

MESSER CAPARELLO & SELF, P.A.

Attorneys At Law

www.lawfla.com

Thomas M. Findley

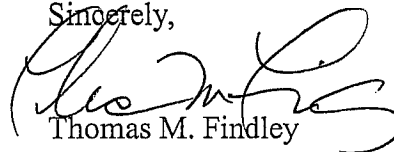
March 25, 2008

Senator Mike Haridopolos
Florida Senate, District 26
322 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1100

Dear Senator Haridopolos:

Thank you for meeting with Chris Jones and Greg Brown last week. Enclosed is a document that reflects their suggestions regarding the "recapture rule" and the Department of Revenue's ability to decline homestead exemptions when they dispute a property appraiser's submitted tax roll. If we can be of further assistance, please do not hesitate to call on us.

Sincerely,



Thomas M. Findley

TMF\cc
Enclosure

cc: Mr. Chris Jones, Property Appraiser of Escambia County
Mr. Greg Brown, Property Appraiser of Santa Rosa County
J. Elliott Messer, Esq.
Bob L. Harris, Esq.

(1) Beginning in 1995, or the year following the year the property receives homestead exemption, whichever is later, the property shall be reassessed annually on January 1. Any change resulting from such reassessment shall not exceed the lower of the following:

- (a) Three percent of the assessed value of the property for the prior year; or
- (b) The percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of labor, Bureau of Labor Statistics.

If the just value has decreased from the prior year, the assessed value shall be decreased by the same percentage as the percentage decrease in just value. If there is no change in just value from a prior year, then there shall be no increase in assessed value.

B. REPEAL OF DOR POWER TO VOID HOMESTEAD EXEMPTIONS

I. Current Status:

The Department of Revenue in 2007 declined two Property Appraisers' tax rolls on the grounds that the valuations were less than fair market value. The two Property Appraisers at issue contested the Department of Revenue action. During this conflict, the Department of Revenue maintained that as long as it had not "approved" the Property Appraisers' tax rolls, the Department had the power to void homestead exemptions for taxpayers in that jurisdiction. The Department relied on its interpretation of Section 196.031(3)(e), Florida Statutes.

II. Issue:

The Department's purported power to void homestead exemptions is being wielded as a weapon to force property appraisers to come up to the Department's expectations as to the just value for the county tax rolls. This creates an atmosphere of mistrust in a relationship that should be cordial and designed to ensure that the constitutional standard of just value is reached.

III. Suggested Statutory Revision:

Strike the following language:

~~196.031(3)(e). For every person who is entitled to the exemption provided in subsection (1) and who is a resident of this state, the exemption is increased to a total of \$25,000 of assessed valuation for levies of taxing authorities other than school districts. However, the increase provided in this paragraph shall not apply with respect to the assessment roll of a county unless and until the roll of that county has been approved by the executive director pursuant to s. 193.1142.~~

A. REPEAL OF DOR RECAPTURE RULE

I. Current Status:

Department of Revenue Rule 12D-8.0062 currently provides that, even in years in which the fair market value declines, the assessed value of real property for ad valorem property tax purposes must be increased if the assessed value for Save Our Homes (SOH) purposes is less than fair market value. The rule specifically provides:

12D-8.0062 Assessments; Homestead; Limitations.

...
(5) Where the current year just value of an individual property exceeds the prior year assessed value, the property appraiser is required to increase the prior year's assessed value by the lower of:

(a) Three percent; or

(b) The percentage change in the Consumer Price Index (CPI) for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.

(6) If the percentage change in the Consumer Price Index (CPI) referenced in paragraph (5)(b) is negative, then the assessed value shall be the prior year's assessed value decreased by that percentage.
...

II. Issue:

The rule states that the property appraiser is "required" to increase the assessed value, even when the fair market value declines. Although subsection (6) of the rule allows for a reduction in the assessed value if the CPI is negative, it does not allow necessarily for a reduction in assessed value if the fair market value declines.

In our view, the rule requiring an increase in assessed value, even in a declining real estate market, is not supported by the statute. Section 193.155(1) states only that any "change" resulting from a reassessment "shall not exceed" either 3% of the assessed value or the CPI, whichever is less. Yet, it does not "require" an increase of 3% in a declining market.

The expectation of the public is that Amendment One and lower property values will equate to lower tax bills. Yet, with the "recapture" rule of the Department of Revenue, those potential tax savings stand to be wiped out or greatly reduced. Accordingly, we suggest the following statutory revision to avoid any misunderstanding.

III. Suggested Statutory Revision:

Add the underlined language:

193.155(1). Homestead assessments.-Homestead property shall be assessed at just value as of January 1, 1994. Property receiving the homestead exemption after January 1, 1994, shall be assessed at just value as of January 1 of the year in which the property receives the exemption.