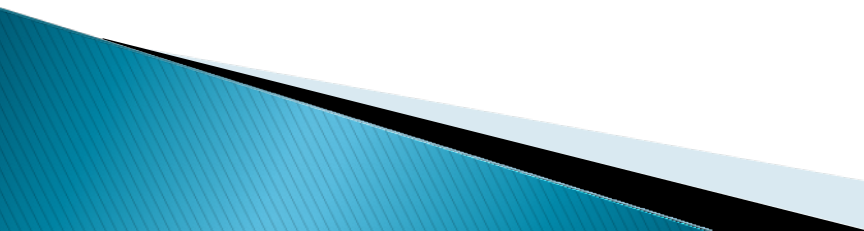


Property Taxes May Increase as Property Values Decrease

Gregory S. Brown, CFA

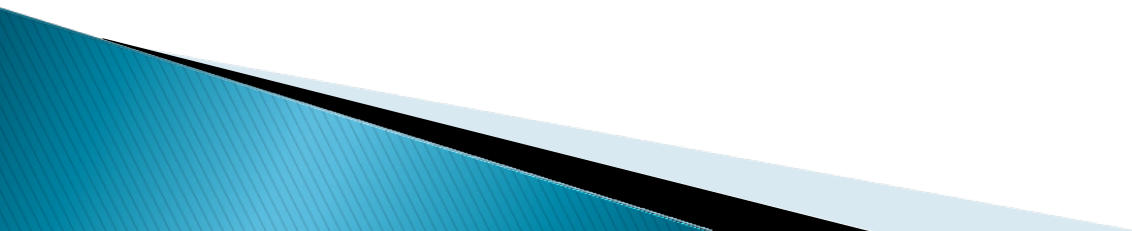
- ▶ Santa Rosa County Property Appraiser, Greg Brown, offers a forewarning to homeowners regarding their tax bill this fall as shown in this TRIM notice. Although most homestead property values have decreased, *taxpayers may see an increase in their tax bill.*
 - ▶ This is due to a possible increase in millage rates set by the School Board, which are determined by the State of Florida, as well as a slight increase to the Save Our Homes cap (SOH).
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- ▶ The Save Our Homes cap (SOH) is the state constitutional law, passed by the citizens of Florida, that limits the amount of increase on your homestead property by the lower of 3% or the Consumer Price Index (CPI). This year the State of Florida's Department of Revenue determined the CPI increased 2.7%.

Important Terms to Know

- ▶ **Market Value (Just Value)** is the value placed on property by the property appraiser for tax purposes only. This is not a value to be used for selling of real estate. This value is determined as of January 1, 2010 using sales which occurred in 2009 as prescribed by state law. This office must develop market value for every property within the County (approx. 110,000) each year.

Important Terms to Know

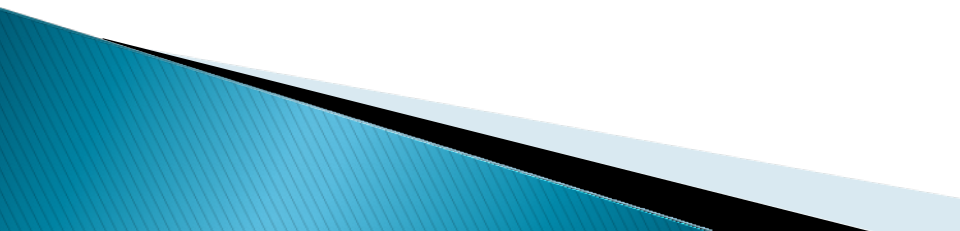
- ▶ Your **Assessed Value** is the calculated value of homestead property determined by the increases in the SOH cap (3% or CPI) over the life of the homeowner's homestead exemption. Additionally, 2009 began the assessed value determination of non-homestead properties (which is a 10% cap).
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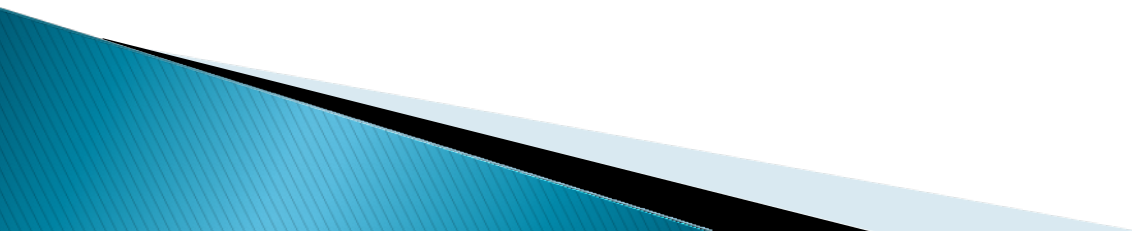
Important Terms to Know

- ▶ **Taxable Value** is calculated by taking the assessed value and subtracting any granted exemptions such as the homestead exemption. This is the value used to multiply by each millage rate applicable to the property to determine the amount of total ad valorem taxes to be paid. This would include county, school, Northwest Florida Water Management, cities and any fire taxes using each millage rate. Other fire taxes are flat taxes and would be an additional amount added to your calculated ad valorem taxes. Ad valorem fire districts are Avalon–Mulat and Midway.

Important Terms to Know

- ▶ **Ad Valorem Taxes** are taxes determined by the property's taxable value multiplied by each millage rate.

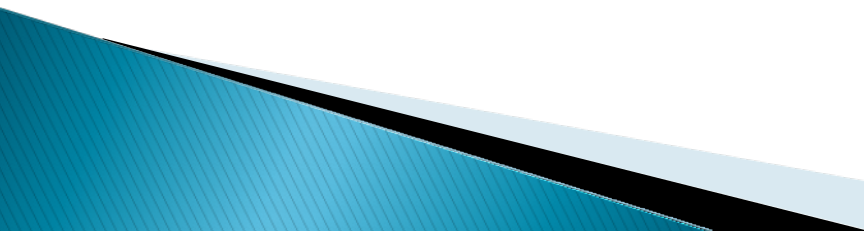
- ▶ The overall tax base of Santa Rosa has dropped over 6% in the 2010 tax year alone due to the declining property values.
 - ▶ The 2009 taxable value for Santa Rosa County was \$7,976,745,407. The 2010 taxable value decreased to \$7,496,906,529.
 - ▶ Although values have decreased in 2010, if millage rates increase, you could still have an increase in taxes due.
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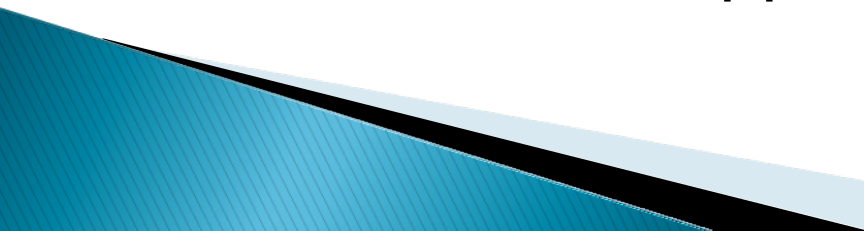
- ▶ The SOH amendment allows for your assessed value to not increase more than 3% or the Consumer Price Index whichever is less.
 - ▶ SOH Difference is the difference between market value and assessed value. This comes about after homestead is established and if market value increases more than the 3% maximum allowed by the SOH amendment.
 - ▶ Therefore over a period of years there may be a difference created between the market and assessed values.
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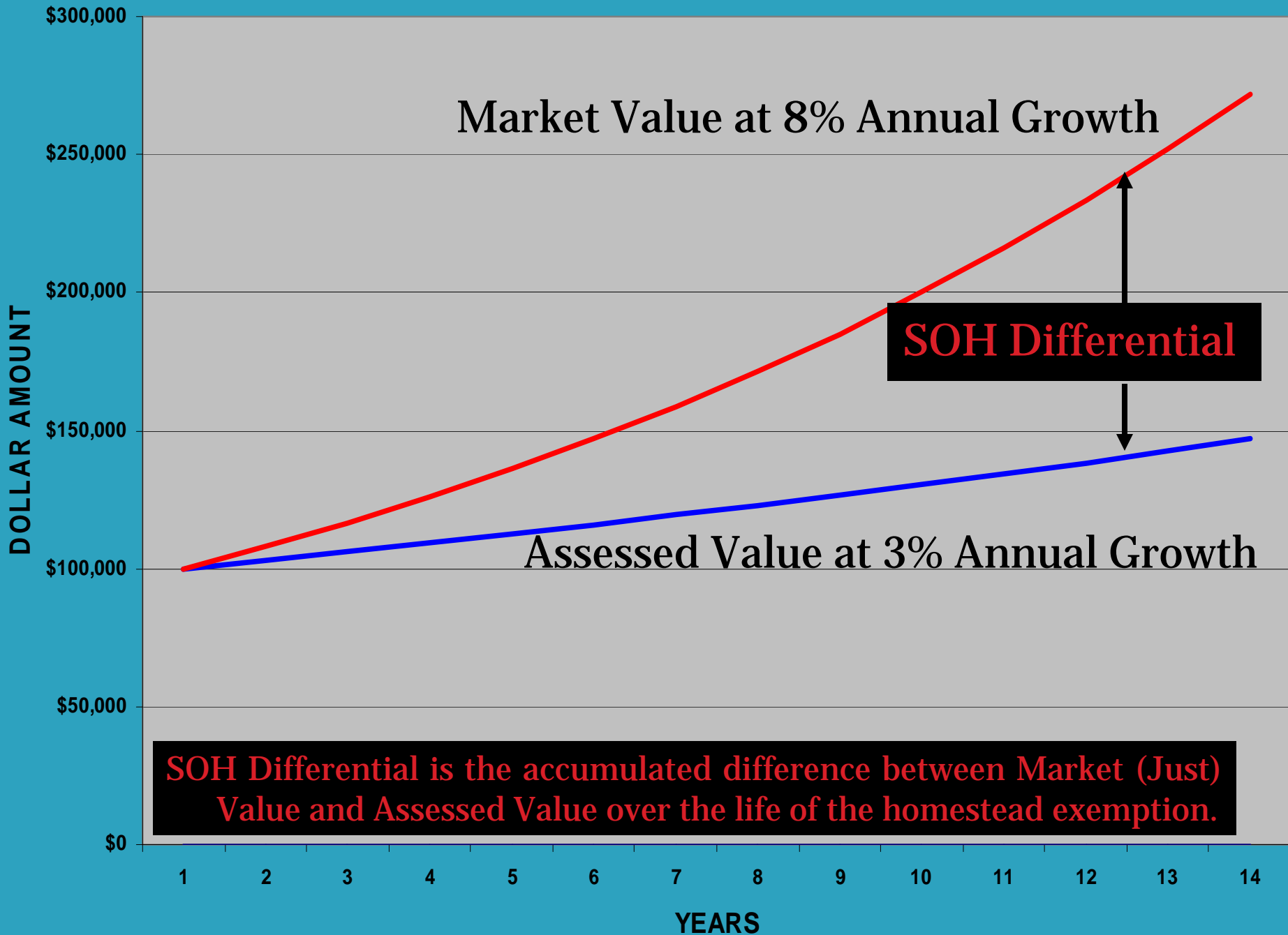
- ▶ The following slide is an example of how a Homestead Parcel's Market value can decrease yet result in an increase in taxes:

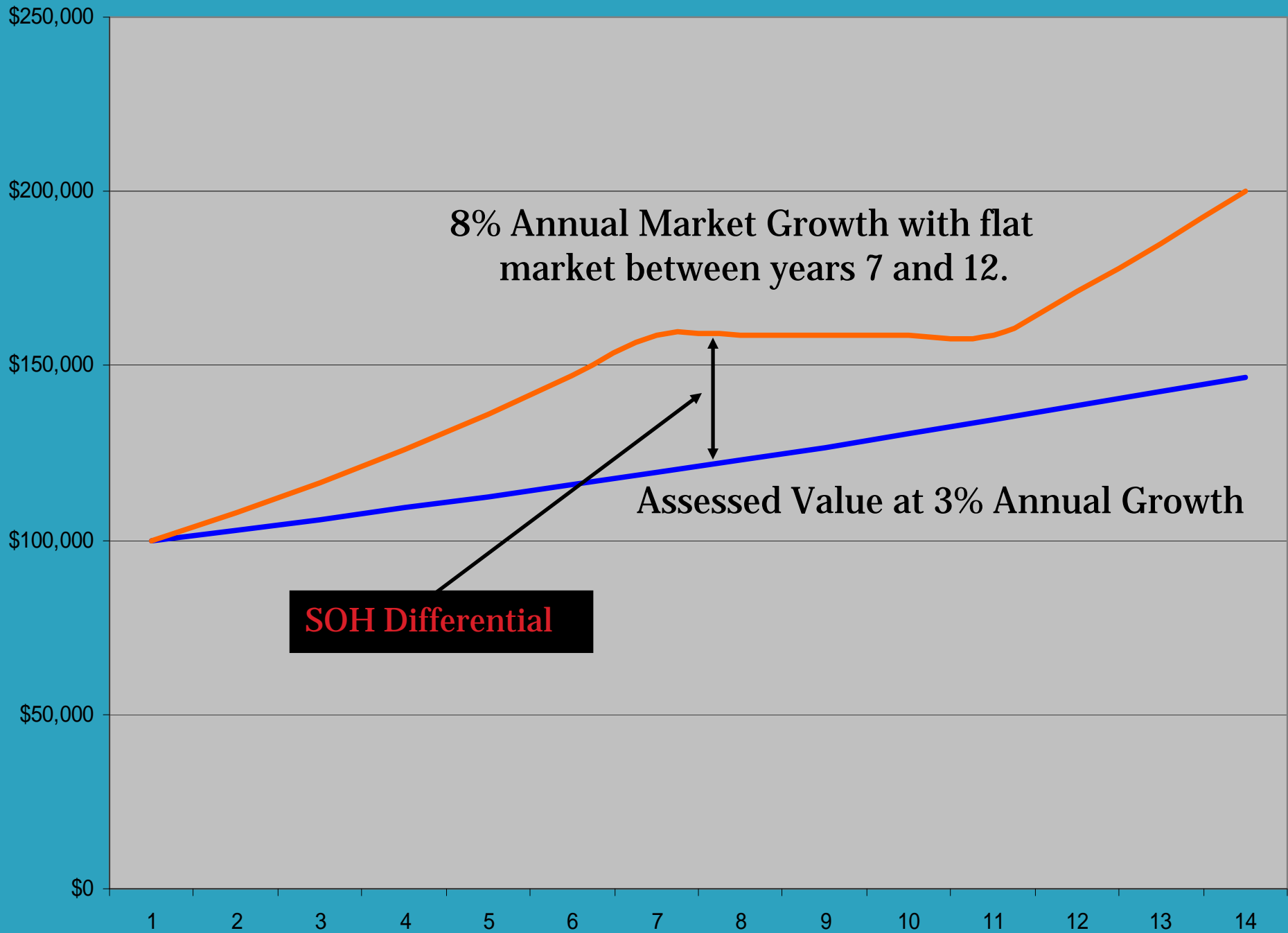
VALUE	2009		2010		CHANGES
Market Value	\$207,222		\$189,088		(\$18,134)
Assessed Value	\$138,254		\$141,987		+2.7%/CPI Increase
Taxable Value County	\$88,254		\$91,987		+\$3,733/CPI Increase
Taxable Value School	\$113,254		\$116,987		+\$3,733/CPI Increase
TAX AUTHORITIES	Millage	Taxes	Millage	Taxes	
County	6.0953	\$537.93	6.0953	\$560.69	No millage change
School	7.5750	\$857.90	7.7260	\$903.84	+.151 millage Increase
NWFWMD	0.0450	\$3.97	0.0450	\$4.14	No millage change
TOTAL TAXES		\$1,399.80		\$1,468.67	\$68.87

The example shows your taxes may increase regardless of the decline of property value. The county has proposed not raising their millage rate, but due to the increase in the SOH cap by the increase in CPI; the property's assessed value increased.

- ▶ In the example on the previous slide, the assessed value increases due to SOH and an increase in the School Board millage rate.
 - ▶ In years when property values are increasing, the SOH statute protects homeowners by limiting the amount of increase in their assessed value.
 - ▶ There is a downside to this amendment in a declining market.
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- ▶ The assessed value for determining county taxes went up even though their millage rate did not increase which is a result of the state's determination of the CPI increasing 2.7%.
 - ▶ Only in the case where the market value falls below the assessed value would the opportunity for a decrease in assessed value exist because the assessed value cannot be greater than market value.
 - ▶ For 2010 the CPI is 2.7% which means a homestead assessed value will increase 2.7% as long as there is a differential between the market value and the capped assessed value.
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- ▶ For several years, Santa Rosa County Property Appraiser Greg Brown has proposed to the state legislature a change in state law on the SOH Cap determination. He proposed if property values decreased, then the property's assessed values would decrease by the same percentage. If the property's market value remained the same then their assessed value would remain the same.
- ▶ This year, he has written the Attorney General requesting a legal opinion on whether Section 193.155 F.S. requires a Property Appraiser to raise the assessed value for homestead property, even in a declining real estate market. This letter and the Attorney General's response can be found on this website homepage under the heading "Recapture Information."

Greg Brown invites the public to get involved by emailing, writing, or calling your Legislators. Their contact information can also be found under “Recapture Information.” For more information contact the Santa Rosa County Property Appraiser’s Office at (850) 983-1880.

