

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appraiser's office satisfied that their property has been fairly assessed.

Property appraisers and their staff working diligently to achieve fair, equitable and uniform values within their counties. Property appraisers have well-established statutory criteria that must be considered in reaching assessments. As constitutional officers, property appraisers function independent of the county. In that manner, they are not the "revenue generating" arm of county government. Their budgets and assessment procedures are reviewed and approved at the state level by the Department of Revenue.

Over sight by the state. Most states merely equalize millage rates rather than force/pressure the local jurisdictions to do the work. The comparatively high level of mass appraisal education among the offices doing the work is another component.

The property tax system in Florida is a market based system. There are no smoke and mirrors when it comes to arms length market sales. All property appraisers follow the same statutes and guidelines. There is nothing wrong with the property tax system as far as the property appraisers are concerned. The problem is not having checks and balances on the taxing authorities who have impacted the Florida property owner with uncontrolled spending in a bullish real estate market.

The fact that the property appraiser is guided by statutes and guidelines that mandate how property should be considered when assessing properties. Also, the property appraiser has a system in place that allows him/her to meet and discuss property values with owners. Each appraiser can present to the property owner their data concerning the assessment and the property owner can in turn present their data. The appraiser then has the opportunity to review any addition data and if a correction needs to be made it can be done without outside assistance.

The taxpayer has the ability either in the office or on the internet to review the value of each parcel of property in the entire county and the opportunity to discuss any assessment with the property appraiser.

- 1) Specific statutory criteria gives Florida's property appraisers clear directives in the valuation of real property and the administration of property value exemptions. These laws have been tested and proven over a lengthy period of time and have continued to hold up under the courts of this state.
 - 2) The Florida property valuation process is built on accepted standards that are recognized by leading academic institutes throughout the state as well as the nation.
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The elected office of Property Appraiser along with excellent training for the Appraiser and staff who are familiar and very knowledgeable with what is going on in the real estate market in their county. Current laws, rules, and the Appraisal standards that the Appraiser upholds provides for a very fair and equitable appraisal for the property owner.

1. Property Appraisers & Staff work diligently to achieve fair, equitable and uniform values within their county. Taxpayers can meet with the PA or staff to review all data and information. If a mistake is made it will be corrected quickly.
 2. Stability in the law and statutes governing assessments. PA's have well-established statutory criteria that must be considered in reaching assessments and there is a statutory presumption of correctness statute.
 3. PA's as all constitutional officers are separate and apart from the County Commissioners and their employees, function independent of the county. Their budgets are reviewed and approved at the state level by DOR, PA's have the autonomy to focus their efforts on achieving fair and equitable assessments in accordance with the statutes and constitutional requirements of just value. This "separation of powers and duties" is an important aspect in the property tax system in Florida.
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Property appraisers & staff work very hard & diligently to achieve fair, equitable and uniform values. Taxpayers have the right to meet with the property appraisers and/or staff to discuss value & are notified in mid-August with the TRIM notice.

The Property Appraiser's website is a very effective way for the taxpayer to review his value & exemptions at any time.

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Stability in the law and statutes governing assessments also contribute to the effectiveness of the property tax system in Florida.

As constitutional officers separate and apart from the county commissioners and their employees, property appraisers also function independent of the county. In that manner they are not a "revenue generating" arm of county government.

My office and staff work very diligently to achieve fair, equitable and uniform values within Madison County. We answer questions to our taxpayers regarding their assessments and try to educate them on the assessment process. We review any supporting documentation they can provide to us as well as any exemptions that they may be entitled. We have a website that provides additional information to our customers concerning values, sales information and data concerning their property. We as Property Appraisers have well-established guidelines based on Florida Statutes and Department of Revenue rules to ensure that fair and equitable assessments are maintained throughout our county. Our budgets are reviewed and approved by Department of Revenue each year. This helps us achieve fair and equitable assessments in accordance with the Florida statutes and constitutional requirement of just value.

In my opinion, the statutes clearly define the duties & responsibilities of the property appraiser & effectively gives the tax payer an avenue directly to the property appraiser & makes sure a fair & equitable assessment has been arrived at.

computer assisted mass appraisal systems, computerized mapping systems, data analysis, oversight by DOR

Most often, county property appraisers are very familiar with their respective county-both in a geographic and economic sense. The appraisers and their staff follow established guidelines and criteria, as well as working within the laws and constitution of this state. I feel the laws regarding the appraisal aspect of property taxes are stable and time-tested. Also I believe most appraisers' offices openly accept and address taxpayer concerns. It has been my experience that this usually resolves most taxpayers' concerns.

Separation of Appraisers, from the County Commission allows the Appraisers to function independently of "Revenue Generality" bodies & allows for fair & equitable assessments without regard to budgets. Stability in law gives appraisers the opportunity to provide fair & uniform values, while helping the taxpayer understand assessments & property related issues

Ad valorem taxation is the most stable of tax system for the schools and counties to generate their funding. Property appraisers are dedicated to providing fair and equitable assessments on all real and tangible property.

Not sure what you are asking. The accuracy of the system is as good as the data recorded in the public records and the people analyzing it. In Okaloosa County, I believe both are excellent.

- Application of 3 approaches to value.
- All property types assessed at the same level.
- Market value standard and consideration of highest & best use.

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**Question: 2a. What changes could be made to assure appropriate consideration of the eight factors by Property Appraisers so that the just valuation standard is applied uniformly in all counties?
Please address the following areas as applicable:**

Legal...

Department of Revenue should be given greater authority to require Property Appraisers to follow the requirement to assess all property at just value.

The 8th criterion appears to be interpreted differently among the counties. A firming of the standard would tend to equalize appraisals county-to-county. Much the same problem exists in the interpretation of highest and best use (HABU). The criteria in total have questionable relevance to TPP appraisal.

Question: Training of county management and staff

Training of the Property Appraiser in Broward County;

No opinion.

All property appraisers and appraisal staff should be required to attend International Association of Assessing Officers (IAAO) Courses 101 and 102.

Question: State oversight process

Department of Revenue needs to be trained on proper appraisal methodology.

See #1 above.

This process could be stronger and have some teeth.

Question: Other (specify)

The only reason I checked disagree was to be able to comment on this matter. Once again, I am being asked to comment on the performance or lack of performance of other offices. I don't know how they operate. I do know that my office does appropriately consider all 8 factors in order to make sure the constitutional just value is applied. Proper Department of Revenue oversight can answer the question state wide.

The question calls for a conclusion that I don't have the information or data to answer. However, the Department of Revenue has this ability.

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Question: 3a. Please provide the reasons why you believe the just value of all property statewide could still be determined without the eight factors being specified in the statutes.

These factors follow standard appraisal principles and practices.

Congress has endorsed the Appraisal Foundation which is charged with the responsibility of establishing the Uniform Standards of Appraisal Practices (USPAP), which must be followed by everyone involved in the art of appraising property, except for the paid tax reps who are not required to adhere to any standard and are not regulated even though they challenge the property appraisers values with their own estimates of just value.

Just Value has been determined to be synonymous with Market Value by the FL Supreme Court. There is an abundant body of appraisal knowledge to provide direction to arrive at market value. However, the specificity to which the 8 factors address considerations of Just Value help significantly.

Just value has been determined by the courts to be the market value. The eight criteria are in the statutes but just value/market value are still available by using proper appraisal methodology.

There are International Association of Assessing Officer (IAAO) standards which should be followed.

Florida courts have defined "just value" to be synonymous with fair market value. The appraisal industry definition of fair market value mandates a willing buyer, willing seller, reasonable exposure on the market, etc., so there should be no reason to intentionally value at less than just (fair market) value.

I don't believe that just value is dependent upon the factors being dictated by statute. Appraisal standards would dictate that we arrive at just/market value

Property appraisers would still follow procedures to value property as would a fee appraiser. There is the three approaches to value as in any appraisal. So I believe property appraisers could determine value. I think it would be unfair for us to answer questions on anything pertaining to statewide or outside our respective county

By using professional appraisal standards and practices

With the exception of the 8th criteria, the other seven are also followed by independent fee appraisers. We still have the appeal process, and the court system for taxpayers, who feel their property is not assessed at just value. Even if the eight criteria were not in the statutes, this would still be what an appraiser would consider if the law still required them to assess at market, just, value. This current process has stood the test of time, through strong and weak real estate markets. The only difference between this and the last boom market, was in the 1970's when appraisers were ordered to reassess, the law mandated a roll back rate in the millage, this kept locals districts from greatly increasing revenue every year.

So long as the purpose of the appraisal is defined , e.g. just value = HIGHEST AND BEST USE (HABU). (see FS192.011)

Due to sales comparison, cost approach and income approach.

Using standard appraisal techniques.

"Just Value" as synonymous with "Market Value" is well defined in appraisal literature and in appraisal court decision throughout the United States The "standard" for which Florida's Property Appraisers are held accountable should be unambiguously clear to all, as is the definition of "Fair Market Value" and the Uniform Standards of Appraisal Practices (USPAP) to which all private appraisers are held. Our existing laws are sustainable, as evidenced by the many years they have sustained many challenges.

With the exception of the first and eighth criteria, the statute is based on generally accepted appraisal standards adopted by the Appraisal Institute and the Appraisal Foundation.

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Question: 3b. Please provide the reasons why you believe the just value of all property statewide could not be determined without the eight factors being specified in the statutes.

Just value is based on the "Appraisal Process" and these 8 factors must be considered during the appraisal process. The three standard approaches to value must take into consideration these eight criteria in order to arrive at a determination of Fair Market Value.

The eight factors are all used in reaching an opinion of the fair market value of property. Without the criteria, the property appraisers' and the taxpayers' ability to evaluate whether a property has been over-assessed would be greatly compromised. Removing or changing the eight criteria will create uncertainty in the property tax system.

The first seven criteria are all basic elements of appraisal methodology. Any competent knowledgeable appraiser considers all of these criteria in the appraisal process whether in mass or in a single property appraisal. However, it may be apparent that even though the eight criteria are imbedded in statute they may not be used comprehensively across the state.

The eighth criterion is a separate and distinct issue. It should remain but for tax efficiency reasons and not necessarily for just value reasons. Granted this is not the subject of this survey but it bears discussion.

Standards are necessary to level the equity issues across our state. Sales vary from each jurisdiction and property type.

We need uniformity, and the only way to have uniformity is to have standards to follow.

There must be both statutory and administrative rule guidelines in place for all Property Appraisers to follow as to value derivation. The current standards were emplaced based on accepted professional appraisal practices concerning the cost, market and income approaches to valuation. This methodology is not flawed. To replace it with some lesser standard makes no sense.

The determination of highest and best use and consideration of all 3 approaches to value which is encompassed in FS 193.011 is the cornerstone of the development of a just valuation.

The eight criteria of Section 193.011 reflect the standard appraisal methodologies; "the cost approach", "sales comparison approach", and "income approach", that property appraisers and independent fee appraisers use in reaching an opinion of the fair market value of a particular piece of property. Without the criteria, however, both the property appraisers' and the taxpayers' ability to evaluate whether a property has been over-assessed would be significantly compromised due to the lack of an analytical and legal framework. Currently the statutory criteria and case law interpreting those criteria allow both parties to reasonably evaluate the legality of the assessment and the likelihood that the Value Adjustment Board or the Court will overturn the assessment.

The eight criteria of section 193.011 reflect the standard appraisal methodologies - cost approach, sales comparison approach, and income approach - that property appraisers and independent fee appraisers use in reaching an opinion of the fair market value of a particular piece of property. Without the criteria, however, both the property appraisers' and the taxpayers' ability to evaluate whether a property has been over-assessed would be significantly compromised due to the lack of an analytical and legal framework. Currently, the statutory criteria and case law interpreting those criteria allow both parties to reasonably evaluate the legality of the assessment and the likelihood that the Value Adjustment Board or the Court will overturn the assessment. Removing or changing the eight criteria will create uncertainty in the property tax system and increase disagreements between property appraisers and taxpayers as well as the number of Value Adjustment Board petitions and lawsuits.

Without criteria I do not know how you can derive at just value the way it has been interrupted in the constitution. Maybe you want "just value" redefined.

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opinion of fair market value. Without the criteria, however, both the appraisers' and taxpayers' ability to evaluate whether a property has been over-assessed would be significantly comprised due to the lack of an analytic and legal framework. Currently the statutory criteria and case law interpreting those criteria allow both parties to reasonably evaluate the legality of the assessment and the likelihood that the Value Adjustment Board or the Court will overturn the assessment. Removing or changing the eight criteria will create uncertainty in the property tax system and increase disagreements between property appraisers and taxpayers as well as Value Adjustment Board petitions and lawsuits.

Removal of these criteria would completely undermine the entire appraisal process and remove all just evaluation standards from the tax rolls of this state. Each of the eight criteria are important to the basic appraisal of any property, in the government or private sector. Each of these criteria have a direct academic application in the appraisal of real estate values.

Lack of these criteria allow both the property appraiser and property owner to make determinations as the accuracy of their assessments.

Tax reps and attorneys would have a field day with the interpretation of just value. It is hard enough now with it spelled out. Take it out of the statutes and you have just opened Pandora's box.

No 8 factors, no definition of just value. Just value is statutory phrase unique to Florida. It has no meaning any where else. The current emphasis on "highest and best use" is attributable two causes, the courts and their consistent interpretation that just value equals market value DOR's decision to embrace Uniform Standards of Appraisal Practices.

Without the 8th factor being specified in the statutes the standard appraisal method that both fee appraiser and property appraisers use to reach an opinion of the fair market value will no longer be in place. The standard appraisal practice has 3 approaches to value, sales comparison, income, and the cost approach. This is the same appraisal method that is used not just in Florida but the entire United States. This Appraisal practice has stood the test of time and has been through the court process in the country and has been found to be a sound appraisal method in determining fair market value. To remove or change the eight criteria would create more disagreements between property appraisers and taxpayers, which would lead to more lawsuits and more petitions at the Value Adjustment Board.

Without the eight criteria specified in statutes no criteria would exist to cover the basis of each appraisal methodologies. The eight criteria hold the appraiser to consider factors in the market approach(sales), income approach, and cost approach. Removing this "foundation" would lead to uncertainty in the approach to value a property.

In my opinion, removing or changing the eight criteria will create uncertainty in the property tax system and increase disagreements between property appraiser and tax payers as well as a number of VAB petitions & law suits.

collectively, the 1 and 8 criteria gives a reasonable, rational method to approach valuation, even though these criteria are under constant scrutiny by court system.

Without the eight criteria the property appraisers' ability to evaluate property would be very difficult to defend to taxpayers without guidelines to follow provided in Florida statutes or in Value Adjustment Board hearings.

The 8th criteria reflect the standard appraisal methodologies- coast approach, sales comparison approach, and income approach. Removing or changing the eight criteria will create uncertainty in the property tax system and increase disagreements between property appraisers and taxpayers as well as the number of VAB petitions & lawsuits.

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need some means to standardize

The eight criteria reflect the standard appraisal methodologies that property appraisers and independent fee appraisers use in reaching an opinion of the fair market value of a particular piece of property. Without the criteria, the ability to evaluate would be significantly compromised due to the lack of an analytical and legal framework. Currently, the statutory criteria and case law interpreting those criteria allow both parties to reasonably evaluate the legality of the assessment and the likelihood that the Value Adjustment Board or the Court will overturn the assessment. Removing or changing the eight criteria will create uncertainty in the property tax system and increase disagreements between property appraisers and taxpayers as well as the number of Value Adjustment Board petitions and lawsuits.

Guidelines are necessary

You must consider all factors and then apply the most appropriate factor or factors based on the individual circumstances of that particular assessment assignment. If the assessment is a vacant lot zoned single family, you would consider income and cost but as neither applies, you would use the market approach, i.e. the sales of the most comparable lots. If the assignment is a rental apartment complex, you must consider all of the eight factors as a prospect buyer would analyze the income stream. That is the factor we should use as well. If the eight factors were not in the statutes, you could still appraise but with the factors you have a path to follow.

Because individual Property Appraisers would be developing their own criteria and we would have little equity between counties.

Appraisals could become more subjective than the measurable objective method used today.

I believe you would have to redefine the term just value

While fee appraisers conclude just value/market value daily all over the state without being bound by Florida Statute 193.011. Without this statute, we would not have the reduction in sales price allowed in Florida Statute 193.011, thus increasing the property value and in turn the tax burden of our citizens.

The eight factors established in FS 193.011 are pertinent in deriving the just value of property. If there were no factors to consider, there would be essentially no "rules" to follow. Rules are established to ensure that everyone has an understanding of what to expect in any situation and violation of rules has consequences. From a property tax perspective, if these "rules" are eliminated, there is a lack of understanding of how just value is derived - not only is there potential for unfair assessment practices, but property owners are faced with the inability to dispute over-assessed values. Just value of property could not fairly and equitably be determined without the eight criteria.

There are three traditional appraisal methodologies; cost approach, sales comparison approach, and the income approach used by county property appraisers and independent fee appraisers. The eight criteria listed in section 193.011 are those factors that make up the three traditional appraisal methodologies. If these factors were not specified in the statutes it would only cause confusion as to whether the property is correctly assessed and create uncertainty with the property tax system. The absence of these factors being published on the statutes would certainly lead to more Value Adjustment Board hearings and lawsuits to settle disagreements between the property owner and property appraiser over the legality of the assessment.

Private professional appraisers know they must consider the three approaches to value, to determine the just value of a property. It is these three approaches to value that are embraced within the eight statutory factors. Because we are public officials, these three approaches are included in the statutes. This promotes statewide uniformity and equity. A just value can be derived at by using the three approaches to value without the eight factors, however the eight factors create statewide uniformity and that is why they are necessary.

Without the criteria there would be no calculable measure of whether a property has been assessed properly.

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Question: 3b. Please provide the reasons why you believe the just value of all property statewide could not be determined without the eight factors being specified in the statutes.

Statutory guidelines provide for unity/consistency based upon a standard method used by both PA's and Fee appraisers. Without these guidelines, opportunity for an increase in disagreement regarding value is probable between the PA and Taxpayer and possibly the VAB when establishing Market Value.

Without the eight factors, including highest and best use, value conclusions could vary greatly not allowing for a uniform interpretation and application.

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Question: 4a. For each of the activities listed below, please describe the effects (including difficulties) of the adoption of a current use value standard in place of the existing just value standard.

Documenting current/primary use of property

Obtaining, tracking & considering income submissions from all properties prior to roll submission.

Part of criteria now used speaks of recognizing present use when determining market value.

The eight statutory criteria already require property appraisers to consider the present use of the property in their assessments. However, the value of property should not change depending on the entrepreneurial abilities of the owners.

193.011, Florida Statutes, The Property Appraiser shall take into consideration (2) the highest and best use to which the property can be expected to be put in the immediate future and the PRESENT USE OF THE PROPERTY. Example: If you have a McDonald's restaurant operating at peak capacity, I consider the value in use. If the highway, accessing the property were to close, then the present use would definitely change, therefore affecting the value. So, as you can see, highest and best use is a part of one of the criteria used in appraising property. The difficulty in the adoption of a current use standard would result in thousands of properties being assessed improperly, creating inequities among adjoining property owners, simply because of use.

In virtually every aspect of the real estate industry, the concept of market value (value in exchange) is of vital importance and essential to economic stability. A study of highest and best use identifies the most profitable, competitive use to which a property can be used and is the most important, fundamental, and critical step in estimating market value. Appraisers, whether independent or mass, must consider highest and best use (to include the present use) to produce a reliable market value estimate, which is established by buyers and sellers. Removing the process of highest and best use, while only considering present use, defies the basic principals of appraising (as supported by every recognized appraisal organization), undermines the ability to estimate market value, and consequently creates a system of inequities.

If value is based solely on current use, there is a potential for similar properties to be assessed differently – creating inequities in the property tax structure.

would land not being used have no value? What about owner use vs. market rental? You must stay with standard appraisal practices and principles. Please hire an appraisal expert to explain this issue to the legislature!

Income information specific to every property would have to be gathered and retained. This will result in increased costs.

Historically, owners have been less than completely cooperative in supplying income and expense information as well as detailed explanation of the property's usage. If a property owner owns an enormously valuable property with a temporary lemonade stand on it, is this the way it should be valued? I suspect not. There is also confidentiality issue that would be extremely difficult to monitor and enforce. If tax reports or financial statements are unavailable (late, extensions filed, etc.), how will the valuation be performed?

more documentation for needed for current use

Will not follow standard appraisal practices of highest & best use. We already consider both - no two appraisers have the same opinion - It's art not science. This will create a great deal of question & confusion about how to specifically apply this. Who will be the authority on this application? International Association of Assessing Officer (IAAO) Standards? Training? Must change. Cost far more than it's worth!

A tremendous burden would be placed on the taxpayer requiring detailed information to establish the specifics of the current use of the property being appraised. Detailed confirmation of market data, including sales prices, income streams and capitalization rates would be required from buyers and sellers to ascertain what use was contemplated

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Responses to open-ended questions

Question: 4a. For each of the activities listed below, please describe the effects (including difficulties) of the adoption of a current use value standard in place of the existing just value standard.

Documenting current/primary use of property

in the transactions in order to properly use these data in arriving at a use value. These data must be provided prior to tax roll development otherwise an unstable tax roll could prevail. Litigation would likely ensue for the purpose of determining the actual use. Conversely, the taxpayer could be required to file an application attesting to the actual or current use of the property followed by a confirmation process. The cost of property tax administration would increase.

Documenting current/primary use of the property would be:-Much more time consuming

- More open to fraud
 - An opening for every argument imaginable with taxpayers and their representatives over the correct taxable value
-

Very difficult. Has to include the ability of not just identifying what the use is, but also identifying what its value parameters are such as its specific income rather than the income the property should generate as its highest and best use.

Currently it's relatively easy to determine highest and best use since zoning is public record. Also, zoning changes are publicized and documented. A current use standard would likely require annual determination, as many properties could certainly change from year to year, if not within the same year. In addition to disagreements with property owners as to what the current use actually is.

Unknown amount of correspondence to determine current use. Less than 10% response received when making inquiries to property owners.

Property Appraisers already are required to consider the present use of the property in their assessments as part of the eight statutory criteria. The value of property should not change depending upon the business abilities of the owners.

like agriculture the possibilities are endless !

Property appraisers already are required to consider the present use of the property in their assessments as part of the eight criteria. The value of property, however, should not change depending upon the business abilities of the owners.

Property appraisers are required to consider the present use of the property in their assessments as part of the eight statutory criteria. Appraising property without these guidelines would cause surrounding and like parcels to be valued differently. Example: Two like business properties without set guidelines could have different values because one generates more income than the other, this would not create equality in assessments.

consider a snow cone stand on the beach. it could be seasonal, temporary, portable. the income produced would not be a true reflection of value compared to the multi-story hotel next door.

I believe too many inconsistencies may occur with current use value standard such as gathering data & the integrity of the data

As required by rule, property appraisers now document primary use on each property. However this is in a very generalized form. To break this down as being THE sole standard of valuing property will require that every property be judged solely upon its specific use. I see this as being impractical because business practices vary from owner to owner.

Documenting the Current / or primary use of property would require annual inspection, allow for disparity in valuation,

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may require new methodology for determining use, new codes. (Example) What is the use of a vacant commercial lot with dog fennels, eight ft. of board fence, and hand painted ad for a gas station, Advertising, Pasture, or is it a vacant commercial lot?

No difference

Every piece of vacant commercial property in the state would have a lemonade stand!!!!

Property appraisers already consider the use of the property when making assessments but ultimately the value of the property does not actually depend upon the use but the actual value of the property. Individual properties that are identical in use must, and should, be based upon value

Each change of use would require documentation and require a new appraisal based on that use. The value would shift with each change of use. The income approach to value would become the only reasonable approach to value in this scenario creating disparity between similar properties.

Property appraisers are required to consider the present use of the property in their assessments as part of the eight statutory criteria. The value of property should not change depending upon the business ability of the owners. Florida has always required that value for property tax purposes be based on the property and not the owner or the owners business. Disparate valuation depending upon the owner of the property is unconstitutional.

Property appraisers already are required to consider the present use of the property in their assessments as part of the eight statutory criteria. The value of property, however, should not change depending upon the business abilities of the owners. For example, if you have two identical buildings housing an auto repair shop, the value for property tax purposes should not be different simply because one mechanic is a better business person or has a better reputation. Likewise, two identical hotels should not be valued differently simply because one generates more income (perhaps due to a franchise) than the other facility. Florida always has required that value for property tax purposes be based on the property and not the owner or the owner's business. Disparate valuation depending upon the owner of the property is unconstitutional. See *Interlachen Lakes Estates v. Snyder*, 304 So.2d 433 (Fla. 1973).

Property appraisers already are required to consider the present use of the property in their assessments as part of the eight statutory criteria provided in 193.011

If the primary use of the property was speculation, or future use, this could easily be masked by the lemonade stand example.

Additional staff

Could be nightmare gathering needed information from some taxpayers. Seems like an open door for abuse and numbers games.

The standard of assessing as of Jan 1st becomes more problematic. In addition, how does one determine value for vacant land when there is no discernable present use? Or, say you have three identical houses, one vacant, one occupied, one rented. Should these have three different values? How could fairness in assessment be reached?

The Property Appraiser would not only have to be present on each property as of the lien date (annually) but also render a subjective opinion of the property's primary use. What objective criteria would support such conclusions? (This also seems to be in conflict with current legislation in place requiring counties in the state to make their local zoning comply with their comprehensive plans. To allow properties that are not properly zoned for a purpose to receive lower assessments is to effectively reward someone for breaking local zoning code rules.)

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Documenting current/primary use of property

It would cause undervaluation of property that is being held for future profit. Also, how do you value properties with negative cash flow?

This is not a difficult matter. Valuations based on use while ignoring highest and best use will NEVER result in an equitable assessment. Highest and best use is what a willing buyer will pay a willing seller for the property. The very basis of real estate value is the highest and best use and anything less will cause chaos and destroy the theory of equity. A popsicle stand netting \$100 per week on a \$2,000,000 piece of gulf front property would generate an assessed value of \$52,000 and a tax bill of about \$800. This is the extreme, but possible.

Documentation is not the problem.

Representations would be made regarding property use that may define reality and require ongoing specific confirmation.

Assessments based solely upon the present use of the property will increase disparity in assessments of similar property.

Fair Market Value is directly related to highest and best use. A property not being used to its highest and best use would be an "under-performing" property. To reach a conclusion of Fair Market Value, the appraiser must consider the property at its highest and best use.

Documentation of use annually would need increased staff as the determination of use would be great, especially in multi-use parcels.

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Responses to open-ended questions

Question: Mass appraisal process

Like kind properties with different uses would end up with inequitable assessments. Just value and value in use are not synonymous.

The Mass Appraisal Process would be severely impacted if all properties were assessed at present use. Current use appraisals would dictate onsite inspections of every parcel every year thereby increasing staffing requirements in every appraisal office. Current use appraisals would create large value disparities between similar properties.

Much more difficult to mass appraise.

Utilizing "current use" would result in an individual process for each parcel – not mass appraisal. The immediately preceding legislature recognized the demands on mass appraisal under the existing system when the standard for inspection was changed from a 3-year cycle to a 5-year cycle. Determining the current use of every parcel in the county as of January 1st would effectively reduce this to a 1-year cycle resulting in a need for much larger staffs statewide.

Current use of a property is not what is sold in the market place. How do you determine the value of current use instead of highest and best use?

Each individual would be providing specific I & E information on their property, and not from the market in aggregate.

Grouping similar uses could work for mass appraisal. Horizontal equity would be difficult to achieve.

May require annual filing by taxpayers to track use. Would require conducting more in-depth individual appraisals.

This would result in an individual fee appraisal on nearly every parcel, in the County. This would make the process of preparing a roll almost impossible. In addition to this, it would make the sale comparison approach almost useless, as this considers both present and future use of the property.

The mass appraisal process will be adversely affected by a change to assessment based solely upon present use. Under present use standard, two identical buildings could be assessed differently if used differently. Disparity in assessments would increase, as well as the need for staff and resources in the property appraiser's offices.

The mass appraisal process also will be adversely affected by a change to assessment based solely upon present use. Currently, every shopping center, office building, and house is assessed using market income and expense data, comparable sales, and construction cost data. This data is analyzed and converted into units of comparison so that all property can be assessed uniformly and equitably. Under a present use standard, two identical buildings could be assessed differently. There should be no different valuation for two identical condominium units depending upon whether one of the units is rented. Even under the Save Our Homes cap, the two units would be valued the same. Only the assessment would be different because of the effect of the cap. Over a period of years, the mass appraisal process would evolve into more of a fee appraisal process. Disparity in assessments would increase, as well as the need for staff and resources in the property appraisers' offices.

see documenting use

Would be more time consuming and labor intensive and would undermine equity between similar properties.

Mass appraisal would probably go out the window. Every property would be different. This would totally change the whole system. Really you would not be appraising property anymore by what it is worth but you would be looking at a reflection of a business how good or bad it may be.

Mass appraisal is simply that. It is not fee appraisal. Present use would make the property appraiser's more of fee appraisers which would cause significant upheaval in each appraiser's office.

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Question: Mass appraisal process

Currently, every shopping center, office building, and house is assessed using market income and expense data, comparable sales, and construction cost data. This data is analyzed and converted into units of comparison so that all property can be assessed uniformly and equitably. Under a present use standard, two identical buildings could be assessed differently. There should be no different valuation for two identical buildings.

There is no way that you could do accurate analysis considering current use

This will have a host of problems implementing this standard. How will Dept. of Revenue review the values in doing so?

This would eliminate the mass appraisal process, each parcel would have to be reviewed annually to determine use.

Forget it! Relying on property use only will make each property "stand alone" Equity will be lost because properties will be judged on their current state, which can vary drastically from property to property, rather than what they are capable of in the immediate future.

another class of taxpayer would be created, making for more inequity.

Madison county Property appraiser's current staff could not handle the individual attention that such assessments would require based on present use. Each parcel would have to be checked annually to consider present use which in such a small county 2 field appraisers would not be able to keep up with the cycle of checking each parcel. Therefore budget would need to be increased for added responsibility.

Disparity in assessments will increase as well as the need for staff and resources in the current use standard such as changing ownership & changes in tenants

Mass appraisal process also will be adversely affected by a change to assessment based solely upon the present use.

The mass appraisal process also will be adversely affected by change to assessment based solely upon present use. Currently everything is assessed using market income and expense data, comparable sales, and construction cost data. This data is analyzed and converted into units of comparison so that all property can be assessed uniformly and equitably. Under a present use standard, two identical buildings could be assessed differently. There should be no different valuation for two identical properties. Over a period of years, the mass appraisal process would evolve into more of a fee appraisal process. Disparity in assessments would increase, as well as the need for staff and resources in the property appraisers' offices.

The amount of work requiring each parcel to be looked at and calculations done and adjustments done to arrive at the assessed value will require additional help in the Property Appraiser's Office.

Annual verification of actual use would certainly bog down the process and require widespread property owner participation, which is unlikely, based on actual experience.

Mass appraisals systems do not currently import detailed financial statements

It is no longer mass appraisal. You would have to individually evaluate every property instead of grouping like properties. You cannot group individual present uses. You cannot group actual income.

Binding a Property Appraiser to use current use by statute, in my opinion, flies in the face proper mass appraisal methodology. It would be wrong and produce enormous problems for appraisal offices and taxing authorities.

Under a use value system Mass Appraisal could not be used.

Will have to separately ID those parcels

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Question: Mass appraisal process

more adjustments to base rates
finding comparable sales more difficult

There won't be any. Every property appraised based on its present use will have to be worked up individually. Physical inspections will have to be done annually to confirm present use.

If the property tax system is to be fair and provide adequate revenue for local government, mass appraisal must produce accurate appraisals and equitable assessments. A ratio study measures two primary aspects of mass appraisal accuracy: level and uniformity. Level refers to the overall, or typical, ratio at which properties are appraised. Uniformity relates to the fair and equitable treatment of individual properties. Uniformity requires first, that properties be appraised equitably within groups or categories and second, that each of these groups be appraised at the same level, or ratio of market value. The primary users of ratio studies are equalization agencies, supervisory agencies, assessors, independent appraisers, taxpayers, and appeal boards

It would be difficult to continue to assess property utilizing the mass appraisal process because of the potential for continual changes in current use. In order for Property Appraisers to keep up with changes in use, there would eventually be a need for an increase in staffing and resources.

With the adoption of a present use standard, two identical buildings could be assessed differently. Also, the need for additional staff and resources would increase dramatically.

Valuation based strictly upon present use, as determined on Jan.1st defeats the use of Mass appraisal and may ultimately lead to abuse where by taxpayers deliberately alter use after assessment.

It cannot be done because it would not produce just value. In as much mass appraisal is based on cost derived from the market.

Mass appraisal standards and uniformity would be eroded requiring more individual valuations ultimately resulting in differing values for similar properties.

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Responses to open-ended questions

Question: Explaining assessments to taxpayers

Explain reasoning for differing values of similar/identical properties to property owners.

Is difficult at best, to have solely present use valuations, would call for different explanations to different taxpayers when possibly same use in a broader methodology would serve the greater good.

Try explaining to one property owner why his value is higher than his neighbor because he has a successful business and his neighbor is not utilizing his property as a successful business, just waiting for an opportunity to sell his property at a price based on highest and best use.

An adoption of a current use value standard would increase the disparity in assessments of similar properties and will become more difficult to explain to owners of similar property.

Because there is the potential for similar properties to be assessed differently, taxpayers will recognize the lack of uniformity in assessments and become frustrated with the inequities in the property tax system.

Next to impossible because comparable properties may have widely different assessments based on their incomes. Poor management and maintenance will be rewarded with lowers assessments as will below market rents to relatives or friends. Multi-million dollar parcels improved with small retail stores may pay less taxes than some homeowners.

equity among similar properties

Currently classified uses within Florida law are few and clear. If all property were to be appraised on a use value basis each possible land use must be described in detail within Florida Law, otherwise an explanation to the taxpayer would be all but impossible.

More judgment & interpretation less continuity

You wouldn't need to explain to taxpayers, they would tell you how to appraise their property and you can bet that it would be at a much lower basis than market value.

Very, very difficult. It is tough enough to explain market value but now we would have to explain the differences in value based on different present uses. And taxpayers will certainly appeal their present use values just as they have their just values. Present use is already called out as a consideration.

Current use valuations may be artificially altered (see above) for tax avoidance until the actual planned usage is implemented. Is this fair and equitable to others? I suspect not. It would be necessary for all appraisers to become accountants to be competent to properly review and then explain valuation decisions strictly on current usage. It is the blending of the eight elements that enable a just, comparative value to be reached. Current use valuations are much more likely to be manipulated by the user for the purpose of tax avoidance.

Very difficult. It would certainly lead to inequities that are always difficult to explain. For instance, the prime commercial location with a fruit/vegetable stand next to a similar vacant parcel. Conceivably, valuing the "stand" property based on current use would yield a value less than the adjoining vacant parcel. Unless of course one accepted the argument that the vacant parcel is "worthless" because it's not being used for anything and the current standard, of course, is "current use". May seem farfetched, but that would likely be a prevalent argument and who knows what the courts would decide.

The tremendous inequities that would exist, particularly in small counties of tax liability. One parcel with restaurant next to lemonade stand, the next with mom & pop renting to family member. One can easily see that the tax liability for even similar properties because of income received from it could result in tremendous difference in taxes. If you think there is a revolt now and unhappiness wait till all the commercial property owners respond to this.

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Responses to open-ended questions

Question: Explaining assessments to taxpayers

Assessments based solely upon the present use of the property will increase disparity in assessment so similar property and will be more difficult to explain to taxpayers. Taxpayers become frustrated with perceived disparities and lack of uniformity in assessments and lose confidence in the system. There also is a concern that taxpayers will attempt to manipulate the present use of the property to result in a lower assessment while they hold the property for future speculation.

Assessments based solely upon the present use of the property will increase disparity in assessments of similar property and will be more difficult to explain to taxpayers. Taxpayers become frustrated with perceived disparities and lack of uniformity in assessments and lose confidence in the system.

Assessments based on current use of property will increase disparity in similar properties and will become more difficult to explain

Madison county tries to afford our office to train all employees through International Association of Assessing Officer (IAAO) standards and Department of Revenue trainings to allow them to explain to each taxpayer the process of the current valuation and exemption process. IAAO does not teach appraising properties based solely on present use. This would be a huge task in presenting to what may seem and would be unfair/inequitable assessments. We stress to all taxpayers to look at their TRIM notices and should they find any concerning issues to contact us for better explanation. In order to lower assessments taxpayers could manipulate the present use of the property. My goal is to educate all taxpayers the process of my job and taxation as a whole by explaining increases and millage rate.

years ago, the thoughts were equitable value would yield an equitable tax. today, the exemptions and homestead exemption caps have distorted the taxes paid on like properties.

It would be difficult to explain to the taxpayer of similar properties why his or her assessment is higher because of his neighbor's decision to use the same type property in a less valuable manner.

Taxpayers will have a hard time understanding property next to them being valued on a different basis as they are, especially if the property sells for significantly more than the assessment.

Equity would "go out the window". Our system is based on equity

Taxpayers become frustrated with perceived disparities and lack of uniformity and lose confidence in the system. There is some concern that taxpayers will attempt to manipulate the present use of the property to result in a lower assessment while they hold the property for future speculation.

If you have assessments that are based upon value, a property owner can better understand his assessment. Telling a property owner that his property is different from his neighbor simply because of use does not make it easy to explain or defend.

You should just let each property owner value their own property!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

More inequity. Oh, this business is not doing as well as yours, that is why his taxes is lower.

The income approach to value is more difficult for non-appraisers to understand than the forward market approach based on comparable sales of similar property.

Assessments based solely upon the present use of the property will increase disparity in assessments of similar property and will be more difficult to explain to taxpayers. Taxpayers become frustrated with perceived disparities and lack of uniformity in assessments and lose confidence in the system. There also is a concern that taxpayers will attempt to manipulate the present use of the property to result in a lower assessment while they hold the property for future speculation. While the agricultural classification protects the "true" farmer, every year there are many

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developers that take advantage of the lower assessment based on the current use of the property as a bona fide commercial agricultural practice while holding the property for future speculation. Any change in the statutory criteria to limit assessments to the present use of the property will probably result in similar tax avoidance measures.

Assessments based solely upon the present use of the property will increase disparity in assessments of similar property and will be more difficult to explain to taxpayers.

Explaining assessments to taxpayers, would be extremely difficult, because taxpayers who are good managers, would be paying vastly different amounts in taxes. Along with this, you would be valuing a lot of intangibles, once you valued strictly by present use. This would definitely create inequities in the tax system.

More complicated

Since we're unclear as to how a system based on present use could work, our expectation is that explaining assessments to taxpayers would be infinitely difficult.

This would cause more inequity between similar properties, based on income reports. Cost of auditing would become extremely high, or would require outside audits from CPAs or other professional accounting services.

More difficult to explain how you arrive at a current use value verses the established market values.

It appears grossly unfair to value two comparable properties differently simply because of an inferior temporary use of one of the properties. How would the valuation of a vacant commercial lot across the street from an identical lot being assessed at a lower value because it currently houses a vegetable stand be explained?

There would be inconsistencies that would be difficult to explain to competing property owners

Taxpayers want to be treated equally and fairly. Similar properties should be "like-assessed". If done correctly, this explanation should not be a hard one to make.

Homogeneous properties would have different valuations and equity would be unexplainable.

It will be difficult to explain to a taxpayer with a good business that their assessment is higher than the taxpayer with same building, land and a poor business is lower. Similar property should have similar values.

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Responses to open-ended questions

Question: Defending assessments in VAB or court proceedings

You need to have a standard to compare properties against and value in use does not provide a standard.

Current use appraisals would result in current use values. Identical properties with different uses would make defending an assessment impossible. There could be a situation where there are no comparables on which to base an assessment.

The use on the property could be single family, then a commercial use the remainder of the year. Which use would be used.

Currently, properties are valued based on their highest and best use using market evidence from similar properties to derive that valuation. This practice results in the ability to produce comparable properties as evidence of the correctness of valuation. If each parcel is to be assessed based on a "current" use, the idea of "market" and "comparability" is lost.

same

The equity issue would be totally out of the question.

Current use practice use will lead to a great many lawsuits. Determining the business value, goodwill, management, etc. of the property will become the central question for appraisal.

Would allow for more abuse of the system, more complex and costly to defend.

Ultimately, defending assessments at the Value Adjustment Board or in Court also will become more difficult. Property taxation should be based on the value of the property and not of the business.

Ultimately, defending assessments at the Value Adjustment Board or in Court also will become more difficult. Similar property should have similar values. Currently, property appraisers are required to assess the fee simple unencumbered of all property. See *Schultz v TM Florida Ohio Realty Ltd.*, 577 So.2d 573 (Fla. 1991). A change to assessment based solely upon present use could endanger this bedrock principle of Florida property valuation. The resulting valuation would more reflect the "business" as opposed to the property. In some instances, the valuations may increase. For example, many hotels do not provide income and expense data during "good years" because it would result in higher values. The equipment of a successful business would be more valuable than identical equipment owned by a less successful business. Property taxation should be based on the value of the property and not of the business.

More difficult due to the requirement of current use only. Mainly due to the fact that the income approach to value is more complex and has many more factors to defend than the straight forward approach of market value using the actual market sales.

As of now an appraiser can defend assessments when similar properties have similar values. Present use would make this almost undefendable.

This process would become more difficult.

Same as explaining it to taxpayers.

Defending Assessment would become more difficult, similar properties should have similar values. Changing value based on use could result in two identical homes having very different values (Example) Rental versus Residential – poor rental conditions could result in a lower assessment for a house as the other increased based on residential sale.

Equity would be a constant source of contention. Using sales in a current use would be problematic.

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Question: Defending assessments in VAB or court proceedings

impossible to
defend

In the past we have used Florida Statutes to back our decisions in assessment valuation, if there is only one criteria (present use) the resulting valuation would reflect the "business" as opposed to the property. This will cause more difficulties in defending assessments at the Value Adjustment Board or in Court. Like properties should have similar values.

Similar property should have similar values. Currently, property appraisers are required to assess the fee simple unencumbered of all property. Ultimately, defending assessments at the VAB or in court also will become more difficult and costly.

Defending assessments at the VAB or in court also will become more difficult. A change to assessment based solely upon present use could endanger this bedrock principle of Florida property valuation. The resulting valuation would more reflect the business as opposed to the property. Property taxation should be based on the value of the property and not on the business.

I cannot foretell what the court system will do with tremendous taxable value differences for the exact property. Sounds like trouble for all of us.

With the standard for appraisals being market value, you have a known and understandable goal. Injecting current use as the standard would fill the VAB proceedings with taxpayers and more particularly their representatives trying to reduce their assessments.

Likely would be many disagreements concerning interpretation of actual use, similar to income disagreements due to property owners not providing data when requested, then attempting to use denied data against the PA.

If current use is the only consideration, then income from that use would be a primary consideration in reaching a proper valuation. But current use changes frequently as properties transition in intended usage. Current use values can be manipulated in these transitional situation as commercial (developed, undeveloped, planned but not built, etc.) properties are often "land banked" for future projects. How could you prove (or disprove) a value assigned by an appraiser or land owner. In my previous example, if property owner owns an enormously valuable property (based on location, similar sales, etc.) with a temporary lemonade stand on it, is this the way it should be valued? How would you defend or identify this level of abuse?

There is no standard by which to defend the fairness of the value.

Will have to separately identify those parcels

Defending valuations would become more difficult since first the use must be determined (this is not as easy as it might appear to the layperson) and then the proper value must be concluded.

I suppose it would be easier because of using owner's information

Very difficult. Will have to depend on actual rents reported. Those rents may or may not be truthful. One marina owner this year reported losing over \$300,000 when he filed his income statement with my office. Yet when the County appraised their property for an easement, they reported an \$800,000 profit to the County.

Defending assessments at Value Adjustment Board would be difficult – property owners expect values of similar properties to be assessed in the same manner. The value would ultimately reflect the value of the business rather than the property.

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Question: Defending assessments in VAB or court proceedings

Defending assessments would become increasingly difficult, as similar properties should have similar values.

Cannot be defended equitably because comparable sales and the willing buyer and willing seller standard cannot be used, because comparable sales would be disregarded, therefore creating mass inequities among property owners.

Historically, like properties valuations have been treated the same. Changing this method discredits the Property Appraiser and Florida's property tax system.

Without adequate info, the Property Appraisers presumption of correctness will be challenged and create frustration between taxpayer and PA as they try to determine what "use" value means to a particular property instead of the market value standard.

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Responses to open-ended questions

Question: Other affected activities (specify)

In the case of income producing properties, massive inequities would occur, because you would be evaluating management/owner skills and not the property, causing two identical properties to be appraised differently.

Records storage will increase dramatically.

Current Florida law requires that valuations reflect "fee simple" ownership, thereby maintaining equitable valuations. A current use standard throws that out the window.

I believe that property appraisers have the ability to utilize all 8 factors in 193.011, that is all factors are to be considered and weighed. This includes the subject of this whole questionnaire of Highest & Best Use vs. Current Use. Both are to be considered, how each appraiser does this is their individual opinion. If they are doing it wrong or inconsistent, then the Department of Revenue would intervene through the audit process or even worse for the appraiser if he/she is abusing this factor his constituents will let he/she know at election time.

Use value appraisals could penalize good property management and reward mismanagement. It would encourage the underutilization of properties and could lead to blighted areas. If public policy wishes to protect certain land uses, those use must be specifically defined. Furthermore, if only the current use of a property can be considered in its valuation, it leaves no basis for appraising properties that are not being used such as vacant land and abandon buildings.

Legal precedents, guidelines, etc.

Absent a highest and best use analysis, appraisal ceases to exist. An accounting process may remain, but certainly no appraisal process.

For example, a current use value standard could render it impossible to appraise vacant land, since the current use is vacant. How would an appraiser determine its value. A very valuable commercial parcel could be valued as a storage facility as long as a car or piece of heavy equipment remained on location. No piece of property in an economically transitional area would ever be valued at its fair market value. With a current use value standard, even greater inequities will be created than currently exist.

More commercial appraisers needed because of the increased workload to appraise each property individually.

Previous studies have looked at this issue and determined that it was unworkable if the intent is to have a fair and balanced ad valorem tax system.

Please stress cautious and careful attention to making decisions based on ad valorem taxation. Computer programs will have to be changed as well as staff training and possible number of employees to keep up with demands that may be put upon the smaller counties!

If a vacant lot is not being use, is the value \$0??? Is a lemonade stand on a commercial lot valued differently than the fast food restaurant on the adjacent lot until it sells?

Could a lemonade stand on a vacant commercial lot resulting in a negative income stream provide the taxpayer with a rebate??

Any change in the statutory criteria to limit assessments to the present use of the property will probably result in tax avoidance measures by taxpayers similar to those currently in use by many developers to receive "Agricultural Classification" on property that they are holding for the purpose of anticipated future development.

Possibility for abuse

We are unaware of any state in the US that chiefly utilizes current use, other than for classified use property. Current

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Responses to open-ended questions

Question: Other affected activities (specify)

use would require public assessment policy to diverge considerably from fee appraisal practice. Few International Association of Assessing Officer (IAAO) rules apply to current use. We would essentially be different from every other state writing our own rules. Use a classified value group or land use rules to accomplish this goal, not assessing at current use.

How would the State replace lost revenues? Assessments would not be equitable from year to year.

none

Value in use would nullify agriculture activities.

Question: 6a. Please explain the changes you would recommend in the following areas. If none, leave the area blank.

Just value standard

none

No changes necessary. While the practical application of the concept is not a perfect process, just value is still the fairest value estimation for each parcel. What has changed is the value on which those parcels are taxed (i.e. classified use, Amendment 10, etc.). It was a fair playing field when everyone paid based on their valuations. The tax revolt that should have happened as the result of out-of-control spending by local authorities was simply delayed because of the perceived panacea that the Amendment 10 cap and other classified uses and exemptions have offered.

Clearly equate "Just Value" with "Market Value"

Define the 8th criterion.

Allow for current use only when government imposed changes would increase your tax burden

Would not change

Highest & Best Use is the only standard that is equitable.

No change to the Just Value standard. Equity in ad valorem taxation is only achieved when all taxable property is fairly and appropriately valued.

must remain as is!

Retain the just value standard, reword it to call it by its accepted term: Market Value. In appraisal there is no standard other than just value that can be applied to all properties. Just value is market value and market value is what a property would sell for (what it's worth). Assessing everyone's property at what its worth is the fairest standard.

Appendix A: Property Appraiser Survey March 2007

Responses to open-ended questions

Question: Size and application of tax preferences (for example: homestead exemptions, Save Our Homes)

'Save Our Homes' should be made portable. Fairest application is found in the language on the 'Save Our Homes' Petition. Extend the cap to all classes of property. Homestead exemption should be doubled and indexed to the CPI so it increases each year with the increase in the value of property.

Perhaps limit the Save Our Homes differential, the difference between just and assessed value, to a maximum of 50% of just value or less.

see other below

Preferential tax status simply moves the tax burden from one entity to another. Preferential tax status always creates economic problems for properties when they no longer qualify for that status. The only solution to the disparities created is to continually expand the preferential class(s). Portability is here because property owners cannot afford to move, inter-generational exemptions are on the horizon because very soon estate transfers will be prohibitive due to the monumental tax increases. The ever increasing tax shifts will eventually cause severe problems for small business operation and more severely, inheriting small business(s) from preceding generations.

Limited portability of Save our Homes Savings. Tie the amount of portability to a dollar and/or percentage. Also only allow portability within the County. Do not allow for portability between Counties.

I do not think voters will vote to eliminate either of these.

'Save Our Homes' has caused tremendous inequities. If the homestead exemption is increased, it should not be the first \$50,000, but rather an amount after all properties are taxed some amount.

Provide for classified value for affordable housing similar to conservation easement statute.

Reduce level of assessment from 100 %. Homesteads could be even at a lower level than other property. Would narrow gap between just value and save our homes value. Would benefit all.

Have all properties pay on first 25,000

Sunset 'Save Our Homes', or short of that, allow limited portability of 'Save Our Homes'. Offer a spending cap instead

Eliminate all exemptions except those designed to help the disabled and low-income property owners.

Allow new homesteaders to "enter" the system at the average assessment level (i.e. 60%) of existing homesteaders, then enter 'SAVE OUR HOMES' calculations at same level as everyone else.

Cap all properties at 5% but don't make it portable. Increase homestead to \$50,000: this is commensurate with the prior increase from \$5,000 to \$25,000.

portability for Save Our Homes

Homestead exemption amounts might be reviewed periodically and revised accordingly based upon median home values. Save Our Homes was originally a good concept, but recent market trends have shown that while the intent was a good one, the end result has created a huge disparity in similar type properties. One time portability will provide short term relief to those who elect to take advantage of it, but inequities will remain for those who stay put.

Appendix A: Property Appraiser Survey March 2007

Responses to open-ended questions

Question: Authority of local governments to set millage rates

Under the current situation it appears that a limitation on tax revenue/budget growth should be implemented.

Need specific rules for justification of spending including a true TRIM process that requires the taxing authorities to disclose the increase in actual revenue from the prior year as well as a public budget justification process.

I am in favor of a legislative-set "spending cap" on local taxing authorities. It should be set to the CPI with perhaps an additional percentage allowed. I do not want to see approval authority for local taxing authorities "moving" to Tallahassee, but, given the excesses of the past 7 years, a "cap on spending" is, in my opinion, needed. In one year tax roll year, we had 4 taxing authorities increase ad valorem spending between 30-38%, 5 increase between 20-29% and 4 increase between 14-19%... in a year when the Consumer Price Index (CPI) was 2.5%!

Cap government spending. Fix rollback rate to reflect new construction dollars.

Force local governments to adjust millage rates to result in a tax burden equal to that when exemptions were in place.

Cap local AND state government spending at some annual percentage increase linked to personal income, cost of living, growth in communities.

Cap the increase in any given year with allowances for new construction or additions

Simple Fact. State already controls "Required Local Effort" of school millage. Remove this from property tax. Fund this from another source and leave counties and cities to their electors even if they are overspending. If nothing else, TRIM Notice and advertising must be changed to show, at the very least, the percentage amount of increase of each taxing authority. Give phone number for contact of taxing authority if concerned about tax increase. Public really has no clue on how much more property tax money a taxing authority is spending from one year to the next the way it is put on the TRIM or in the newspaper

They should retain their right to set millage rates, but there should be much better disclosure to taxpayers than the complicated Truth in Millage (TRIM) Notices and advertisements currently in use.

I believe it is very important to retain local control. However, judging from past performance, it appears this "control" needs a limit fixed for percentage increases in a given year.

Tax caps for increases.

Local governing bodies should set a tax levy, not a tax rate. The focus on tax millage rates has been misleading and confusing to most taxpayers. The governing body should set the levy prior to knowledge of the taxable values. This would encourage comparison of the levy from year to year rather than millage rates from year to year.

Require local government spending be tied to a formula based on population and increase costs. (CPI)

The only possibility for a reduction in tax dollars extracted from any local economy is a reduction in spending. The only control on taxes is a control on spending. Any other mechanism is simply a shell and pea game that reallocates the tax burden from one entity to another.

Local governments should retain their ability to set their own mill levies.

Cap ad valorem taxes at 1% of value

Local governments should be restricted to a formula that takes into consideration, inflation, population growth and a

Appendix A: Property Appraiser Survey March 2007

Responses to open-ended questions

Question: Authority of local governments to set millage rates

"fudge factor" for items such as insurance, benefits, etc. Adoption of any millage rate above the formula would require either an extraordinary vote or unanimous vote.

Local government should be required to set budgets prior to receiving taxable value of property within their jurisdiction. For example, a local taxing authority publicized a tentative budget increasing 10% when they thought that would be the increase in taxable value. However, when the actual increase turned out to be considerably higher, the budget was changed to include the additional revenues. Also, mandate inclusion of "new construction" in taxable value amount utilized to determine millage rates.

Question: Other (specify)

Local governments should be required to announce their budgets before the Property Appraisers announce the amount of taxable value. Budgets should be developed based on their needs, not on how much money they will have to spend. Working waterfronts should receive a "classified use" designation to protect them from development and allow them to be assessed based on their income and not their highest and best use.

See letter to Senator Mike Haridopolos

Cap taxes at 1%. Have state take over school funding thus cutting everyone's taxes in half and eliminating the states interest in this issue.

The only constraint to tax levies is an engaged population. One of the unforeseen consequences of Amendment 10 was that it removed the only real control, which is resident tax payers, from the public dialog that creates local budgets. Resident homeowners are the largest category of property owners and the largest block of voters. 'SAVE OUR HOMES' simply removed them from the public process of approving local budgets because it essentially froze their tax burden.

The discussion about appraisal standards is just another instrument to divert taxes from one subset of the tax base to another by creating yet another preferential class of property.

Portability as a local option and first time home buyers incentives.

Create a fractional assessment based on the total tax base of a jurisdiction which would limit its increase in any given year

Local government spending has to be restrained

Remove all exemptions and all exceptions, at lower millage rates.

Adjust the level of assessment for taxation to a different rate other than the standard for all property types. Increase sales tax. Also, consider valuations based on a five year average similar to agricultural properties.

Whether or not the "Just Value" standard is left alone or moved to a "Use Value," I would like to see the definitions consistent with those in the "Uniform Standard of Appraisal Practice" (USPAP), used and endorsed by all 50 states. If that were done, it would require a revision of our existing statute, for definitional conformity. This would lay "mute" any discussion of "what" the valuation standard "is" or "who" can decide to do "what."

Need to look for alternative revenue sources for school funding. A broader-based tax seems more appropriate since many Floridians who do not own property still the school system.