Roadmap to FLORIDA PROPERTY TAXES

General Assessment Overview

The state of Florida mandates that property appraisers must reassess property annually at 100% fair market value. All counties assess and bill properties on approximately the same calendar dates. **The assessment date for all taxable property is January 1.**

Florida assessors are required to consider all three traditional approaches to value: cost, income, and market sales. However, they need to only consider the approaches and can establish the market value based on any one approach or a reconciled value approach.

Effects of Purchase Price on Assessments

Property is reassessed annually regardless if a property sells or not. However, properties that sell during the year prior to the assessment date are exposed to closer scrutiny.

Sales that are qualified as good market sales are typically more likely to be assessed near 85% to 90% of the purchase price. Sales that are disqualified are not used for tax roll preparation, resulting in a wider range of assessment ratios. The effect of a subject sale on a capped assessed value is explained on page three.

Entity Purchase

Entity purchases are typically not considered when valuing property for ad valorem tax assessments.

However, it is required of buyers to file state form DR-430 with the local assessor reporting the acquisition of more than 50% of an entity that owns real estate. The main purpose of the form is to alert the assessor of the change in ownership. If the assessed value was capped the previous year, it would be lifted due to this type of ownership transfer.

TRIM Notices

In August, each county releases new proposed assessments by issuing a "Notice of Proposed Property Taxes," also known as TRIM Notices, meaning truth in millage.

Property owners have 25 days from the date of this mailing to determine if an appeal is warranted. If an appeal is deemed to be necessary, a petition is filed to appear before the Value Adjustment Board (VAB).

Property Tax Appeals

Formal appeals for excessive property assessments are generally held between September and March.

Each county forms a VAB to review contested assessments. The Board is made up of school board members, county commissioners, and often qualified real estate appraisers known as "Special Magistrates." All counties with a population greater than 75,000 must have a Special Magistrate hearing. The law requires the property appraiser to exchange all information, witness listings, and testimony with the taxpayer before a hearing. The taxpayer must submit information 15 days prior and the county has seven days prior.

A petitioner before the VAB who challenges the value of property must pay all of the non-ad valorem taxes and make a partial payment of at least 75% of the ad valorem taxes, before the taxes become delinquent. If the petitioner fails to make the required payment, the VAB must deny the petition.

Tax Bills

Tax bills are mailed in November. Early payment discounts (4%) are offered if paid in November. Discounts decrease 1% per month until March 31 of the following year. Late payment penalties begin to accrue on April 1.

After April 1, generally a 3% penalty is charged to the delinquent property. In late May or early June, tax certificates are sold on the delinquent tax bills. At this point, the property is charged up to 18% interest on the certificate amount, plus miscellaneous costs of advertising the certificate in local papers.

If taxes have been paid and there has been an assessment reduction, refunds are sent directly to whoever paid the taxes.

Personal Property

Tangible personal property returns are due no later than April 1. Failure to comply in this timeframe subjects the property to penalties up to 25% of value.

Tangible returns that are filed timely each year are also granted a $25,000 value exemption that is deducted from the assessed value. Tangible assessments that are valued at less than $25,000 are fully exempt and pay no tax.

If a return is not filed timely, the exemption is not granted and the resulting assessment will be subject to a penalty of 5% per month until filed or a maximum penalty of 25%. If a return is not filed, the assessment can't be appealed. Assessments are based on original cost less depreciation. Depreciation is determined using the useful life tables and the year of acquisition.

Periodic audits are conducted by the Department of Revenue on tangible personal property statewide. The same tax rates apply to real property and tangible property assessments. Tax bills are issued at the same time and are allowed the same early payment discounts.

Florida Tax Calendar

Real Estate

Assessment Date	*Jan 1*
Value Notices Issued	*Mid-Aug*
Appeal Deadline	*25 days after notice is issued*
Tax Bills Due	*Nov 30 (4% Discount)* *Dec 31 (3% Discount)* *Jan 31 (2% Discount)* *Feb 28 (1% Discount)* *Mar 31 (Delinquent Apr 1)*

Personal Property

Assessment Date	*Jan 1*
Tax Returns Due	*Apr 1*
Tax Bills Due	*Nov 30 (4% Discount)* *Dec 31 (3% Discount)* *Jan 31 (2% Discount)* *Feb 28 (1% Discount)* *Mar 31 (Delinquent Apr 1)*

The Split Value System and the 10% Cap

Beginning in 2009, Florida assessors were required to report a market value and an assessed value for each parcel. The market value can increase annually as much as the assessor determines, without limit. The assessed value is afforded an annual increase that is capped at 10%, not to exceed the market value.

There are two occasions when the 10% cap is lifted or does not apply. If during the prior calendar year:

1. The property is sold
2. There are significant building improvements

The law also requires that the tax rate be split between school board tax rates and non-school board tax rates. The school board rates are applied to the market value and the non-school board rates are applied to the assessed value. The combination of these two tax figures results in the total gross ad valorem tax for a parcel.

Below is an example of the Split Value System. This example focuses on the effects of the market and assessed value changes from one year to the next, therefore there are no tax rate adjustments made.

Example of the Split Value System

TAX YEAR 1

Market and assessed value are the same.

Market Value = $1,000,000	x	School Board Tax Rate = 0.75%	=	$7,500
Assessed Value = $1,000,000	x	Non School Tax Rate = 1.25%	=	$12,500
		Total Gross Tax	**=**	**$20,000**

TAX YEAR 2

Market value is increased 25% and assessed value is capped at 10% increase.

Market Value = $1,250,000	x	School Board Tax Rate = 0.75%	=	$9,375
Assessed Value = $1,100,000	x	Non School Tax Rate = 1.25%	=	$13,750
		Total Gross Tax	**=**	**$23,125**

TAX YEAR 3

Market Value is not increased this year, but assessed value is increased the 10% maximum allowed.

Market Value = $1,250,000	x	School Board Tax Rate = 0.75%	=	$9,375
Assessed Value = $1,210,000	x	Non School Tax Rate = 1.25%	=	$15,125
		Total Gross Tax	**=**	**$24,500**

TAX YEAR 4

The property was sold in year three for $1,800,000. Year four will be the new owner's first assessment and new base year. Market value rises to $1,500,000; assessed value cap is lifted to full market value.

Market Value = $1,500,000	x	School Board Tax Rate = 0.75%	=	$11,250
Assessed Value = $1,500,000	x	Non School Tax Rate = 1.25%	=	$18,750
		Total Gross Tax	**=**	**$30,000**

For additional information
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