

EXEMPTIONS & ASSESSMENT CAPS

HOMESTEAD EXEMPTION

Homestead exemption is a \$50,000 reduction in the assessed value of your home. It is granted to property owners who:

- 1) possess title to real property;
- 2) are bona fide Florida residents living in the dwelling and making it their permanent home on January 1;
- 3) file an application by March 1.

The first \$25,000 of value is entirely exempt from taxes. The additional \$25,000 exemption applies only to the assessed value between \$50,000 and \$75,000, and is not exempt from school taxes. If your assessed value is between \$50,000 and \$75,000, a pro-rated exemption amount applies. The exemption reduces the property tax bill by approximately \$325-\$500.

A homestead exemption is not transferable. You must file a new application any time you establish a new residence.

If you moved during 2011, you must file a new application in one of the appraiser's offices by March 1, 2012 to qualify for the 2012 exemption on your new home.

THE SAVE-OUR-HOMES CAP & CAP PORTABILITY

The Save-Our-Homes cap limits the annual increase in the assessed value (not taxes) of a homesteaded property to 3% or the percent change in the Consumer Price Index, whichever is lower, beginning the second year of the exemption. For 2011, the rate of increase is 1.5%.

When ownership of a property changes or the property is no longer the owner's permanent residence, the cap and exemption are removed at the end of the year. Cap portability allows homestead property owners to transfer up to \$500,000 of their accrued Save-Our-Homes benefit (just/market value minus assessed value) to a new homestead within 2 years of relinquishing their previous Florida homestead exemption. The amount transferred depends on the just value of the new home.

An application for portability is required by March 1 of the year of application for homestead exemption. Both applications can be made at the same time at any County Property Appraiser office.

THE SAVE-OUR-HOMES CAP "RECAPTURE" RULE

If you have the Save-Our-Homes cap on your property and your just/market value decreases, your assessed value *will still increase* by the annual cap rate until it reaches the just/market value. If the just/market value decreases below the assessed value, the assessed value will decrease so the two values are the same. This does not mean, however, that you have lost your Save-Our-Homes cap. The cap is still on the property, and will limit future increases of the assessed value.

The chart below illustrates the relationship between the just/market value and assessed value for a hypothetical property over several years.



ALERT TO NEW HOMEOWNERS

By law, when a property sells or transfers, the cap and all exemptions are removed at the end of the calendar year. If you purchased your home during 2010, your assessed value this year may be substantially higher than last year due to the removal of the previous owner's cap.

PROPERTY VALUES

HOW IS VALUE DETERMINED?

The ad valorem appraisal process is governed by Florida law, including Florida Statutes section 193.011. There are three primary approaches used to establish values: cost, sales comparison, and income.

Appraisers may reconcile two or more of the value indications into a final reconciled value based on the appropriateness, accuracy, and quantity of market information from the three approaches. For residential real property, the sale prices of properties similar to yours represent some of the best evidence of market value.

Property values are based on January 1 of each year, so your 2011 value is based in part on sales of comparable properties that occurred during 2010.

You can review sales in your neighborhood by calling the phone number on your TRIM Notice to speak to your appraiser.

AVOID THE TRAP OF HOMESTEAD FRAUD

You no longer qualify for homestead exemption if, as of January 1, 2011 you: Have moved;

- Rented out the home;

- Applied for an exemption elsewhere;

or

- If you inherited homesteaded property during 2010.

10 % NON-HOMESTEAD CAP

The 10% cap limits annual increases in the assessed value of non-homestead property to no more than 10%. This benefit is automatically applied to qualifying properties. The cap is removed when a property changes ownership or changes use. When a property changes ownership through any means other than a recorded deed, the owner must file a Change of Ownership or Control Form (DR-430), available online.

ADDING AN OWNER

For estate planning purposes, many property owners opt to add a family member or other person (other than a spouse) to the title of their homesteaded property. Florida law allows you to retain your Save-Our-Homes cap when adding a new owner to the title to your home, with some conditions. However, if the new owner files for homestead exemption, the Save-Our-Homes cap will be removed and the assessed value will be reset to market value. If the new owner intends to make the property his or her permanent residence, filing for Homestead Exemption immediately may save a more costly loss of the cap in the future. Before making any changes to your title, you are encouraged to contact an attorney or estate planning professional.

New in 2011: Payment of Taxes During Pending A Value Adjustment Board Appeal

Taxpayers who file Value Adjustment Board petitions in 2011 must now make sure that they pay their taxes before they become delinquent.

The newly-enacted Fla. Stat. 194.014, which took effect on July 1, 2011, requires taxpayers who file VAB petitions to pay all non ad valorem taxes and at least 75% of their ad valorem taxes before they become delinquent. Likewise, taxpayers who challenge the denial of an exemption or classification or a determination that their improvements were substantially complete must pay all non ad valorem taxes and the amount of ad valorem taxes that they admit in good faith to be owing.

In Florida, property taxes become delinquent if not paid by April 1st of the next year. Thus, if a taxpayer fails to pay their 2011 property taxes by April 1, 2012, the VAB is required to automatically deny their petition on that property.

What is not clear from the new statute is whether a taxpayer's failure to pay its taxes before they become delinquent will also result in the dismissal of cases pending before the VAB from prior years.

Fla. Stat. 194.171(5), which applies to property tax cases in circuit court, requires the court to dismiss all pending cases if the taxes on the property in question become delinquent in any future tax year.

In some larger Florida counties, VAB cases are sometimes not resolved until several years after they are filed. Thus, depending on how the statute is interpreted by the VABs, taxpayers whose taxes become delinquent in those counties could risk having all of their prior years' pending VAB cases denied.

There is one silver lining for taxpayers, though. The new statute also provides that, if a petitioner is entitled to a refund due to the granting of their VAB petition, the amount of taxes overpaid will accrue interest at the rate of 12% per year from the date the taxes would have become delinquent.



TPP ACCOUNTS

TANGIBLE PERSONAL PROPERTY

Tangible Personal Property (TPP) consists of every kind of property other than real property, such as business equipment. When valuing tangible personal property, all three approaches to value are considered but the cost approach is generally given the most weight. This method considers the depreciated historical acquisition cost of an item including freight and installation. Owners of tangible personal property qualify for an exemption of up to \$25,000.

Filing the annual TPP Return by April 1 automatically qualifies an owner for the exemption. Manufactured home owners who returned their yellow TPP return card or filed a DR-405EZ form in 2009 have qualified for the TPP exemption and will not receive a tax bill this year. Business Returns (DR-405 forms) are mailed to owners of tangible personal property around the first of each year. These returns are to be received by our office by April 1 to prevent the statutory imposition of penalties. Please check your records to ensure compliance. Call (850) 892-8123 with questions.



This guide was developed in cooperation with Patrick Pilcher - Walton County Property Appraiser. We wish to express our **Thanks** for his assistance.

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