

**2007 Property Tax Reform
Proposed Constitutional Amendment
SJR 2-D
Chapter 2007-339, Laws of Florida
Frequently Asked Questions**

Note: These answers provide a general overview of some of the provisions of the proposed constitutional amendment and do not cover all provisions and exceptions contained in the amendment.

Background

Property taxes are levied by cities, counties, school districts, and independent special districts.

How much property tax you pay is determined by:

- 1) The property tax rate that local government charges, and
- 2) The taxable value of your property (the value you pay tax on, after assessment limitations and exemptions).

The property tax rate is called the "millage rate" and is expressed in "mills." A mill is \$1 per \$1000 of property value. So, for example, a millage rate of 15 mills would mean you would pay \$1500 per \$100,000 of the property's taxable value.

For specific information on how property tax reform may affect you, please contact your property appraiser. You will find a list of Florida's property appraisers at <http://dor.myflorida.com/dor/property/appraisers.html>

To view the property tax reform law on the Department of State's website, go to <http://election.dos.state.fl.us/laws/07laws/index.shtml>. Under "2007 Laws," select "Special Session Laws," then select "ch 2007-339."

Note: These answers provide a general overview of some of the provisions of the proposed property tax constitutional amendment and do not cover all provisions and exceptions.

1. How will "Save Our Homes" be changed? Will we lose our "Save Our Homes" protection?

No. The proposed amendment does not remove the annual limit on the increase in the assessed value of homestead property. The limit will continue to be applied, both to current homesteads and homesteads that are established in the future.

The amendment would revise the benefit provided to homestead owners by adding "portability." Once you have a Florida homestead exemption, you will be able to keep some or all of the difference between the assessed value and market value on your old home when you purchase a new home and establish your homestead there.

There will be no change in how the property of first-time homesteaders is assessed. Individuals who establish a Florida homestead for the first time will have their property assessed at market value for the first year. Then the "Save Our Homes" limit will be applied to that assessment in future years.

2. How would "portability" work?

Under "Save Our Homes," the assessed value of homestead property cannot increase more than 3% each year, unless you have construction or improvement occurring on the property. (The yearly limit varies based on the change in the Consumer Price Index, but it cannot be more than 3%.) For most homesteads, this limitation results in an assessed value that is lower than the market value of the home.

Currently, if you are a Florida homesteader and you buy a new home and make it your homestead, your new home will be assessed at market value the first year you own it.

If the amendment passes, some or all of the difference between your old homestead's assessed value and its market value can be applied to the assessment of your new home in the first year you own it. Then the "Save Our Homes" limit will apply each year after that.

How much of the difference between assessed and market value ("Save Our Homes difference") can be applied depends on how the value of your new home compares to the value of your old home.

If the new home's market value is the same or greater than the old home's market value:
the entire difference will be applied to your new home, so that the difference between the market and assessed values of your new home will be the same as the difference between the market and assessed values of your old home.

If the new home's market value is less than the old home's market value:
the entire amount of the difference will not be applied to the new home.

Instead, the new home's Save Our Homes difference will be the same percentage of its market value as the old home's difference is of the old home's market value. For example, if the old home's Save Our Homes difference is 40% of its market value, the new home's difference can be determined by multiplying 40% times the new home's market value. Then subtract that amount from the market value to arrive at the assessed value.

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Maximum deduction from market value:

The amendment sets \$500,000 as the maximum amount that can be subtracted from the market value of a homesteader's new home to determine the assessed value. The maximum applies no matter what the relationship of the new home's market value is to the old home's.

Examples of the Effect Portability Could Have on Assessed Value of New Home

Ex. #	OLD HOMESTEAD PROPERTY				NEW HOMESTEAD PROPERTY		
	Market Value	Assessed Value	Difference	Percent	Market Value	Amount to be subtracted	Assessed Value
1	<i>Market value of new home same as old home</i>						
	\$250,000	\$175,000	\$75,000	NA	\$250,000	\$75,000	\$250,000 - 75,000 \$175,000
2	<i>Market value of new home greater than old home</i>						
	\$200,000	\$150,000	\$50,000	NA	\$300,000	\$50,000	\$300,000 - 50,000 \$250,000
3	\$300,000	\$100,000	\$200,000	NA	\$500,000	\$200,000	\$500,000 - 200,000 \$300,000
4	<i>Market value of new home less than old home</i>						
	\$250,000	\$150,000	\$100,000	100,000/ 250,000 = 40%	\$200,000	\$200,000 x .40 \$80,000	\$200,000 - 80,000 \$120,000
5	\$600,000	\$300,000	\$300,000	300,000/ 600,000 = 50%	\$300,000	\$300,000 x .50 \$150,000	\$300,000 - 150,000 \$150,000
6	<i>Difference greater than the \$500,000 maximum</i>						
	\$900,000	\$350,000	\$550,000	NA	\$1,000,000	\$500,000 (maximum)	\$1,000,000 - 500,000 \$500,000

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3. I have purchased a new home and will be making it my homestead by January 1, 2008. If the amendment is approved, will I be able to transfer my Save Our Homes assessment difference?

Yes. If the amendment passes, and:

- you had a homestead exemption on January 1, 2007;
 - you qualify for the homestead exemption on your new home by January 1, 2008; and
 - you apply to your property appraiser for the exemption and the transfer, by March 1, 2008;
- you will be able to transfer some or all of the difference between the assessed and market values of your old home to your new home. (See question 2 for how the amount you can transfer is calculated.)

4. What will the requirements for portability be if I establish a new homestead for the year 2009 or later?

If the amendment passes, and:

- you qualify for the homestead exemption on a new home by January 1 of a particular year;
- you had a homestead exemption on your old home in either of the two immediately preceding years; and
- you apply to your property appraiser for the exemption and the transfer, by March 1 of the particular year;

you will be able to transfer some or all of the difference between the assessed and market values of your old home to your new home. (See question 2 for how the amount you can transfer is calculated.)

Example:

If the amendment passes, and:

- you qualify for the homestead exemption on a new home by January 1, 2009;
 - you had a homestead exemption on your previous home as of January 1, 2007 or January 1, 2008;
 - you apply to your property appraiser for the exemption and the transfer, by March 1, 2009;
- you will be able to transfer some or all of the difference between the assessed and market values of your old home to your new home.

5. If the amendment passes, how would I apply to transfer my previous Save Our Homes assessment difference?

You would apply for the transfer at the same time you apply for the homestead exemption on your new home. The application deadline for a homestead exemption is March 1 of the year for which you are claiming homestead. For example, to receive the homestead exemption for 2008, you must qualify by January 1, 2008, and apply by March 1, 2008.

When you apply for the exemption on your new home, you will have to include a copy of your notice of proposed property taxes on your old home (or similar documentation) and sign a sworn statement that you are entitled to the assessment reduction. If you have already applied for your 2008 homestead exemption before the constitutional amendment is adopted, you will need to apply separately for the transfer of the assessment difference from your previous homestead.

For more information on how to apply, contact the property appraiser for the county where your new home is located.

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6. Is the amount of my homestead exemption affected by the proposed constitutional amendment?

Currently, the first \$25,000 of the assessed value of homestead property is exempt from tax levies by all taxing authorities. If the proposed constitutional amendment is approved, an additional exemption of up to \$25,000 will apply to all levies except those by school districts.

This additional exemption will apply only if the assessed value of the property exceeds \$50,000, and it will apply to the amount by which the value exceeds \$50,000, up to a total additional exemption of \$25,000 (that is, exempting the assessed value between \$50,000 and \$75,000).

This additional homestead exemption, if approved, would first apply to the January 1, 2008, assessment. The exemption would be granted to all property owners qualifying for the homestead exemption. No further application would be necessary for those who are currently receiving the homestead exemption.

7. How does the proposed constitutional amendment affect non-homestead property?

The proposed constitutional amendment would make an exemption available to owners of real property who do not have a homestead exemption or agricultural use assessment on the property. This exemption would limit the increase in assessed value of the property to 10% per year for levies of all taxing authorities other than school districts. The property owner would have to apply to the property appraiser to receive this exemption, and would have to renew the application each year after that to keep the exemption. The property appraiser would mail a renewal application to each exemption holder annually. Changes, additions, or improvements to the property would be valued at just value as of the first January 1 after the changes, additions, or improvements are substantially complete.

For residential property containing nine or fewer dwelling units, this limitation would apply until the property changes ownership or control. For all other property to which the assessment increase limitation would be applicable, the limitation would apply until there is a change in ownership or control or until there is an improvement to the property that increases its just value (market value) by at least 25%.

Property would be reassessed at just value on the January 1 following the loss of the limitation. In subsequent years, the assessment limitation would again apply until another change in ownership or control or, if applicable, an improvement increasing just value by at least 25%.

8. What other changes would be made by the constitutional amendment?

If approved, the proposed constitutional amendment would provide a \$25,000 exemption for tangible personal property. This provision would apply to the January 1, 2008, tax roll and every year after that. The exemption would apply to tax levies of all taxing authorities.

9. Why do we have to vote on this legislation?

Because the homestead exemption and other property tax provisions are established by Florida's Constitution, the Legislature alone does not have the authority to change them. Constitutional amendments require the approval of 60 percent of the voters. The Legislature passed a law that established January 29, 2008, as the date for Floridians to vote on the amendment.