

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: TAX COLLECTION UPDATE AND PROPOSED ADDITION TO SCHOOL BOARD STATE LEGISLATIVE PROGRAM INVOLVING REVISIONS TO FLORIDA STATUTE 194.032(2) & 195.087(1)(a) REQUIRING THE COMPLETION OF THE VALUE ADJUSTMENT BOARD HEARINGS IN TIME TO LEVY THE PRIOR PERIOD FUNDING ADJUSTMENT MILLAGE

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

March 2009 monthly tax collections year-to-date as a percentage of total assessment is trending 1.5% over last year. Prior year, delinquent collections year-to-date through March 2009, is trending 97% over last year, representing \$5.8 million already collected over the total budget for FY 2009/10.

These positive trends are offset with the expectation that the Tax Sale will be lower. The significant increase in Value Adjustment Board appeals from 102,295 for the 2008 roll to 143,255 for the 2009 roll is impacting the sale of tax certificates. Appeals on the 2008 roll are expected to be final by April 2010, allowing for very few appeals on the 2009 roll that are unpaid, to be completed in time to be available for the June 1st sale of tax certificates.

Under Florida Statute 197.323(2), tax certificates shall not be issued for delinquent taxes when a petition has been filed without final action by the Value Adjustment Board. Last year taxes totaling \$238 million County wide were delinquent on 22,446 pending appeals that could not be sold, delaying remittance of taxes due the School Board and other governmental entities. A review of the total 44,599 pending and unpaid appeals as of January 2010 indicated that 89% represented non-homesteaded properties. Once the appeal is finalized and results in a reduction of taxes owed, the taxpayer has 30 days to pay, with the 4% discount. If there is no reduction in taxes owed, and payment has not been made by March 31st, interest is also due.

Unless the resources are provided to speed up the processing of appeals the Prior Period Funding Adjustment Millage (PPFAM) levy is also in danger of becoming a two year lag. Last fiscal year the 2007 Tax Roll was completed in time to assess \$25.7 million of PPFAM for fiscal year 2009/10, representing a one year lag. The PPFAM for 2008 Tax Roll, representing an estimated \$33.7 million, was not completed by July 2009 delaying the levy one year. Over the last two years the time needed to complete one year's tax roll has increased from 12 months to 16 months.

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The Office of Strategic Budget and Management, Miami-Dade County, is performing a review of the appeals process to address concerns regarding timing and resources. Staff has been conferring with the State Department of Revenue, the Property Appraiser, the Value Adjustment Board, the Tax Collector and the Miami-Dade County Manager's Office to fully explore these issues and provide timely solutions.

Budgets approved by the state Department of Revenue and the County Commission for the Property Appraiser has not kept up with the increase in appeals. All appeals before the VAB must be heard whether they complete the hearings in 8 months or in over 16 months. The Property Appraiser also must adequately staff the hearings so that property tax collections are not reduced inappropriately, negatively impacting the School Board's revenues. The School Board's 40% costs for the VAB's are expected to rise by over \$500,000 in FY 2009/10 and an additional \$1 million in FY 2010/11.

Proposed legislative changes to Florida Statute 194.032(2) and 195.087(2)(a), (see Attachment A) will require that the VAB complete the hearing by April 15th following the year taxes are levied, beginning with April 15, 2012, and provide for greater oversight by the state Department of Revenue of the Property Appraiser's budget.

If the proposed legislation revisions are successful, the PPFAM for FY 2012/13 would be assessed for both the 2010 and 2011 tax rolls. Miami-Dade schools would then be on schedule with most other Florida School districts for recouping unrealized Required Local Effort due to reduction in the Final Certified School Taxable Value.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. receive tax collection update; and
2. approve addition to School Board Legislative Program involving revisions to Florida Statute 194.032 (2) & 195.087 (1) (a) requiring the completion of the Value Adjustment Board Hearings in time to levy the Prior Period Funding Adjustment Millage.

194.032 Hearing purposes; timetable.--

(2) The clerk of the governing body of the county shall prepare a schedule of appearances before the board based on petitions timely filed with him or her and based on the completion of all appearances by April 15th of the following year of assessment, beginning with April 15, 2012. The clerk shall notify each petitioner of the scheduled time of his or her appearance no less than 25 calendar days prior to the day of such scheduled appearance. Upon receipt of this notification, the petitioner shall have the right to reschedule the hearing a single time by submitting to the clerk of the governing body of the county a written request to reschedule, no less than 5 calendar days before the day of the originally scheduled hearing. A copy of the property record card containing relevant information used in computing the taxpayer's current assessment shall be included with such notice, if said card was requested by the taxpayer. Such request shall be made by checking an appropriate box on the petition form. No petitioner shall be required to wait for more than 4 hours from the scheduled time; and, if his or her petition is not heard in that time, the petitioner may, at his or her option, report to the chairperson of the meeting that he or she intends to leave; and, if he or she is not heard immediately, the petitioner's administrative remedies will be deemed to be exhausted, and he or she may seek further relief as he or she deems appropriate. Failure on three occasions with respect to any single tax year to convene at the scheduled time of meetings of the board shall constitute grounds for removal from office by the Governor for neglect of duties.

195.087 Property appraisers and tax collectors to submit budgets to Department of Revenue.--

(1)(a) On or before June 1 of each year, every property appraiser, regardless of the form of county government, shall submit to the Department of Revenue a budget for the operation of the property appraiser's office for the ensuing fiscal year beginning October 1. The property appraiser shall submit his or her budget in the manner and form required by the department. A copy of such budget shall be furnished at the same time to the board of county commissioners. The department shall, upon proper notice to the county commission and property appraiser, review the budget request and may amend or change the budget request as it deems necessary, in order that the budget be neither inadequate nor excessive, including adhering to the schedule of appearances before the Value Adjustment Board set by the clerk of the governing body of the county as per s. 194.032(2). On or before July 15, the department shall notify the property appraiser and the board of county commissioners of its tentative budget amendments and changes. Prior to August 15, the property appraiser and the board of county commissioners may submit additional information or testimony to the department respecting the budget. On or before August 15, the department shall make its final budget amendments or changes to the budget and shall provide notice thereof to the property appraiser and board of county commissioners. The department may require an amendment to the budget at any time upon proper notice to the county commission and property appraiser, when the budget is deemed inadequate to adhere to the schedule set by the clerk of the governing body of the county as per s. 194.032(2).