

2011 Proposed Property Tax Information

Guide to Understanding Your Proposed Property Tax Notice

How is the market value of my home determined?

The ad valorem appraisal process is governed by Florida law, including section 193.011 Florida Statutes. The effective date of all appraisals and exemptions is **January 1** of the assessment year.

The 2011 market value is based upon sales of comparable properties in 2010. Sales that have occurred during 2010 will impact assessments on the 2011 tax roll. You can review sales in your neighborhood on our web site or call (904) 284/269-6305 to speak to an appraiser.

Are foreclosures, short sales, and REO sales considered when determining the value of non-sold homes in a neighborhood?

Foreclosures are at an all-time high nationally. **Foreclosure** occurs when a financial institution "repossesses" a property due to non-payment of the mortgage obligation. A **short sale** occurs when a financial institution agrees to accept a purchase price from a buyer which is less than the outstanding mortgage balance. The term **REO** stands for Real Estate Owned. These are bank owned properties. An REO sale occurs when a financial institution sells its foreclosed property to an individual or investor.

The initial foreclosure "repossession" to the lender is not a sale and therefore not considered. However, short sales and REO sales may be considered on a neighborhood by neighborhood basis, depending upon the quantity of these sales compared to "traditional" sales of non-distressed properties.

How can the assessed value of my house increase when the market value is decreasing?

In the current real estate market, the market value of most homes is declining. However, under Florida law, the assessed value of homestead properties could still increase 1.5% this year. This is referred to as "recapture". Because of the "recapture" rule, it is possible for your assessed value to increase even though your property is declining in market value.

In 1992, the voters of Florida passed Amendment 10, which was also known as the "Save-Our-Homes" amendment, that provided for limiting ("capping") increases in homestead property valuations for ad valorem tax purposes. The Save-Our-Homes cap limits the annual increase in the **assessed value** (not taxes) of a homesteaded property to:

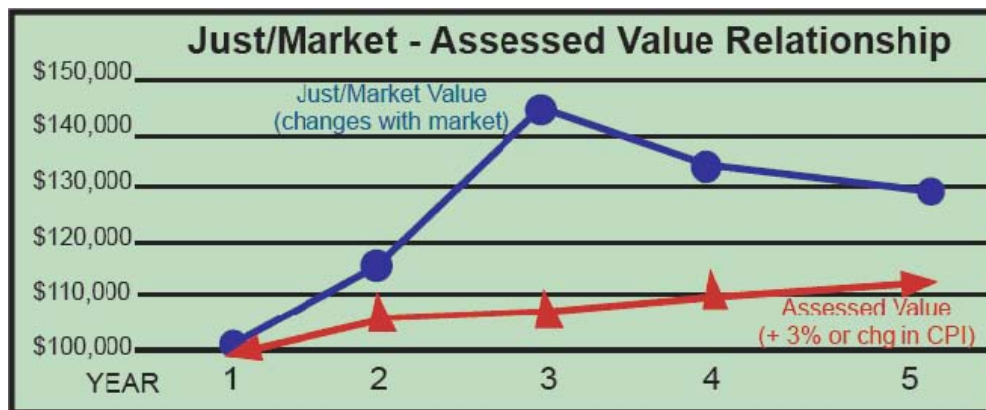
- 1) a 3% assessed value increase from the prior year, or
- 2) the percent change in the Consumer Price Index, whichever is lower.

For 2011, the rate of increase is 1.5%.

As indicated on your TRIM notice, the Property Appraiser is responsible for estimating three values on your property:

- 1) **Market (just) value** – the most probable sale price for a property in a competitive, open market involving a willing buyer and seller on **January 1**. The market value is unencumbered and may increase or decrease as the market dictates.
- 2) **Assessed value** – The value of your property after any “assessment reductions, limitations, or caps” have been applied.
- 3) **Taxable value** – the assessed value minus the value of your exemptions. This value is used to calculate your property taxes.

The following chart illustrates the relationship between the market value and assessed value for a hypothetical



property for a number of years.

Example:

A residential property owner received homestead exemption beginning in Year 1, with the **market value** and **assessed value** being the same. The **market values** in Year 2 and Year 3 were significantly increased (in excess of 3%) due to the escalating real estate market. Over the same time period, the **assessed value** was “capped” at an increase of no more than 3% per year, pursuant to the Save-Our-Homes amendment. As a result, a non-taxed Save-Our-Homes Differential (SOHD) between the market value (blue line) and the assessed value (red line) was created.

As illustrated in the chart, the **market values** for Year 4 and Year 5 were reduced to reflect the declining market. Although the market values were reduced, a differential (SOHD) remains. Consequently, the **assessed value** must increase until it becomes equal to the market value. This is referred to as the “recapture” rule.

Why are my taxes higher than my neighbor's when our houses are the same?

Different exemptions and assessment caps (like the Save-Our-Homes cap or non-homestead assessment cap), make it impossible to accurately compare **taxes** with your neighbors.

Below is a common example:

"My neighbor and I have identical homes. Both were built in the same year and sit on identical lots. My neighbor bought his house ten years ago and I just purchased my home last year. My estimated tax bill for this year is \$5,470, but my neighbor's bill is only \$2,460. There must be a mistake!"

No mistake. The intent of Amendment 10 ("Save-Our-Homes" Amendment), was to prevent homestead property owners from being taxed out of their homes in the face of rapidly increasing real estate sale prices by allowing for the accumulation of a "capped difference" over time. This accumulation of non-taxed value, also known as the "Save Our Homes Benefit", causes the disparity. This is the scenario impacting your neighbor's property, mainly due to the fact that they have owned their home for 10 years and you just purchased yours last year. They have enjoyed the benefit of an increasing "capped difference" over time, and especially during the real estate "boom" of 2004-2006. Due to the real estate downturn, many homestead properties are decreasing in value. So, both you and your neighbor will see your market value decrease. If the downturn continues, eventually you will see your property and your neighbor's become more similar with respect to value and taxes. It is more appropriate to compare the **market values** of comparable properties rather than taxes.

How are my property taxes calculated? Can the Property Appraiser lower my taxes or change my tax rates?

No, the Property Appraiser cannot lower your taxes or tax rates. Although the Property Appraiser's Office is responsible for mailing this notice, the market, assessed, and taxable values are the only issues this office can address.

Property taxes are based on three variables: 1) property values; 2) exemptions; and 3) the millage (or tax) rates. The millage rates are set each year by the taxing authorities, such as School Board, Board of County Commissioners, Water Management District (SJRWMD), Municipalities, and special voter-approved districts.

If you are concerned about an increase in taxes (as opposed to value), please contact your taxing authorities or attend the budget hearings listed on your TRIM notice.

How do I appeal my property value or exemption status?

If you disagree with your property value or exemption status, three options are available to you:

1) Informal Conference

If you believe your property value is higher or lower than market value on **January 1, 2011**, we encourage you to speak with an employee of our office at (904) 284/269-6305. Our goal is to produce accurate and equitable valuations and provide you with a thorough explanation of your property assessment.

The Property Appraiser's office will answer general questions on the phone immediately and refer specific valuation questions to our appraisers. Our goal is to have an appraiser respond to your request within 24 hours.

2) Petition to the Value Adjustment Board

You have the option to file a petition with the Value Adjustment Board by the deadline listed on the bottom of your TRIM notice. This deadline is established by Florida Statute based on the date of mailing the TRIM notice.

The Value Adjustment Board does not set millage rates and has no jurisdiction over taxes. Board appointed Special Magistrates can only address issues concerning values, classifications, exemptions, and portability.

To download petition forms, please use the following links:

[Petition to the Value Adjustment Board](#)

[Petition Withdrawal](#)

To file a completed petition or for questions, please contact the Value Adjustment Board at:

VALUE ADJUSTMENT BOARD
ATTN: CINDY ATKINSON
P.O. BOX 988
GREEN COVE SPRINGS, FL 32043

Please include the non-refundable filing fee of \$15.00 per petition, made payable to:

BOARD OF COUNTY COMMISSIONERS
(904) 529/541-3857 CINDY ATKINSON

3) Circuit Court Complaint (lawsuit)

Your third option is to file a civil action in the Circuit Court pursuant to Florida Statute 194.171.

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How does Homestead Exemption affect my property value?

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 residence on January 1; and 3) file an application by March 1.

The first \$25,000 of assessed value is entirely exempt from taxes. The additional \$25,000 exemption (Amendment 1) applies only to the assessed value between \$50,000 and \$75,000, and is **not exempt from school district tax levies**. If your assessed value is between \$50,000 and \$75,000, a pro-rated exemption amount applies. If your assessed value is \$75,000 or higher, you will receive full benefit of the additional \$25,000 homestead exemption, **except from school district tax levies**.

The following diagram illustrates the Homestead Exemptions that apply based upon the assessed value of your property.



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.