

THE DEPARTMENT OF REVENUE “RECAPTURE RULE”

The “recapture rule” is contained in subsection (5) of Rule 12D-8.0062 of the Florida Administrative Code.

Below is the relevant portion of that rule.

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.

.....

What does all this mean to a homestead property owner?

The residential real estate market is sagging and property values have declined. Amendment 1, which was approved by voters on January 29, 2008, provided an additional \$25,000 homestead exemption. **The public’s expectation is that this would equate to lower property taxes.**

However, because of the recapture rule, these potential tax savings stand to be wiped out or greatly reduced.

Although the rule allows for a reduction in the assessed value if the CPI is negative, it does not allow for a reduction in assessed value if the just value (fair market value) declines. The property appraiser is “**required**” to increase the assessed value when the larger just value either declines or remains unchanged.

Here is an example:

Year	Just Value	Assessed Value	
1	125,000	100,000	
2	115,000	103,000	(just value declined, assessed value increases 3%)
3	115,000	106,090	(just value unchanged, assessed value increases 3%)

As seen in this scenario, the “recapture rule” will erode any benefit from the recently implemented additional homestead, while in a declining market.

What can or has been done to change this situation?

The “recapture rule” is in conflict with the intent of the 1992 Constitutional Amendment 10. The following statutory revision, underlined (c) , would alleviate this problem:

193.155 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 unless the provisions of subsection (8) apply.

(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.

(c) 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.

Your property appraiser is a vocal and active proponent of property tax reform. I have contacted the leaders of the Florida Senate and House as well as members of our local delegation seeking their support of various property tax relief measures. See the attached [correspondence](#).