

**From:** [Mrs. Sheila Anderson](#)  
**To:** [DORPTO](#)  
**Cc:** [Mark Hamilton](#); [Steve Keller](#); [CFO Robert Tornillo](#)  
**Subject:** Florida Real Property Guidelines - DRAFT  
**Date:** Monday, November 18, 2024 4:27:09 PM  
**Attachments:** [cps dor draft real property guidelines 2024 comments for 11.20.2024 workshop.doc](#)  
[dor Administrative procedure act and taxation.pdf](#)  
[cps phipps guidelines as rules.pdf](#)

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To whom it may concern:

Please see the attached "comments", "AGO 76-123", and "Phipps and Howell Memorandum, 21 July 2010.

Sheila Anderson

TO: Florida Department of Revenue  
Property Tax Oversight Program

FROM: Sheila Anderson, Principal/Broker  
Commercial Property Services, Inc.  
Licensed Real Estate Broker

DATE: October 26, 2024

REF.: Florida Real Property Appraisal Guidelines  
Property Tax Oversight 2024

See attached: AGO 76-123

Memorandum – Phipps & Howell, Attorney at Law, 21 July 2010

The scheduling of the public workshop fails to acknowledge or adhere to Section 112.311(6), Fla.Stat. which describes the *fiduciary obligations* inherent in the “public interest”. See also AGO 76-123, and attached Memorandum, dated 21 July 2010.

#### Page 12

##### Missing in 1.1 Paragraph 1:

\*Chapter, section, and text of the State Constitution granting Department Authority

\*Names and positions of persons in State offices currently with such Authority

\*Names and positions of persons who drafted or contributed to this draft to ensure verification is possible to be assured of compliance with state code of ethics.

\*See: Sections 112.311(3) and 112.311(6), Fla.Stat.

\*And: Section 112.312(3), Fla.Stat.

\*Also missing: The chapter, section, and text requirements of the United States Constitution and the State Constitution and a statement as to: *purpose of ad valorem taxation* to ascertain the “*effective tax rate*” (source: Kathy Henley, DOR/PTO retired) and the *constitutional requirement of uniformity*”.

\*Insert: Section 195.0012, Fla.Stat.

\*Insert: Section 195.027(1), Fla.Stat.

\*Insert: Section 195.032, Fla.Stat.

\*Insert: Section 192.001(12), Fla.Stat. – the definition of real property

\*Cite: *Allegheny Pittsburgh Coal Company vs. Webster County, Nordlinger v. Hahan* (90-1912) 505 U.S. 1 (1992) any later SCOTUS opinions, and subsequent Florida case law opinion(s) on “*uniformity*”.

\*Include references to 194.301, Fla.Sta. (and make clear that *the intent* of “professional appraisal practices” in 194.301, Fla.Stat. referred to Uniform Standards of Professional Appraisal Practice (“USPAP”) and only USPAP. (Source: Benjamin Phipps, Esq./author of the specific statement in 194.301, Fla.Stat. and his stated intent)

\*Include USPAP’S “Jurisdictional Exceptions” language

##### Paragraph 2:

\*Begin with “n the course of discharging its statutory duties, on behalf of the Governor and Cabinet, the Department provides general supervision ~~the~~ of the property appraiser of each of the 67 counties in the state of Florida.

Pursuant to State law, the property appraiser is “the county officer” charged with the statutory responsibility to list and assess all real property in their respective county each year for the purpose of ad valorem taxation, as stated in ss. 192.011 and 193.085(1), F.S. Their responsibilities are to determine the value of all real property within the county, with maintaining certain records connected therewith which are used for the purpose of

determining the taxes on taxable property after ~~taxes~~ millage rates have been set and ad valorem taxes have been levied.

The whole description of elections is out of place, not relevant, and reads as if it is a public relations effort to elevate the property appraisers to positions greater than the governor and cabinet. Totally inappropriate, inconsistent with !2D-51.001, F.A.C., and does not belong in “real property guidelines”.

**Paragraph 4:**

\*Delete “... underscore’s the Legislature’s intent to limit ...” See AGO 76-123 and attached Memorandum dated 21 July 2010.

**Page 13, Paragraph 5:**

\*“The required scope of the components ...” NOT clear in any statutory language and appears to be gratuitous. Should be deleted. There is nothing in the Guidelines that cannot be followed in every Florida County.

**Paragraph 6:**

Add at the end of the last sentence “... should result in uniform assessments within each classification in each county.”

**Page 14, Paragraph 4:**

3) To meet the Department’s statutory obligation to aid and assist property appraisers to comply with governing Constitutional requirements and state law.

**Page 15, Paragraph 2:**

Insert: These Guidelines are part of the body of administrative law which may be subject to change in the event there are material changes to the Constitution or state statutes. (source: AGO 76-123 and Memorandum dated 21 July 2010.)

**Paragraph 6:**

**1.5 Content of These Guidelines**

Insert: These guidelines have been updated to reflect current Florida ad valorem tax law and reorganized as described below. This version of the Real Property ASSESSMENT Guidelines, upon adoption, replaces the 2002 version which was organized into 16 sections. In this updatr, related topics have been consolidated, repetitions have been minimized, and some information has been moved to addendums.

Throughout the document, references are made to the term “appraisal” which implies certain professional standards not necessarily relevant to the “assessment” of property. To provide clarity, , the term “assessment” should replace the use of “appraisal” to convey that there are differences and distinctions related to *ad valorem* taxation and the constitutional mandate of *uniformity*. For example, in appraisals, it is common to combine real, tangible, and intangible assets within a valuation and each appraisal may be based upon a different purpose which leads to differing assumptions and results. In *ad valorem* assessments, the same assumption - “unencumbered fee simple” estate - is applicable to each real property, AND “market data” is intended for application in cost and income approaches – see 193.01 (5) and (7), F.S. The use of “market value”, for example, in TRIM Notices, represents consistency with the “uniform” constitutional purpose of assessments used for taxing purposes.

**Page 19, Paragraph 2**

The Department publishes informational bulletins on statutory changes that may affect assessment practice in Florida, however ~~property appraisers~~ recipients cannot rely on the bulletins as the only source of information. The bulletins are electronically ~~communicated~~ transmitted to ~~property appraisers~~ interested parties at the time of publication and are subsequently archived in the Department’s tax law library located here. ...

Page 20, Paragraph 2.2

Insert: Jurisdictional exceptions in references to USPAP.

Paragraph 5:

Insert: ... are relevant in arriving at uniform just values.

Page 33, Paragraph 7

Insert: Examples of economic data applicable to unencumbered fee simple include market costs, qualified sales prices, market rents, and market operating expenses.

Page 34, Paragraph 6

Insert: ... It is important to consider that these sources may sometimes contain incomplete or inaccurate information for appraisal assessment purposes, but still provide useful leads for additional research.

**4.4 Specific Data.** ... Categories of specific real property assessment data include:

Page 37, 4.4.6

Paragraph 2: ... Cost data should be current and include all direct and indirect costs of construction, including reasonable contractor's profit ~~and developer's profit.~~ Marshall does not include developer's profit which is an intangible, taxable only by the State, and not a certain part of construction. There may be no developer's profit, or such profit may not occur until some future date. Developer's profit is not a professionally recognized component of "costs".

Page 42, 4.4.8

Reinsrt: This data may should include ~~market~~ market income ~~...~~ **To be consistent with "unencumbered fee simple", the property appraiser should rely upon sources of market information. Otherwise "leased fee" data is being potentially confused with "fee simple" data which contradicts the principles of "arm's length transactions" AND the legal hypothetical that asks "what would a property command if offered to the market on the data of assessment?"! In addition, there is no way to really know what negotiated terms may have influenced rates and pass throughs. Many if not most commercial property leases may be "net" when "unencumbered fee simple" suggests "full service" terms and conditions are applicable. In effect, mixing sources of information means mixing professional standards, leading to inaccurate conclusions as to "market rates" and is quite unprofessional.**

~~Property appraisers should actively solicit this information through direct contact and surveys.~~ This sentence contradicts 195.027(3) "where necessary" and "Access to a taxpayer's records shall be provided ONLY in those instances ..."

Page 57, Paragraph 2

~~"... For example, if a property is subject to a below market lease, the present use should be disregarded since it is not the highest and best use of the unencumbered fee simple estate. This sentence does not make sense. It seems to confuse "use" with "user" and to assume a "leased fee" exists when "unencumbered fee simple" suggests a vacant property on the date of assessment – which is a legal hypothetical, per USPAP. The "use" should be "retail", "office", "industrial" and market data would be applicable based upon age, condition, location, access, and nearby catalysts of economic development, if any.~~

Page 58, Paragraph 5

Insert: ... Unless specified otherwise, the unencumbered fee simple estate is the interest in real property to be valued ...

Page 65, Paragraph 5:

Delete: ~~... However all determinations of RCN of real property should include both.~~ The reference to "developer's anticipated profit" contradicts the requirements of NOT including "intangibles" in the valuation of "real

property". There is no certainty that such revenue will be obtained, or when, or how much and represents a condition after a property is sold. The property might never be sold, or sold at a loss. Accordingly, this is an inappropriate insertion that effectively increases the value. And again, it is an intangible which is NOT, by definition in 192.001, F.S. a component of "real property".

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## **Administrative procedure act and taxation**

**Number:** AGO 76-123

**Date:** November 12, 1998

**Subject:**  
Administrative procedure act and taxation

### **TAXATION--APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT TO STANDARD ASSESSMENT PROCEDURES, FORMS, AND MEASURES OF VALUE**

To: J. Ed Straughn, Executive Director, Department of Revenue, Tallahassee

Prepared by: Joseph C. Mellichamp III, Assistant Attorney General

#### **QUESTIONS:**

1. Is a standard assessment procedure a rule?
2. Is a standard measure of value a rule?
3. Is a form and its instructions, promulgated pursuant to s. 195.022, F. S., a rule; would such a form be a rule if its sole use was by a county official in reporting to the Department of Revenue; would the written permission of the executive director allowing a county officer to use his own form constitute an order or a rule?
4. If the answer to any of the foregoing questions is yes, must such rules be published and indexed in the Florida Administrative Code?

#### **SUMMARY:**

A standard assessment procedure prescribed pursuant to s. 195.027, F. S., a standard measure of value promulgated pursuant to ss. 195.002 and 195.032, F. S., and a form and its instructions prescribed by s. 195.022, F. S., are rules under the provisions of Ch. 120, F. S. Such forms and instructions, whether or not a particular form was solely for use by a county official reporting to the Department of Revenue, are rules under the provisions of Ch. 120. Written permission by the executive director pursuant to s. 195.022 to a county official to use a form other than the forms described by the department is an order under Ch. 120, F. S., which requires that the standard assessment procedures, the standard measure of value, and the forms and instructions adopted by the department be filed, published, and indexed in the Florida Administrative Code.

Section 195.062, F. S., provides:

"The department shall prepare and maintain a current manual of instructions for property appraisers and other officials connected with the administration of property taxes. This manual shall contain all rules and regulations, all instructions relating to the use of forms and maps,

standard assessment procedures, and the standard measures of value prescribed by the department or by general law. . . ."

Your questions are answered in the affirmative. Preliminarily, it should be noted that Ch. 74-234, Laws of Florida, passed during the same legislative session as Ch. 74-310, Laws of Florida, contained no provisions which would alter the application of the Administrative Procedure Act to the Department of Revenue. There are no provisions in Ch. 120, F. S., exempting the department from the provisions of the act, and it is within s. 120.52, defining agency. Attorney General Opinion 075-312. Therefore, if it is determined that the manual of instructions are rules under the statutory definition, it can be concluded that all pertinent provisions of the Administrative Procedure Act must be complied with by the department.

This legal situation arises out of s. 4, Art. VII, State Const., providing:

"By general law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation . . . ."

Section 195.027(1), F. S., provides that the Department of Revenue shall prescribe reasonable rules and regulations for the assessing and collecting of taxes.

Section 195.002, F. S., provides that the Department of Revenue shall have general supervision of the assessment and valuation of property so that all property will be placed on the tax rolls and valued according to its just valuation.

Section 195.032, F. S., provides that, in furtherance of the requirements set out in s. 195.002, the Department of Revenue shall establish and promulgate standard measures of value not inconsistent with those standards provided by law.

Section 195.022, F. S., provides that the Department of Revenue shall prescribe and furnish all forms to be used in administering and collecting ad valorem taxes.

Section 195.062, F. S., provides that the Department of Revenue shall prepare and maintain a current manual of instructions which shall contain all rules and regulations, all instructions relating to the use of forms and maps, standard assessment procedures, and the standard measures of value prescribed by the department or by general law for property appraisers and other officials connected with the administration of property taxes.

The term "rule" as it is used in Ch. 120, F. S., must be defined to determine whether a standard assessment procedure, a standard measure of value, and a form and its instruction promulgated pursuant to s. 195.022, *supra*, are rules within the purview of that definition. Agency action must be an exercise of its quasi-legislative powers to be within the purview of s. 120.54, F. S. See *Boone v. Div. of Family Services*, 297 So.2d 594 (1 D.C.A. Fla., 1974); AGO 075-12. This quasi-legislative act can be generally defined as being primarily concerned with policy considerations for future, rather than the evaluation of past, conduct; based not on evidentiary facts but on policymaking conclusions to be drawn from facts; action affecting an entire class rather than individuals of the class; and action when particular members of a class are not singled out for special consideration based on their own facts. These descriptive phrases were capsulized in

Polar Ice Cream & Creamery Co. v. Andrews, 146 So.2d 609 (1 D.C.A. Fla., 1962) at 612:

"Stripped of its irrelevant verbiage, this section [s. 120.021(2)] of the statute defines the term 'rule' as a rule or order of general application adopted by an agency which affects the rights of the public or other interested parties."

Section 120.52(14), F. S., defines the term "rule" as meaning:

". . . each agency statement of general applicability that implements, interprets, or prescribes law or policy or describes the organization, procedure, or practice requirements of an agency and includes the amendment or repeal of a rule. The term does not include:

- (a) Internal management memoranda which do not affect either the private interests of any person or any plan or procedure important to the public,
- (b) Legal memoranda or opinions issued to an agency by the attorney general or agency legal opinions prior to their use in connection with the agency action, or
- (c) The preparation or modification of:
  - 1. Agency budgets,
  - 2. Contractual provisions reached as a result of collective bargaining, or
  - 3. Agricultural marketing orders under chapter 573 or chapter 601."

It is a well-settled rule of statutory construction that where the language of a statute is plain and unambiguous and conveys a clear and definitive meaning, there is no occasion for resort to the rules of statutory interpretation. The Legislature should be held to have intended what it has plainly expressed. 30 Fla. Jur. *Statutes* s. 79, pp. 230-231 (1974). The legislative intent and meaning of the term "rule," as it is used in Ch. 120, F. S., is unequivocally expressed in s. 120.52(14). See AGO 075-12. Thus, in view of the above, the inescapable conclusion is that a standard assessment procedure prescribed pursuant to s. 195.027, F. S., and a standard measure of value promulgated pursuant to ss. 195.002 and 195.032, F. S., must be considered rules under the provisions of Ch. 120. The conclusion is mandated by the fact that they are unambiguous statements by the Department of Revenue that implement and interpret the Constitution and legislative policy of just valuation for ad valorem tax purposes of all property and provide for a uniform assessment as between property within each county and property in each other county or taxing district and are not mere internal memoranda which do not affect either the private interests of any person or any plan or procedure important to the public. Section 195.0012, F. S.; *Burns v. Butscher*, 187 So.2d 594 (Fla. 1966); *Powell v. Kelly*, 223 So.2d 305 (Fla. 1969); *Container Corporation of America v. Rutherford*, 293 So.2d 379 (1 D.C.A. Fla., 1974).

It seems equally clear that a form and its instructions prescribed pursuant to s. 195.022, F. S., are likewise a rule. The form and instructions are department statements of general applicability to all property appraisers, tax collectors, clerks of the circuit courts, and boards of tax adjustment in administering and collecting ad valorem taxes which describe the procedure and practice requirements of the department in order that all property will be assessed, taxes will be collected, and that the administration will be uniform, just, and otherwise in compliance with the requirements of the general law and the Constitution. Such forms and instructions could not reasonably be considered an exception to the definition of a rule as set forth in s. 120.52(14), F. S.



There remains the question of whether or not written permission of the executive director allowing a county officer to use his own form in lieu of those forms prescribed by the department constitutes an order or a rule. Section 195.022, *supra*, provides that the department is to prescribe and furnish all forms to be used by county officials in administering and collecting ad valorem taxes. A county officer may, however, at his own expense and with the showing of good cause receive written permission from the executive director to use a form other than the form prescribed by the department pursuant to s. 195.022.

Chapter 120, F. S., does not contain any reference to such terms as adjudication, rights, duties, privileges, or immunities. *Cf.* Bay National Bank and Trust Company v. Dickinson, 229 So.2d 302, 306 (1 D.C.A. Fla., 1969); Dickinson v. Judges of District Court of Appeal, First District, 282 So.2d 168 (Fla. 1973); Lewis v. Judges of District Court of Appeal, First District, 322 So.2d 16 (Fla. 1975). It would appear that, by deleting these terms from the statute, the limitations placed on the definition of the term "order" under Ch. 120, F. S. 1973, are not applicable as parameters. The new Ch. 120, F. S. 1975, covers all final agency actions. See *Levinson, The Florida Administrative Procedure Act: 1974 Revision and 1975 Amendments*, 29 U. Miami L. Rev. 617 (1975).

Section 120.52(2) and (9), F. S., define the terms "agency action" and "order" as follows:

"(2) 'Agency action' means the whole or part of a rule or order, or the equivalent, or the denial of a petition to adopt a rule or issue an order. The term also includes any request made under [s. 120.54(4)].

(9) 'Order' means a final agency decision which does not have the effect of a rule and which is not excepted from the definition of a rule, whether affirmative, negative, injunctive, or declaratory in form. An agency decision shall be final when reduced to writing."

Thus, based upon these definitional changes by the Legislature, it is my opinion that the term "order," within the meaning and context of Ch. 120 includes the agency's quasi-judicial powers, part of the agency's quasi-executive powers, and so much of the exercise of its "quasi-legislative" function not considered part of the rulemaking process. *Broward County v. The Administration Commission*, 321 So.2d 605 (1 D.C.A. Fla., 1975); *Lewis v. Judges of District Court of Appeal, First District, supra*.

In view of the above definition, it is my opinion that such written permission by the executive director to a county official, based on good cause shown, to use a form other than the forms prescribed by the department is an order as the term is contemplated under Ch. 120, F. S. Such written permission would affect the private interests of persons whose property is being taxed under such form and is therefore a procedure important to the public. The written permission does not have the effect of a rule since it is not an agency statement of general applicability.

In view of the affirmative answers to your questions concerning whether or not a standard assessment procedure prescribed pursuant to s. 195.027, F. S., a standard measure of value promulgated pursuant to ss. 195.002 and 195.032, F. S., and the forms and instructions prescribed pursuant to s. 195.022, F. S., are rules for the purposes of Ch. 120, *supra*, the rules must be published and indexed in the Florida Administrative Code. Section 120.54(10)(b) provides that:

"Twenty-one days after the notice required by subsection (1), or after the final public hearing, if the hearing extends beyond the 21 days, the adopting agency shall file with the Department of State three certified copies of the rule it proposes to adopt, a summary of the rule, a summary of any hearings held on the rule, and a detailed written statement of the facts and circumstances justifying the rule."

Section 120.55, F. S., provides that:

"(1) The Department of State shall:

\* \* \* \* \*

(b) Publish in a permanent compilation entitled 'Florida Administrative Code' all rules adopted by each agency . . . and complete indexes to all rules contained in the code. . . ."

It is my opinion that Ch. 120, F. S., will require that the standard assessment procedures, the standard measures of value, and the forms and instructions adopted by the department be filed, published, and indexed in the Florida Administrative Code.

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MEMORANDUM

Benjamin K. Phipps  
DIRECT NO. 223 2717

*(via email and U.S. Mail)*

21 July 2010

TO: Commercial Property Services ("CPS")

FROM: Benjamin K. Phipps

SUBJECT: The Florida Department of Revenue Appraisal Guidelines

A question has arisen of whether The Florida Real Property Appraisal Guidelines, adopted by the Governor and Cabinet, sitting as the Department of Revenue, constitute a "rule" under Chapter 120, Florida Statutes, the Florida Administrative Code. Before getting into exactly where the guidelines fit in the spectrum of laws, it is appropriate to first examine their statutory provenance.

Section 195.062, Florida Statutes, requires the Florida Department of Revenue to "prepare and maintain a current manual of instructions for property appraisers and other officials connected with the administration of property taxes." That statute further requires that the manual contain:

- (a) Rules and regulations
- (b) Standard measures of value
- (c) Forms and instructions relating to the use of forms and maps

Section 195.032 requires that the Department establish and promulgate the "standard measures of value," and further mandates that such "shall provide guidelines for the valuation of property and methods for property appraisers to employ in arriving at the just value of particular types of property." Shortly after the adoption of the amendment to Section 195.032 relating to the promulgation of the guidelines, the Attorney General was asked to opine if standard measures of values constitute a rule under Chapter 120. The Attorney General's unambiguous opinion was that standard measures of value are rules as that term is defined in the Florida Administrative Code, Chapter 120 of the Florida Statutes. (AGO 76-123.)

The Department has promulgated standard measures of value governing the assessment of real property; standard measures of value governing the assessment of classified use of property ("agricultural guidelines"); standard measures of value for the assessment of tangible personal property ("tangible personal property appraisal guidelines"); and cadastral mapping guidelines. The real property appraisal guidelines, adopted by the Governor and Cabinet on 26 November 2002, are essentially an updating and replacement of the original standard measures of value for the assessment of real property adopted in 1976.

To recapitulate, there are four sets of guidelines: real property assessment, agricultural classified use assessments, cadastral mapping instructions, and tangible personal property appraisal guidelines. The classified use (agriculture) guidelines are specifically identified as standard measures of value, as are the tangible personal property appraisal guidelines. Under AGO 76-123, there can be no question that these two constitute a rule. Putting aside the question relating to the cadastral mapping guidelines, the issue remains whether the real property assessment guidelines (adopted in 2002) are less than a standard measure of value, and are therefore not a rule. In fact the Attorney General held that each and everything in the statutorily mandated manual constitutes a rule, including the forms. Viewing all of these documents together, that is as the composite of the manual of instructions mandated in Section 195.062, logic dictates that each set of guidelines are in the nature of "standard measures of value," whether specifically identified as such or not. Thus, they are all clearly rules, in the Chapter 120 sense of that term. AGO 76-123 adds the authority of law to this logic.

Nevertheless, the statement is frequently made that, "the guidelines, while adopted like rules, are somehow not rules." A careful examination of the law, as was achieved and articulated in AGO 76-123, gives scant support to this concept. The concept that the guidelines are "adopted like rules but are something less than rules" is more in the nature of an urban myth than a legal thesis.

Even assuming that somehow the guidelines are "less than a rule," they are nonetheless a statutorily mandated promulgation of the Department of Revenue. Section 195.032 states:

The standard measures of value shall provide guidelines for the valuation of property and methods for property appraisers to employ in arriving at the just valuation of particular types of property consistent with ss.193.011 and 193.461.

The statute then goes on to state that they shall be deemed "prima facie correct." Arguably, a property appraiser might depart from the guidelines, in particular instances, where there is some compelling appraisal methodology requiring such a departure. Otherwise, property appraisers must follow and apply the guidelines.

The question then remains whether the standard measure of value and guidelines must be followed by Value Adjustment Boards and their special magistrates, as well as by property appraisers. To the extent there may have been any lingering doubt, this question was answered in the affirmative by the Legislature in its 2008 major reform of the VAB process (Ch.2008-197, Laws of Florida (House Bill 909)). In section 5 of that Act, the Legislature mandated that the training to be conducted by the Department of Revenue of special magistrates, "shall emphasize the department's standard measures of value, including the guidelines for real and tangible personal property." (Codified as Section 194.035(3), Florida Statutes.) Not only are these Department promulgations binding on special magistrates, they must be trained in their application.

In conclusion, contrary to the urban myth, the four sets of guidelines adopted by the Governor and Cabinet, whether technically rules under Chapter 120, or merely "in the nature of rules," are statutorily mandated promulgations of the Department which property appraisers and special magistrates are required to use and comply with. Under the new Section 194.301, property appraiser must justify any departure from professionally accepted appraisal practices. The guidelines are a recitation of professionally accepted appraisal practices, and special magistrates must enforce rigorous compliance with the guidelines in their evaluation of challenged assessments.

**From:** Bradley Tennant <[bradley.tennant@realadvice.com](mailto:bradley.tennant@realadvice.com)>

**Sent:** Thursday, January 9, 2025 1:08 PM

**To:** DORPTO <[DORPTO@floridarevenue.com](mailto:DORPTO@floridarevenue.com)>

**Cc:** Todd Jones <[todd.jones@realadvice.com](mailto:todd.jones@realadvice.com)>; Jim Zingale <[Jim.Zingale@floridarevenue.com](mailto:Jim.Zingale@floridarevenue.com)>; Rene Lewis <[Rene.Lewis@floridarevenue.com](mailto:Rene.Lewis@floridarevenue.com)>; Mark Hamilton <[Mark.Hamilton@floridarevenue.com](mailto:Mark.Hamilton@floridarevenue.com)>

**Subject:** Florida Department of Revenue Proposed Rules - Development of Proposed Amendments to the Florida Real Property Appraisal Guidelines

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Mr. Cotton, *et al.*,

Please find attached our comments regarding the proposed revisions to the Florida Real Property Appraisal Guidelines. We applaud the work done to date and hope our limited suggestions are considered. Thank you.

**Bradley Tennant, Esq. & MSRE** | Managing Director | [RealAdvice](#) | 727-346-8443

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January 9, 2024

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RE: Comments on the proposed Florida Real Property Appraisal Guidelines revisions

Overall, we believe the changes proposed in the draft guidance document will have a positive effect on the impacted professions. Many of the changes modernize the guide, and should be applauded.

That being said, we believe there are a select few sections that should be revised prior to finalization. Below are our limited comments.

**Section 1.1:** This section alters the citations relative to the property appraiser's duties. While this improves readability, it no longer includes the caveat in the prior version relative to exceptions. While a thorough debriefing of all exceptions or limitations is unnecessary, we believe it is important to reference that they at least exist. Some, such as the limitation on levying ad valorem taxes contained in Fla. Const. Art. VII Sec. 9(a) ("except ad valorem taxes on intangible personal property and taxes prohibited by this constitution."), have been getting increasing focus in recent years. We believe adding back in the phrase "with certain exceptions" would help signal to the assessors that their responsibilities in valuing property are not only granted, but also limited by statutory and constitutional law. Neglecting to address this will guarantee unnecessary conflicts in the proper administration of property taxation.

**Section 4.4.8:** This section alters the guidance relative to obtaining information relative to the income approach assessors utilize. One change, replacing "market rent" with "rent income", will unnecessarily confuse assessors regarding the proper execution of their duties. Specifically, the law in Florida is that the assessment should represent "the fair market value of the unencumbered fee..." *Schultz v. TM Florida-Ohio Realty Ltd. Partnership*, 577 So.2d 573 (Fla. 1991). The issue with the language, as altered, is that it implies a leased-fee analysis by connecting the "rent income" (i.e., contract rent vs. market rent) – which seems to be property specific – with the determination of value. We urge you to use the term "market rent" as it is the more accurate terminology for this paragraph.

**Section 6.1:** This section explains what highest and best use is. While generally a great addition, the last sentence of the second paragraph gives an example of a "below-market lease" impacting a property. Conceptually it is the correct answer, but the example given presents a representation of a leased-fee versus fee-simple distinction instead of an example of highest and best use. A better example that more accurately tracks the paragraph might be: "For example, if a standalone grocery store is located in a zoning district that permits high density residential use, and market factors support adequate demand for new development, and the factors in FS193.011(2) are properly considered, the present use should be disregarded since it is not the highest and best use of the unencumbered fee simple estate."



**Section 6.4:** This section addresses the cost approach. The only objection to this paragraph is the use of the abbreviation “RCN”, which stands for replacement cost new. The use of this phrase is confusing for two reasons: (1) as it is unclear if the reference to new is “when it was new” or “newly rebuilt”, and (2) it could be confused with the term “reproduction cost new” which is generally inconsistent with Florida law. We believe simply using the term “replacement cost new” instead of the abbreviation would be more clear and accurate.

**Section 13.8:** This section deals with adjustments in the cost approach (and is incorporated into a previous section). The second sentence references that “contractors profit is typically included in published cost manuals, but developer’s anticipated profit typically is not. However, all determination of RCN of real property should include both.” The proper phrase we recommend is “developer’s incentive”. To put a finer point on it, a developer’s anticipated profit could vary wildly based on many factors that are not relevant to the appraisal – i.e., they got a good deal on concrete. The broader term of “incentive” recognizes that a development would not occur if not for a benefit to the developer, but is an objective term that is more appropriate for valuing something that would be unknown and inappropriate to directly consider for an appraisal. At issue is the phrase “anticipated profit” which is a specific reference to an intangible asset that should not be included in an appraisal for ad valorem purposes under Florida law, as that element is exempt.

We hope you consider these suggestions in your next revision. Thank you.

Sincerely,

Todd Jones, MAI, CRE, FRICS

Bradley S. Tennant, Esq.  
Board Certified in Real Estate Law



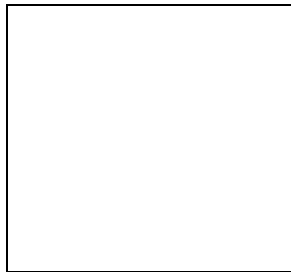
**From:** PAAF <[PAAF@comcast.net](mailto:PAAF@comcast.net)>  
**Sent:** Friday, January 17, 2025 2:43 PM  
**To:** DORPTO <[DORPTO@floridarevenue.com](mailto:DORPTO@floridarevenue.com)>  
**Cc:** Rene Lewis <[Rene.Lewis@floridarevenue.com](mailto:Rene.Lewis@floridarevenue.com)>  
**Subject:** Public Comments for Florida Real Property Appraisal Guidelines

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Good afternoon,

Attached are written comments to the proposed changes to the Florida Real Property Appraisal Guidelines submitted on behalf of the Property Appraisers' Association of Florida, Inc.

Thank you. If you have any questions, please do not hesitate to contact me.



**Loren E. Levy**  
**General Counsel**  
**Property Appraisers' Association of Florida, Inc.**

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PAAF's 2024-25 membership consists of property appraisers from the following 61 counties: Baker, Bay, Bradford, Brevard, Broward, Calhoun, Charlotte, Citrus, Clay, Collier, Columbia, Desoto, Dixie, Duval, Escambia, Flagler, Franklin, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Hernando, Highlands, Hillsborough, Holmes, Indian River, Jackson, Jefferson, Lafayette, Lee, Leon, Levy, Liberty, Madison, Marion, Martin, Monroe, Nassau, Okaloosa, Okeechobee, Orange, Osceola, Pasco, Pinellas, Polk, Putnam, St. Johns, St. Lucie, Santa Rosa, Sarasota, Seminole, Sumter, Suwannee, Taylor, Union, Volusia, Wakulla, Walton, and Washington.



# THE PROPERTY APPRAISERS' ASSOCIATION OF FLORIDA, INC.



PAAF - March 2, 1976

TAAF - 1903-1976

January 17, 2025

## **VIA E-MAIL**

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Property Tax Oversight Program  
Florida Department of Revenue  
Post Office Box 3000  
Tallahassee, Florida 32315-3000  
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Re: Proposed Amendments to the Florida Real Property Appraisal Guidelines

Dear Director Lewis:

The members of the Property Appraisers' Association of Florida, Inc. (PAAF)<sup>1</sup> have discussed the proposed changes to the Florida Real Property Appraisal Guidelines (real property guidelines), as set forth in the November 20, 2024, draft, and respectfully submit the following comments thereto. PAAF's members appreciate the opportunity to provide input and look forward to continuing to participate in the revision process as the Department of Revenue (department) progresses towards a final work product. Before discussing specific provisions of the proposed changes to the real property guidelines, there are two general comments that should be emphasized.

First, the real property guidelines only are intended to assist property appraisers in determining the annual assessments of real property. *See* § 195.032, Fla. Stat. (2024) ("The standard measures of value shall provide guidelines for the valuation of property and the methods for property appraisers to employ in arriving at the just valuation of particular types of property consistent with ss. 193.011 and 193.461."); § 195.062, Fla. Stat. (2024) ("[T]he standard measures of value shall not have the force or effect of such rules and shall be used only to assist tax officers in the assessment of property as provided by s. 195.002."). The real property guidelines are not a substitute for administrative rules or statutes.

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<sup>1</sup> PAAF's 2024-25 membership consists of property appraisers from the following 61 counties: Baker, Bay, Bradford, Brevard, Broward Calhoun, Charlotte, Citrus, Clay, Collier, Columbia, Desoto, Dixie, Duval, Escambia, Flagler, Franklin, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Hernando, Highlands, Hillsborough, Holmes, Indian River, Jackson, Jefferson, Lafayette, Lee, Leon, Levy, Liberty, Madison, Marion, Martin, Monroe, Nassau, Okaloosa, Okeechobee, Orange, Osceola, Pasco, Pinellas, Polk, Putnam, St. Johns, St. Lucie, Santa Rosa, Sarasota, Seminole, Sumter, Suwannee, Taylor, Union, Volusia, Wakulla, Walton, and Washington.

Second, there is no indication that the real property guidelines have become outdated or fail to reflect appropriate valuation techniques for such property. Since the real property guidelines were last adopted in 2002, there have been no court decisions commenting that the guidelines were incorrect or otherwise failed to reflect appropriate appraisal methodologies. Although the Auditor General recommended that the department “continue efforts to update the Manual [of Instructions]” in its 2019 Performance Audit, no deficiencies in the real property guidelines were delineated. No similar recommendation was made in the 2022 Performance Audit. *See Fla. Auditor General, Dep’t of Revenue Performance Audit, Report Nos. 2020-003; 2023-014.* Thus, there is no demonstrated need to substantively revise the real property guidelines even though it has been over 20 years since they were adopted. Only minor updating of statutory references and data sources would be appropriate.

In general, it appears that the department’s November 2024 draft of revisions to the real property guidelines acknowledges that significant substantive changes are unnecessary. PAAF’s members agree and commend the department in its overall approach to revisions of the guidelines. In particular, PAAF’s members concur with the following statement describing the guidelines:

The required scope of the components of the appraisal process will vary among the diverse real property markets in Florida’s 67 counties. Resources (e.g., availability of information, equipment, and personnel) may differ among Florida counties and affect how property appraisers specifically apply the appraisal process. Property appraisers should apply these *Real Property Appraisal Guidelines* based on the economic factors and market dynamics present in their county. The guidelines are not a substitute for the duty to comply with current Florida ad valorem tax law.

*Fla. Real Property Appraisal Guidelines* § 1.2 (Nov. 2024 draft).

For ease of reference, comments to specific portions of the proposed changes to the real property guidelines will be set forth in the order in which the language appears in the November 2024 draft. Reference will be made to the paragraph, followed by a brief description of PAAF’s concerns.

### **Paragraph 2.5 Assessment Challenges**

The paragraph purports to advise that section 194.301, Florida Statutes (2024), was substantively changed in 2009 related to review of assessments by the Value Adjustment Board (VAB) and the circuit courts. It then provides the department’s legal opinion as to cases it believes have been superseded by the 2009 amendment.

The department should not include legal opinions or advice in the guidelines, which are statutorily authorized only to address the standard measures of value to be used in the assessment of real property. The burden of proof applicable to assessment challenges was changed 14 years ago and is well established.

In particular, the portion of the paragraph stating that sections 194.301 and 194.3015 have established “four determinative legal standards for appraisal development and reporting for the purpose of ad valorem taxation in Florida” merely reflects the opinion of the department’s legal staff regarding the referenced statutory language. There are no reported appellate court cases setting forth

these four determinative legal standards and, in fact, there only are two appellate decisions issued since the enactment of sections 194.301 and 194.3015 in 2009. *See Singh v. Walt Disney Parks & Resorts, Inc.*, 325 So.3d 124 (Fla. 5th DCA 2020); *Darden Restaurants, Inc. v. Singh*, 266 So.3d 228 (Fla. 5th DCA 2019).

The *Walt Disney Parks & Resorts* case primarily addressed the issue of whether the property appraiser's assessment impermissibly included the value of Disney's intangible business assets. *Walt Disney Parks & Resorts*, 325 So.3d at 130-31. The decision also discussed what would be considered competent, substantial evidence to support the trial court's decision to reduce the assessment. *Id.* at 132-133. The only mention of section 194.301 was in describing the trial court's responsibility to establish the amount of the assessment "if the taxpayer successfully challenges an ad valorem assessment." *Id.* at 132. The court concluded that "because Disney successfully challenged Appraiser's assessment, the trial court was required, if it could, to establish an assessment pursuant to a professionally accepted appraisal practice, based on competent substantial evidence. Otherwise, the trial court should have required the Appraiser to reassess the Property." *Id.*

The *Darden Restaurants* case involved the property appraiser's challenge to a VAB decision reducing the assessment of tangible personal property. There, the district court observed that section 194.301 "provides that in proceedings before the VAB or the circuit court, the value of property must be determined by an appraisal methodology that complies with the criteria set forth in section 193.011 and with professionally accepted appraisal practices." *Id.* at 231. Later, the court recognized, "as did the parties below, that TPP appraisers must exercise their professional judgment and discretion throughout the appraisal process. However, section 194.301 reflects an effort by the Legislature to ensure that they exercise that professional judgment and discretion in accordance with professionally accepted appraisal practices." *Id.* at 233 n. 6. The district court ultimately held that the trial court correctly concluded that the VAB's valuations of Darden's TPP were incorrect and less than the just or fair market value but incorrectly reinstated the original assessments because the property appraiser had failed to present evidence that it calculated obsolescence in accordance with professionally accepted appraisal practices. *Id.* at 233.

The list of cases that the department believes "reflects the statutorily superseded burden of proof" and are examples of "obsolete case law applying the superseded burden of proof" should be deleted from the guidelines. Some of the cases recite the burden of proof at the time of the decision but the legal issue and holding of the court did not address, apply, or implicate the burden of proof. For example, the legal issue in *Bystrom v. Whitman*, 488 So.2d 520 (Fla. 1986), was "whether the district court erred in concluding that the trial court abused its discretion by ordering the production of the taxpayers' personal income tax returns and other financial documents." *Id.* at 521-22. The issue in *Dep't of Revenue v. Howard*, 916 So.2d 640 (Fla. 2005), was the constitutionality of section 193.016, Florida Statutes, which required property appraisers to consider a VAB's decision to reduce the assessment of tangible personal property in the previous tax year when determining the assessment thereof for the current year. *Id.* at 645-646. *Deltona Corp. v. Bailey*, 336 So.2d 1163 (Fla. 1976), establishes the pleading requirements to raise an equal protection claim to the assessment under the constitution.

Even if a decision applied the previous and now superseded burden of proof, other portions of its holding could be considered as reflective of current law. For example, *Mazourek v. Walmart Stores, Inc.*, 831 So.2d 85 (Fla. 2002), has statements as to the proper application of the cost approach

and held that acquisition costs such as freight, installation, and sales tax are properly included in determining the original cost of tangible personal property.

#### **Paragraph 4.5.1 Data Collection Manuals**

Here, the guidelines address data collection manuals as follows:

A data collection manual, maintained by each county property appraiser office, is a well-documented manual describing in detail all such aspects of collecting and coding data on physical characteristics of improved real property. It is a useful tool that provides a readily available reference for staff on items such as: field conduct; collection and measurement methods; how to determine ~~apply sound judgment to~~ qualitative measurements ~~determinations~~ such as construction grade, condition, effective year built, and effective age; and how to apply accurate and consistent coding of property characteristics. The manual should explain available codes for various property types and building features and how to properly choose among them. Data collection manuals should be current, complete, clearly written, and well-illustrated with examples and photographs of construction grades and building features for each property type.

(underlined language added, strike-through reflects deleted language)

To the extent that such additional language appears to require all 67 property appraiser's offices to maintain a data collection manual, it should be deleted. There is no statutory requirement that property appraisers develop and maintain such a manual. After discussing the issue among PAAF's members, only a small number of counties actually have written materials that would be described as a data collection manual.

#### **Paragraph 6.1 Highest and Best Use**

The discussion of highest and best use as defined in section 193.011(2), Florida Statutes (2024), observes that a present use may not be the highest and best use. "For example, if a property is subject to a below-market lease, the present use should be disregarded since it is not the highest and best use of the unencumbered fee simple estate."

The example should be deleted from the paragraph. Florida law requires that assessments reflect the unencumbered fee simple interest in the property as opposed to the leased fee interest. *See Schultz v. TM Fla.-Ohio Ltd. P'ship.*, 577 So.2d 573 (Fla. 1991); *Valencia Center, Inc. v. Bystrom*, 543 So.2d 214 (Fla. 1989). In assessing such properties, the property appraiser should rely upon market rents as opposed to contract rents. The highest and best use of the property may be the same, i.e., a commercial shopping center, even though the contract rents may no longer reflect prevailing market rents. Although PAAF's members agree that all property must be assessed on the basis of its unencumbered fee simple interest, the issue is not best described in terms of highest and best use under section 193.011(2).

### **Paragraph 6.3 Land Valuation and Paragraph 6.6.4 Yield Capitalization**

These two paragraphs in the guidelines address, in part, the concept of yield capitalization and the discounted cash flow analysis as it relates to the valuation of land and improved properties. Paragraph 6.3 provides that the “guidelines do not cover land valuation using the anticipated use or development method, which is essentially a discounted cash flow analysis (see section 6.6.4 of these guidelines).” The reference to paragraph 6.6.4 reflects additional language to the effect that in “evaluating the potential use of any yield capitalization method in particular situations, property appraisers must apply professionally accepted appraisal practices and appropriate appraisal methodologies.” That paragraph, however, deletes the reference to case law rejecting use of a discounted cash flow analysis because it was too speculative and failed to reflect the present use of the property.

The language cautioning against use of the discounted cash flow analysis and cited legal authorities should be reinstated in the guidelines. For example, it is well settled that developers platting lands and owning multiple lots cannot be assessed differently than an individual owning a single lot in the subdivision. *Interlachen Lakes Estates v. Synder*, 304 So.2d 403 (Fla. 1974) (statute providing for developer discount until 60 percent of lots sold was unconstitutional). The value of land should not be based upon its ownership. Other decisions have concluded that it was improper to assess property with a discounted cash flow analysis as unduly speculative. See *Palm Bch. Dev. & Sales Corp. v. Walker*, 478 So.2d 1122 (Fla. 4th DCA 1985); *St. Joe Paper Co. v. Adkinson*, 400 So.2d 983 (Fla. 1st DCA 1981). These decisions remain valid and should be included in the guidelines.

### **Conclusion**

PAAF’s members appreciate the opportunity to provide input and look forward to continuing to participate in the revision process as the department progresses towards a final work product. The November 2024 draft reflects the department’s considerable effort and diligence in its endeavor to update the real property guidelines. The comments provided herein are intended to assist the department in its efforts and should not be interpreted as critical of the draft or the staff that have worked on the project.

Very truly yours,



Loren E. Levy, General Counsel  
Property Appraisers Association  
of Florida, Inc.

LEL/gls

cc: Hon. Mitch Burke, President  
All PAAF Members

**From:** Julie Schwartz, <[jschwartz@rvmlaw.com](mailto:jschwartz@rvmlaw.com)>  
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**Cc:** Estrella Baldomero <[ebaldomero@rvmlaw.com](mailto:ebaldomero@rvmlaw.com)>  
**Subject:** FW: Florida Real Property Appraisal Guidelines

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Attached please find comments to the proposed Florida Real Property Appraisal Guidelines. Our firm has been representing taxpayers throughout the state of Florida in connection with ad valorem property taxes for over 30 years.

We appreciate the PTO's updating and streamlining of the Guidelines. In reviewing them, however, there are a few important concepts that we believe were omitted, and should be included. We have made comments with proposed additions and changes directly on the attached pdf version of the revised guidelines.

Thank you in advance for your consideration of these comments and we look forward to further public meetings to discuss the incorporation of these concepts into the new guidelines. An open, public and fair process is critical to fair taxation.

Sincerely,

**Julie Schwartz, Esq.** | [vCard](#)



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# Florida Real Property Appraisal Guidelines



Property Tax Oversight  
XXXX 2024

## 1.0 INTRODUCTION

**1.1 Overview and Specific Authority.** Section 195.002(1), Florida Statutes (F.S.), identifies the Florida Department of Revenue (Department) as a state administrative agency with the statutory responsibility of general supervision of the assessment and valuation of property, and the administration and collection of property taxes. The Department's supervision is necessary to ensure all property is placed on the tax rolls and valued in accordance with the requirements of the state constitution.

Every four years, the voters in each Florida county elect a property appraiser as directed by Article VIII, section 1(d), of the Florida Constitution. Section 192.001(3), F.S., states the property appraiser is "the county officer charged with determining the value of all property within the county, with maintaining certain records connected therewith, and with determining the tax on taxable property after taxes have been levied." In the course of discharging its statutory duties, the Department provides general supervision to the property appraiser of each of the 67 counties in the state of Florida.

Property Appraisers have the statutory responsibility to list and appraise all real property in their respective county each year for purposes of ad valorem taxation, as stated in ss. 192.011 and 193.085(1), F.S.

Section 192.011, F.S., states, in pertinent part "[t]he property appraiser shall assess all property located within the county, except inventory, whether such property is taxable, wholly or partially exempt, or subject to classification reflecting a value less than its just value at its present highest and best use." Section 193.085(1), F.S., states, in pertinent part "[t]he property appraiser shall ensure that all real property within his or her county is listed and valued on the real property assessment roll."

Sections 195.062(1) and 195.032, F.S. specifically direct the Department to establish standard measures of value, which include these *Real Property Appraisal Guidelines* to aid and assist property appraisers in performing their assessment and valuation responsibilities. Statute provides the specific authority and legislative directive for the Department's development of these guidelines, as well as underscore's the Legislature's intent to limit the scope of their use.

Section 195.062(1), F.S., states, in pertinent part:

*The department shall prepare and maintain a current manual of instructions for property appraisers and other officials connected with the administration of property taxes. This manual shall contain all:*

- (a) Rules and regulations.*
- (b) Standard measures of value.*
- (c) Forms and instructions relating to the use of forms and maps.*

Section 195.032, F.S., states:

*In furtherance of the requirement set out in section 195.002, the Department of Revenue shall establish and promulgate standard measures of value not inconsistent with those standards provided by law, to be used by property appraisers in all counties, including taxing districts, to aid and assist them in arriving at assessments of all property. The standard measures of value shall provide guidelines for the valuation of property and methods for property appraisers to employ in arriving at the just valuation of particular types of property consistent with sections 193.011 and 193.461. The standard measures of value shall assist the property appraiser in the valuation of property and be deemed prima facie correct, but shall not be deemed to establish the just value of any property. However, the presumption of correctness accorded an assessment made by a property appraiser shall not be impugned merely because the standard measures of value do not establish the just value of any property.*

## 2.0 FOUNDATIONAL PRINCIPLES

Definitions for these key foundational mass appraisal terms are available in Addendum A:

Ad valorem tax  
Assessed value

Just value  
Mass appraisal

Quality control  
Real property

**2.1 Legal and Regulatory Foundations.** Section 192.042(1), F.S., requires that all real property must be assessed according to just value each year on January 1. Section 193.011, F.S., provides direction to property appraisers for the just valuation of real property for ad valorem tax purposes. It states:

**Factors to consider in deriving just valuation.**--In arriving at just valuation as required under s. 4, Art. VII of the State Constitution, the property appraiser shall take into consideration the following factors:

- (1) The present cash value of the property, which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase, in cash or the immediate equivalent thereof in a transaction at arm's length;
- (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, taking into consideration the legally permissible use of the property, including any applicable judicial limitation, local or state land use regulation, or historic preservation ordinance, and any zoning changes, concurrency requirements, and permits necessary to achieve the highest and best use, and considering any moratorium imposed by executive order, law, ordinance, regulation, resolution, or proclamation adopted by any governmental body or agency or the Governor when the moratorium or judicial limitation prohibits or restricts the development or improvement of property as otherwise authorized by applicable law. The applicable governmental body or agency or the Governor shall notify the property appraiser in writing of any executive order, ordinance, regulation, resolution, or proclamation it adopts imposing any such limitation, regulation, or moratorium;
- (3) The location of said property;
- (4) The quantity or size of said property;
- (5) The cost of said property and the present replacement value of any improvements thereon;
- (6) The condition of said property;
- (7) The income from said property; and
- (8) The net proceeds of the sale of the property, as received by the seller, after deducting usual and reasonable fees and costs of the sale, including the costs and expenses of the sale, and an allowance for unconventional or atypical terms of financing arrangements. When the net proceeds of the sale of any property are utilized, directly or indirectly, in the determination of just valuation of realty of the sold parcel or any other parcel under the provisions of this section, the property appraiser, for the purposes of such determination, shall exclude any portion of such net proceeds attributable to payments for household furnishings or other items of personal property.

properly

and to record the methodology and results of such consideration in its records.

Section 193.011, F.S., requires the property appraiser to consider each of these eight criteria. These guidelines present other relevant statutes applicable to each of the eight factors listed above where appropriate.

Section 193.011, F.S. is specific to real property; the factors for valuation of land classified for agricultural use are listed in s. 193.461(6), F.S. The *Agricultural Classified Use Real Property Appraisal Guidelines* provide guidance for use valuation of such land.



In 1967 the Florida legislature added the 8th just valuation factor providing for property appraisers to deduct cost of sale in arriving at just valuations. Applying the 8th criteria is different from applying the other seven factors in sec. 193.011. This is because property appraisers generally apply the other seven factors through their annual appraisal process when they analyze and apply property specific appraisal data related to the other factors. However the general lack of market data impedes the verification of specific costs of sale. Therefore given this general lack of market data, property appraisers should apply a uniform percentage deduction and the across the board practice of uniform deduction of cost of sale is required to achieve just value. In fact, the Florida legislature requires property appraisers to annually report to the DOR the cost of sale deductions a property appraiser "made to recorded selling prices or fair market value" in arriving at assessed value, as prescribed by department rule. DOR implemented this reporting requirement by adopting rule 12D-8.0004.

The property appraiser is responsible for understanding and adhering to professionally accepted appraisal practices and appropriate appraisal methodologies to ensure that current standards of practice, as prescribed by Florida ad valorem tax law and the professional organizations cited above, are followed in arriving at just values.

**2.3 Foundations of Mass Appraisal in Florida.** Mass appraisal provides a structure for property appraisers to value large quantities of properties with a variety of uses as of the date of assessment. The process systematically considers the just values of other property within groups for equity. Because just valuations of real property for ad valorem tax purposes in Florida are generally performed using mass appraisal, these guidelines focus on the real property mass appraisal process.

*“Mass appraisal refers to methods that have been developed to solve large-scale valuation problems, such as when many properties must be appraised for the same purpose, often as of the same date and at low per-property cost. Mass appraisal is characterized by standardized procedures, common data, and statistical testing. It is a challenging activity rooted in economics that draws on statistical and spatial analysis of data from property markets. Like all spheres of appraisal, it requires experience and judgment.”<sup>1</sup>*

*“Market value for assessment purposes is generally determined through the application of mass appraisal techniques. Mass appraisal is the process of valuing a group of properties as of a given date and using common data, standardized methods, and statistical testing. To determine a parcel’s value, assessing officers must rely upon valuation equations, tables, and schedules developed through mathematical analysis of market data. Values for individual parcels should not be based solely on the sale price of a property; rather, valuation schedules and models should be consistently applied to property data that are correct, complete, and up-to-date. Properly administered, the development, construction, and use of a CAMA system results in a valuation system characterized by accuracy, uniformity, equity, reliability, and low per-parcel costs. Except for unique properties, individual analyses and appraisals of properties are not practical for ad valorem tax purposes.”<sup>2</sup>*

To fulfill the statutory duty to value real property, property appraisers may leverage the use of mass appraisal techniques. Mass appraisal is recognized by Florida ad valorem tax law as a professionally accepted appraisal practice (see ss. 193.023(2)(3) and 194.301(1), F.S.).

The following sections discuss fundamental topics relevant to the annual assessment of real property in Florida. These include:

- Real property rights
- Purpose and intended use
- Intended users
- Date of assessment
- Comparison of single-property appraisal and mass appraisal
- Education and training of assessment personnel

The fee simple estate in real property is the unencumbered ownership limited only by the four powers of government; taxation, police power, eminent domain and escheat.

**2.3.1 Real Property Rights.** For ad valorem tax purposes in Florida, the real property rights to be valued are the unencumbered fee simple estate, unless specified otherwise.<sup>3</sup>

<sup>1</sup> International Association of Assessing Officers, *Fundamentals of Mass Appraisal* (Kansas City, MO: International Association of Assessing Officers, 2011), page 1.

<sup>2</sup> International Association of Assessing Officers, *Standard on Mass Appraisal of Real Property* (Kansas City, MO: International Association of Assessing Officers, 2017), page 1.

<sup>3</sup> See *Schultz v. TM Florida-Ohio Realty Ltd Partnership*, 577 So.2d 573 (Fla. 1991).

### 3.0 THE MASS APPRAISAL PROCESS IN FLORIDA

Definitions for these key mass appraisal terms are available in Addendum A:

Ad valorem tax  
Assessment roll

Fee simple  
Just value

Personal property  
Ratio study

**3.1 Overview.** These guidelines address the steps for an effective mass appraisal process for just valuations of real property in Florida. The steps are not necessarily done in the sequence given since many of these steps are ongoing and may be performed not only sequentially, but also concurrently and interactively.

**3.2 Annual Just Valuation Cycle.** Property appraisers have many deadlines and significant calendar requirements they must meet, several of which apply to operations other than the just valuation of real property. These guidelines describe the activities and timeframes involved in just valuation. This is a limited description provided as a brief overview, and users should not rely solely on it for regulatory compliance.

The assessment date, or date of value, is January 1. Real property assessment for ad valorem tax purposes in Florida is an annual process. The scope of the mass appraisal in any given year includes:

- Updating the just values of the previous year
- Producing just values for newly platted land, new construction, parcels with changes in land use regulations, new parcels resulting from splits and combinations, etc.
- Preparing and submitting assessment rolls to the Department
- Responding to study results, evaluations, procedures reviews, or report findings from the Department
- Preparing and mailing truth in millage (TRIM) notices to taxpayers
- Participating in value adjustment board (VAB) proceedings
- Communicating with interested parties, including taxpayers, taxing authorities, elected and appointed officials

The process of updating just values for existing parcels and producing just values for new parcels is an independent function of the property appraiser and staff. It includes collecting and managing data, qualifying or disqualifying real property transfers, discovering and classifying property, defining market areas, specifying and calibrating valuation models, applying adjustments to reflect market changes over time, and conducting ratio studies and other applicable analyses.

Property appraisers are required to prepare and submit assessment rolls to the Department several times a year and respond to study results, evaluations, procedures reviews, or report findings from the Department. The Department communicates these requirements and the standards for the evaluation of the tax rolls in the annual [Tax Roll Production, Submission and Evaluation Standards](#). The standards are sent annually to property appraisers at the time of publication and are available online at this location:

[https://floridarevenue.com/property/Pages/Cofficial\\_CompleteSubRollEval.aspx](https://floridarevenue.com/property/Pages/Cofficial_CompleteSubRollEval.aspx)

**3.3 Identification of Real Property.** The first step in the valuation process is to identify the real property, as defined by s. 192.001(12), F.S., to be assessed. Just valuations should exclude personal property, as defined in s.192.001(11), F.S.

The Department prescribes the parcel data required for the assessment rolls in the [Tax Roll Production, Submission and Evaluation Standards](#). The real property assessment roll is comprised of the Name-Address-Legal (NAL) data file and the sale data file (SDF). The NAL has 92 data fields while the SDF has 14. Please refer to the [Tax Roll Production, Submission and Evaluation Standards](#) for the details of each field. Property



## 6.0 MASS APPRAISAL VALUATION

Definitions for these key mass appraisal valuation terms are available in Addendum A:

Actual age	Fee simple	Market participants
Contract rent	Functional obsolescence	Model specification
Deferred maintenance	Gross income multiplier (GIM)	Multiple regression analysis (MRA)
Direct capitalization	Highest and best use	Physical deterioration
Effective age	Just value	Replacement cost new (RCN)
External obsolescence	Market rent	Yield capitalization

**6.1 Highest and Best Use.** Florida ad valorem tax law guides the scope of highest and best use analysis in the just valuation of real property for ad valorem tax purposes. For just valuation purposes in Florida, present use means the real property's existing use as of the date of assessment. As specified in s. 193.011(2), F.S., the highest and best use and the present use of real property comprise the second of the eight factors property appraisers must consider in determining just value of real property. Specifically, this statute states: *"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, taking into consideration the legally permissible use of the property, including any applicable judicial limitation, local or state land use regulation, or historic preservation ordinance, and any zoning changes, concurrency requirements, and permits necessary to achieve the highest and best use, and considering any moratorium imposed ..."*.

The data collection and management activities described in these guidelines are the primary mechanisms by which the property appraiser considers the real property's present use. Assigning the use code to real property is the first step in valuation. The Department's annual [Tax Roll Production, Submission and Evaluation Standards](#) includes the list of land use codes and descriptions. Property use codes applied to each real property parcel on the assessment roll should reflect the real property's present, or current use. Unless a change in highest and best use is reasonably probable in the immediate future, the present use may represent the highest and best use of real property. In that case, the highest and best use is determined by the property appraiser's research or analysis. In other cases, the present use of real property is subject to a below-market lease, the highest and best use of the unencumbered fee simple estate.

Property appraisers are prohibited from speculating when and if any of the limitations referenced in (2) will be removed, or if zoning changes, concurrency requirements, or permit will be allowed. Property appraisers are prohibited from considering potential uses to which a property is reasonably susceptible and to which it might possibly be put in a future tax year. *Lanier v. Overstreet*, 175 So. 2nd 521 (Fla. 1965)

There are four sequential tests for highest and best use considerations.<sup>25</sup> These tests involve consideration of the legally permissible uses, physically possible uses, financially feasible uses, and maximally productive uses within real property groups. Consideration of these four tests is reflected in the property appraiser's annual real property mass appraisal activities. These activities include data collection and management, geographic stratification, exploratory data analysis, application of professionally accepted appraisal practices and appropriate appraisal methodologies, highest and best use considerations, and compliance with current Florida ad valorem tax law. When applied to appraisals for some private sector purposes, the third and fourth tests may involve in-depth market and/or feasibility studies. These studies are beyond the scope of highest and best use considerations required for mass appraisal in accordance with Florida ad valorem tax law.

Highest and best use may shift as a result of changes in zoning and future land use classifications, new subdivisions, improvements to infrastructure, new construction, substantial renovation, demolition, sales, and rentals. These changes may be observed directly through field inspection of real property, or indirectly by reviewing permits, ordinances, and market transactions and tendencies. Mapping these types of changes may

<sup>25</sup> International Association of Assessing Officers, *Property Assessment Valuation, Third Edition* (Kansas City, MO: International Association of Assessing Officers, 2010), pages 29-30.

**6.5.2 Adaptive Estimation Procedure.** Adaptive estimation procedure, also referred to as “feedback,” is another useful mass appraisal tool in the sales comparison approach.<sup>35</sup> Like MRA, this is a highly complex statistical procedure that analyzes the relationships between the property characteristics and sale prices of sold property to develop a mathematical equation to determine the just valuations of groups of real property. Separate feedback models may be developed for residential market areas and other real property groups. The adaptive estimation procedure has requirements, possible limitations, and assumptions like those of MRA.

**6.6 The Income Approach.** The effectiveness of the income capitalization approach in mass appraisal may depend in part on reliable data collection and management, effective exploratory data analysis, good market knowledge, professionally accepted appraisal practices and appropriate appraisal methodologies, and application of mass appraisal quality assurance tools. In its basic applications, the income approach is a set of procedures in which stabilized income from income-producing real property is capitalized into a just value indication by dividing stabilized net operating income by an overall capitalization rate, or by multiplying stabilized gross income by a gross income multiplier (GIM). A buyer of income-producing property exchanges current dollars for the expectation of receiving future dollars. The collection and management of income data and exploratory data analysis are described in section 4.4.8 and 4.7 of these guidelines.

The income approach relies on proper stratification of real property. Stratification criteria may include property use code, location, quality grade, effective age, or size. The appropriate level of stratification may vary based on the number and type of real property parcels involved and the amount of market data available.

As applied in the income approach, units of comparison are the economic units into which the income, operating expenses, or value indications of real property may be divided for analysis. Examples of units of comparison are rent per square foot or expenses per square foot. Selecting the appropriate unit of comparison for income and expenses involves two primary criteria. One is the unit of comparison market participants use most frequently in their decision-making for the property type under analysis, and the other is the unit of comparison resulting in the lowest measures of dispersion in income and operating expense data sets. Before valuation analysis, all income and operating expense data should be reduced to the appropriate unit of comparison.

**6.6.1 Market Rent and Expense Analysis.** Market rent, which is distinct from contract rent, corresponds to the fee simple estate. Contract rent corresponds to the leased fee estate. Therefore, contract rent is irrelevant to real property valuation for ad valorem tax purposes in Florida, unless independent support is available indicating that contract rent is equal to market rent. Market rent may be less than, equal to, or greater than contract rent.

Reliable market rent and expense analysis involves both quantitative and qualitative analyses. After market rent and expense data have been appropriately stratified and compared, useful market rent is the rent a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction. *The Appraisal of Real Estate*, 15th Edition, Appraisal Institute, 2020, p. 421.

**6.6.2 Direct Capitalization.** Direct capitalization is used to convert a single year’s income expectancy into a value indication. This conversion is accomplished in one step, either by dividing the net operating income by an appropriate income rate or by multiplying the gross income estimate by an appropriate factor or multiplier.<sup>36</sup>

The market factors to consider may include:

- 1) The recent income and expense histories of properly stratified real property groups

<sup>35</sup> International Association of Assessing Officers, *Fundamentals of Mass Appraisal* (Kansas City, MO: International Association of Assessing Officers, 2011), pages 269-271.

<sup>36</sup> Appraisal Institute, *The Appraisal of Real Estate, Fifteenth Edition* (Chicago: Appraisal Institute, 2020), page 459.

is the preferred methodology under the income approach for ad valorem valuations.

- 2) The current trends for income and expenses of properly stratified real property groups
- 3) The market participants' expectations for income and expenses of properly stratified real property groups
- 4) The recent history, current trends, and market participants' expectations for income and expenses of individual properties in properly stratified real property groups
- 5) Commercially available and published reports on the recent history, current trends, and market participants' expectations for income and expenses of property that may be compared to the properly stratified real property groups

An overall capitalization rate, or overall rate, is a number in decimal form that may be divided into net operating income to produce an indication of just value by the income approach.

Direct capitalization is ~~a common, but somewhat complex income approach method~~. To produce credible just valuation using direct capitalization for income producing properties, the property appraiser and valuation staff should have a good working knowledge of the method and understand how to apply it effectively.

**6.6.3 Gross Income Multiplier (GIM).** In this variant of direct capitalization, a value indication may be formed in two ways. One way is to multiply potential gross income by a market-extracted multiplier, or to divide the sale price by potential gross income or effective gross income if they were extracted. Various indicators of GIMs may be used. The GIM method does not explicitly consider operating expenses. When valuing real property with related non-realty items, it is important to remove tangible and intangible property from the analysis. *Singh v. Walt Disney Parks and Resorts US, Inc.*, 325 So 3rd 124, (5th DCA 2020). *Havill v. Scripps Howard Cable Co.*, 742 So. 2nd 210 (Fla. 1998). from which multipliers may be extracted and those of the property groups to which multipliers may be applied should be reasonably consistent.

**6.6.4 Yield Capitalization.** Discounted cash flow analysis is a common variant of yield capitalization, when appropriate. Discounted cash flow analysis is a set of procedures in which a value indication is produced by projecting the future annual net operating income over a typical investment holding period, along with the net proceeds of resale at the end of the holding period, and then discounting these future economic benefits back to the present using an appropriate discount rate. In evaluating the potential use of any yield capitalization method in particular situations, property appraisers must apply professionally accepted appraisal practices and appropriate appraisal methodologies.

This approach is most often used for small residential income producing properties. *The Appraisal of Real Estate*, 15th Edition, Appraisal Institute, 2020, p. 473.

In some cases, Florida courts have rejected property valuations for ad valorem taxation that involve projecting and discounting future economic benefits. A Property Appraiser may not speculate about future economic benefits.