

**PROPERTY TAX REFORM  
&  
HOMEOWNER RELIEF PROGRAMS  
SEMINAR**



- **Florida's Property Tax Reform:  
How Does Amendment 1 Affect Homeowners?**
- **Real Estate Tax Appeals 101**
- **Federal Programs to Help Homeowners**

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## I. FLORIDA'S PROPERTY TAX REFORM: AMENDMENT 1

**WHAT IS AMENDMENT 1?** Amendment 1 was created by the Florida Legislature in an attempt to lower the amount of property taxes that Floridians pay, while simultaneously giving a boost to the real estate market. The Amendment passed solidly in January of 2008, with approval from 65% of the voters.

The Amendment contains four elements, which relate to different types of properties:

- A. For homestead properties - Portability of the Save Our Homes benefit;
- B. Also for homestead properties - Creation of an additional \$25,000 homestead exemption;
- C. For landlords and business owners - Approval of a \$25,000 exemption from tangible personal property taxes; and
- D. For non-homestead properties - Passage of a 10% limitation on annual assessment increases, starting in 2009.

## A. PORTABILITY OF THE “SAVE OUR HOMES” HOMESTEAD BENEFIT

**HOW DOES PORTABILITY AFFECT EXISTING HOMESTEAD BENEFITS?** The basic homestead exemption that Floridians are familiar with reduces the taxable value of homestead properties (i.e., primary residences) by \$25,000.

Homestead properties also qualify for Save Our Homes treatment under Amendment 10, passed in 1992. The Save Our Homes (SOH) Amendment limits increases in a homestead’s assessed value to no more than 3% over the prior year’s assessed value *or* the percentage change in the Consumer Price Index, whichever is less.

Over time, the SOH Amendment can create significant savings as the difference increases between a home’s uncapped market value and its capped assessed value. Before Amendment 1, however, these savings could not be carried over to new homes (i.e., they were not “portable”).

Under Amendment 1, homeowners can now transfer the SOH benefit they have accrued over the years when they leave their current homestead for a new one. Homeowners who have owned the same home for a significant time since 1992, and who feared not being able to pay the increased taxes that a new home purchase would have caused under the old system, will benefit the most from Amendment 1’s portability provisions.

## PORTABILITY CONTINUED

**HOW DOES PORTABILITY WORK?** Under the old system, some people felt trapped in their homes – unable to move because it could mean a large tax increase as a result of losing the SOH benefit that had been built up on their homestead over time, as the SOH Amendment continued to limit annual increases in their home’s assessed value.

Amendment 1 lets homeowners take their accumulated SOH benefit with them when they sell their current homestead, as long as they apply it to a new homestead within 2 years. Homeowners don’t even have to sell their old house – just transfer their homestead status anywhere within Florida. Here is how the cap works:

### **Step 1: Calculate the Amount of Your Current SOH Benefit**

The amount of the SOH benefit that a homeowner has accumulated is determined by calculating the difference between the current home’s fair market value (sometimes referred to as “just value”)—as determined by the Property Appraiser, and the home’s assessed value, which should be lower as a result of the yearly 3% SOH cap on assessment increases.

***Example:*** If your home has a market (or just) value of \$440,000 according to the Property Appraiser, and an assessed value of \$280,000, then you have a total SOH benefit of \$160,000 (\$440,000 less \$280,000).

## PORTABILITY CONTINUED

### **Step 2: Determine How Much of Your SOH Benefit You Can Transfer**

Depending on the price of your new home, you can transfer all or a portion of your SOH benefit to the new home. (There is a maximum amount of \$500,000 in SOH benefit that can be transferred.) Here is how the transfer applies to a new homestead:

*If you are upsizing—that is, if the sales price (market value) of your new home is equal to or more than your old home’s market value—you simply transfer the full amount of your SOH benefit.*

*Example:*

	Market Value (MV)	SOH Benefit	Assessed Value (MV—SOH Benefit)	Est. Taxable Value after Exemptions*
<b>1. Old Homestead</b>	\$440,000	\$160,000	\$280,000	\$230,000
<b>New Homestead</b>	\$500,000	\$160,000	\$340,000	\$290,000
<b>2. Old Homestead</b>	\$200,000	\$97,000	\$103,000	\$53,000
<b>New Homestead</b>	\$250,000	\$97,000	\$153,000	\$103,00

\* Taxable value, shown in the last column, is determined by taking a home’s Assessed Value and subtracting: (1) the original \$25,000 homestead exemption; and (2) the new, additional \$25,000 homestead exemption created by Amendment 1. This second exemption, however, does not apply to taxes levied by your local school district.

NOTE: Total millage in the unincorporated areas of Manatee County for example (not including non-ad valorem assessments) in 2008 is estimated to be 15.33. Thus, in Example 1, by preserving a \$160,000 SOH benefit, the homeowner is preserving approximately \$2,452.80 in real estate tax savings. In Example 2, the \$97,000 SOH benefit translates into a tax savings of approximately \$1,487.01.

## PORTABILITY CONTINUED

*If you are downsizing—if the sales price (market value) of your new home is less than your old home’s market value—you will be able to transfer only a percentage of your SOH benefit to your new home.*

The percentage you can transfer is calculated by dividing the amount of your current SOH benefit by the market value of your current home. Once this percentage is determined, multiply the market value of your new home by this percentage to calculate the amount of the transferred SOH benefit that you will be able to deduct from your new home’s market value.

**Examples:**

### Old Homestead

Market Value (MV)	Assessed Value (AV)	SOH Benefit (MV—AV)	SOH Percentage (SOH÷MV)	Est. Taxable Value after Exemptions*
\$440,000	\$280,000	\$160,000	36.36%	\$230,000

### Application to New Homestead

If New Market Value Is:	Amount of SOH Benefit Transferable	New Assessed Value (MV—Transferable SOH)	Est. Taxable Value after Exemptions*
\$325,000	$\$325,000 \times 36.36\% =$ \$118,170	\$206,830	\$156,830
\$200,000	$\$200,000 \times 36.36\% =$ \$72,720	\$127,280	\$77,280

\* Again, taxable value is calculated by subtracting the \$50,000 in homestead exemptions from the assessed value.

## PORTABILITY CONTINUED

**HOW DO I APPLY FOR THE PORTABILITY BENEFIT?** Homeowners need to complete two separate forms: one to register your new home for the homestead exemption, and one to transfer the Save Our Homes benefit from your old home. Both of these required forms should be available from your county's Property Appraiser's office.

**Manatee County:**

915 4th Avenue West, Bradenton, FL 34205; (941) 748-2808; [manateepao.com](http://manateepao.com)

**Sarasota County:**

2001 Adams Lane, Sarasota, FL 34237; (941) 861-8200; [sarasotaproperty.net](http://sarasotaproperty.net)

If you are transferring your homestead from one county to another, you will need to complete a third form (also available through your Property Appraiser's office), in which the appraiser of the county that you are moving from certifies the amount of your SOH benefit to the appraiser of the county that you are moving to.

***Reminder:*** You must register your new homestead with your local Property Appraiser's office by March 1st of the year in which you want to start receiving your homestead benefit. If you miss this deadline, you will not get the benefits of homestead status—either the Save Our Homes cap or the two \$25,000 exemptions—until the following year.

## PORTABILITY CONTINUED

**ARE THERE ANY PORTABILITY EXCEPTIONS I SHOULD BE AWARE OF?** Yes. Here are some of the most common portability issues that homeowners should consider:

If two or more people own multiple homesteads and move in together, they can transfer the benefit from only one of their former homes.

If two or more people own one homestead and split up, the Save Our Homes benefit is divided between the two new homesteads; but if even one person remains in the old homestead, there can be no transfer of benefit for the one(s) moving out.

Also, be aware that something called “recapture” can decrease the amount of your Save Our Homes benefit in real estate markets - like this one - where home prices are decreasing. Recapture occurs when your home’s market value goes down, but your assessed value goes up.

Recapture is possible because the Property Appraiser may continue, by law, to increase your assessed value in accordance with the 3% cap, even when market value goes down, as long as the capped assessed value remains less than or equal to your home’s market value. *This is one reason why your property taxes can go up even when the market value of your house goes down.*

Since the amount of your SOH benefit is calculated by subtracting your home’s (capped) assessed value from its (uncapped) market value, when your assessed value increases and your market value decreases, the amount of your SOH benefit is reduced.

***Example:***

	<b>Market Value (MV) (Decreases from 2007 to 2008)</b>	<b>Assessed Value (AV) (Increases by 3% from 2007 to 2008)</b>	<b>SOH Benefit (MV—AV)</b>
<b>2007</b>	\$380,000	\$203,775	\$176,225
<b>2008</b>	\$300,000	\$209,888	\$90,112



## **B. ADDITIONAL \$25,000 HOMESTEAD EXEMPTION**

**DO I HAVE TO APPLY FOR IT?** No. All homes currently receiving the existing \$25,000 homestead exemption will automatically receive the additional exemption.

**DOES THE ADDITIONAL EXEMPTION WORK THE SAME WAY AS THE EXISTING EXEMPTION?**  
No. There are two important differences:

- (1) The additional exemption doesn't apply to the school board millage, so it will not affect what you must pay in school taxes; and
- (2) The additional exemption applies only to the third \$25,000.00 of the property's assessed value.
  - Thus, the first \$25,000 of your home's assessed value is fully exempt, the second \$25,000 is fully taxable, and the third \$25,000 is exempt except for the school levy.
  - So, to get the full benefit of the additional \$25,000 exemption, your home must have an assessed value of at least \$75,000.

### **C. \$25,000 EXEMPTION ON TANGIBLE PERSONAL PROPERTY**

In addition to your real property taxes, the County also levies an ad valorem tax on tangible *personal* property used in a trade or business (e.g., machinery, equipment, furniture, fixtures, signs, air conditioners, leased equipment). Landlords are also subject to this tax on all tangible personal property located within the leased premises.

Under Amendment 1, the first \$25,000 of tangible personal property subject to tax is exempt. Unlike the additional real property tax exemption, however, the exemption for personal property is not automatic. You must file an application with the Property Appraiser annually, by April 1<sup>st</sup>, to receive this exemption.

### **D. 10% LIMIT ON INCREASES IN ASSESSMENTS OF NON-HOMESTEAD PROPERTY**

Before Amendment 1, non-homestead properties, whether they were residential or commercial, were simply assessed at their market value, so a property's assessed value increased as rapidly as its market value.

Amendment 1 creates a cap of 10% on the increase in these properties' assessed values from one year to the next. The cap takes effect in 2009 and applies to all non-homestead properties.

## II. REAL ESTATE TAX APPEALS – A BRIEF OVERVIEW

In the current economic climate, we have seen great fluctuations in properties' market values. If you feel that the Property Appraiser's office has not determined an accurate market value to your property, Florida law provides procedures by which you can appeal that determination.

Homeowners receive their Truth in Millage (TRIM) Notice in early August of each year, giving their property's appraised market value (also called just value) for that year. If you feel the market value in your TRIM Notice is inaccurate, three avenues of challenge exist:

- A. An informal conference with the Property Appraiser;
- B. A petition to the Value Adjustment Board; and
- C. A lawsuit in Circuit Court.

### A. THE INFORMAL CONFERENCE

This is a good option if you can schedule an appointment. (Reminder: The Property Appraiser's office will receive a great many conference requests after TRIM Notices are mailed, and you may need to be patient.) Because it is not an official proceeding, a conference will be much less formal than either of the other options, and having a conference will not affect your right to use either of the other options, as well.

## **B. THE VALUE ADJUSTMENT BOARD**

### **THE BASIC STEPS.**

- (1) You must file a formal petition with the Clerk of the Value Adjustment Board within 25 days of receiving your TRIM Notice. (A copy of the petition is attached. Petitions are also available through the Property Appraiser's website, [www.manateepao.com](http://www.manateepao.com).)
- (2) The Clerk will then schedule a formal hearing for you in front of the Value Adjustment Board (VAB).
- (3) A Special Magistrate chosen by the VAB will conduct the hearing, at which you must present evidence demonstrating that the appraised market value of your property is incorrect. Special Magistrates are professional appraisers who have experience with appraisal theory.
- (4) The Special Magistrate will then make his or her recommendation to the VAB regarding your property's market value. If you disagree with the Special Magistrate's recommendations, you may appeal to, and appear before, the VAB. The VAB is a neutral body that will make the final decision on your petition.

## THE VAB CONTINUED

**WHAT HAPPENS AT YOUR HEARING?** The analysis being made in a tax appeal is “What is the just or fair market value of the property as of January 1 of the taxing year?” So, at the hearing, you will have to present evidence to establish your property’s fair market value...that is, what a willing buyer would pay a willing seller in an arm’s length transaction.

### *Burdens of proof:*

- The Property Appraiser’s appraised value is given a presumption of correctness. You can overcome that presumption only by showing that the Appraiser failed to consider the 8 factors required by the Florida Statutes to be considered in determining market value. This is rare.
- If you cannot overcome the presumption of correctness, you must prove the value of your property by clear and convincing evidence—that is, enough evidence to give the Special Magistrate a firm belief or conviction that the appraised value exceeds the true market value. Be aware that this is a difficult standard to meet.
- If you *can* overcome the presumption of correctness, you must prove the value of your property by merely a preponderance of the evidence—that is, that it is more likely than not that the Property Appraiser’s appraised value is too high.

## THE VAB CONTINUED

### *How do you prove market value?*

- For residential properties, market value is usually best established by comparable sales. You must find properties very similar to yours, which have sold on or before January 1<sup>st</sup> of the current tax year, to establish your property's market value.
- Valuation of your property is best done by a professional appraiser or Realtor®—someone who is trained to make such an analysis, and who is able to testify at the hearing as to his or her report and to assist in rebutting the values assigned by the Property Appraiser.
- Any reports or other evidence you wish to use at your hearing must be delivered to the Property Appraiser no less than 15 days before the hearing date. You will not be able to use evidence at your hearing that you have not delivered by this deadline. Similarly, the Property Appraiser's office must provide you with his evidence before the hearing.

### *Evidence that will not be considered or given much weight:*

- Comparisons of the assessed values of other properties with yours or of your overall tax with the taxes owed on other properties will not be considered.
- Your inability to pay is unfortunately not relevant.
- Sales dated after January 1<sup>st</sup> of the taxing year are not given much weight.
- Foreclosure sales, deeds in lieu of foreclosure, sales at auction, sales involving related parties, and other non-standard transactions may not be given much weight. You may wish to gather this information anyway, however, especially if there are few other sales of comparable properties in your area.

## C. THE LAWSUIT

Lawsuits are costly, time-consuming, and very formal—all the rules of evidence and procedure that govern other types of court actions apply here. As a result, they generally make sense only for the most sophisticated cases, with unusual issues and large assessments at stake. A lawsuit must be filed within 60 days of the tax roll being certified for collection.

### III. FEDERAL PROGRAMS TO HELP HOMEOWNERS

Congress continues to look for ways to help homeowners—and potential homeowners—who are struggling in the current financial market. Below is a brief outline of some of the programs that Congress has recently enacted.

#### A. THE HOPE FOR HOMEOWNERS ACT OF 2008

**POTENTIAL BENEFITS.** The Act, which took effect on October 1, 2008, is designed to allow qualifying homeowners to cancel any mortgage debt on their homes that was incurred on or before January 1, 2008, and to replace it with an FHA-insured, 30-year fixed-rate mortgage loan equal to 90% of the home's current value.

1. This cancellation will forgive: (a) all of the homeowners' debt above 90% of the current value of their homes; and (b) any prepayment penalties on current mortgage loans.

*Example:*\* Original home purchase price: \$400,000.00. Original interest-only first mortgage: \$320,000.00. Original interest-only equity line second mortgage: \$40,000.00. House appreciates during the housing boom to \$500,000.00. The equity line is increased to \$130,000.00 and fully borrowed upon by the owner. After the housing bust, the current home value is \$200,000.00. The new FHA mortgage loan would be for 90% of \$200,000.00 or \$180,000.00. Since the original mortgage loans were interest only, \$450,000.00 in principal on both mortgage loans would still be owed prior to the new FHA mortgage loan, but all except \$180,000.00 of that debt would be cancelled; i.e., \$270,000.00 would be forgiven.

2. The homeowners' new fixed interest rate would be based upon current market rates and could therefore be lower than the rates of their previous variable-rate first and second mortgages.

3. The homeowners have a new fixed interest rate, which will not go up like the rates of their old variable-rate mortgage loans.

## HOPE FOR HOMEOWNERS CONTINUED

**REQUIREMENTS & OBLIGATIONS.** The borrowing homeowners must meet the following requirements and agree to the following obligations:

1. The FHA-insured mortgage loan cannot exceed \$550,400.00.
2. The home must be the homeowners' primary residence, not a second home or rental or investment home. Further, the homeowners are not eligible for an FHA mortgage loan if the homeowners own a second home.
3. The homeowners must not have intentionally defaulted on their current mortgage loans.
4. The homeowners must currently have a monthly mortgage-payment-to-income ratio *greater than 31%* as of March 1, 2008; i.e., their total monthly mortgage payments must exceed 31% of their monthly income. Before homeowners can use an FHA mortgage loan, the homeowners' lender must document and verify the homeowners' income *with the IRS*.
5. In exchange for this FHA-insured mortgage loan, the homeowners must pay to the FHA a substantial share of any cash they receive from the future sale or refinancing of their home. The cash the homeowners receive comes from: (i) any *appreciation* or increase in the value of the home that occurs over time; and (ii) the initial 10% *equity* they receive when they obtain the FHA mortgage loan, plus the increase in that equity that occurs as they pay down the mortgage loan. When the homeowners sell or refinance their home, the cash derived from *appreciation* is divided and paid 50% to the homeowners and 50% to the FHA. The cash derived from *equity* is shared between the homeowners and the FHA based upon when the sale or refinance closing occurs in relation to the closing on the FHA loan, as follows:

	FHA Share	Homeowners' Share
Within 1 year:	100%	0%
Within 2 years:	90%	10%
Within 3 years:	80%	20%
Within 4 years:	70%	30%
Within 5 years:	60%	40%
5 years or more:	50%	50%

There is no phase-out over the years of the FHA's entitlement to its share of the cash from the sale or refinance closing, whether that cash is derived from *appreciation* or *equity*.



## HOPE FOR HOMEOWNERS CONTINUED

**Example:\*** Using figures from the previous example, the devalued home of \$200,000.00 begins to appreciate again, ending at a value of \$300,000.00, when it is sold at that price 3½ years from now. The \$180,000.00 mortgage loan has been paid down from \$180,000.00 to \$160,000.00. The homeowners' and the FHA's shares are calculated as follows:

Appreciation = \$300,000.00 price — \$200,000.00 value at the time of the FHA mortgage loan = \$100,000.00.

Equity = \$200,000.00 value at the time of the FHA mortgage loan — \$160,000.00 current FHA mortgage loan balance = \$40,000.00.

	FHA	Homeowners
Homeowners' Share of Appreciation = 50% x \$100,000.00 =		\$50,000.00
FHA's Share of Appreciation = 50% x \$100,000.00 =	\$50,000.00	
Homeowners' Share of Equity = 30% x \$40,000.00 =		\$12,000.00
FHA's Share of Equity = 70% x \$40,000.00 =	\$28,000.00	
 TOTAL	 \$78,000.00	 \$62,000.00

*Important Note:* The Act is silent as to how closing costs will be handled. It is therefore unclear whether these costs would be subtracted from the homeowners' share before or after division of the appreciation and equity with the FHA.

**LIMITATIONS & UNCERTAINTIES.** Even if a homeowner qualifies and meets all of the Act's requirements, these new FHA-insured mortgage loans may be difficult to obtain due to the following limitations of the Act:

1. *The Program is voluntary for lenders, so the Act does not require that either first or subordinate mortgage lenders agree to a replacement and cancellation of their mortgage loans in exchange for an FHA mortgage loan. Thus far, few lenders have come forward with procedures for borrowers who wish to participate in this program. Borrowers should contact their bank to determine if the bank will consider debt forgiveness under the Act.*

2. The home's "current value" for FHA purposes is the amount for which it could be sold. The current mortgage lender, however, will lose another 10% of that value because its current mortgage loans must be written down to 90% of that value, whereas, if the lender completed a foreclosure of the home, it would recover 100% of that value, less the costs of foreclosure. This is a disincentive for the mortgage lender to agree to an FHA mortgage loan unless the cost to the lender of foreclosure and of selling the home after foreclosure (e.g., broker's commission, repair costs, payment of delinquent taxes and association dues, maintenance costs over time, etc.) exceed that 10% of the value.

## HOPE FOR HOMEOWNERS CONTINUED

3. In exchange for issuing its insurance, the FHA requires: (i) an initial premium payment equal to 3% of the loan amount; and (ii) an ongoing premium of 1½% of the loan balance annually.

4. The homeowners' mortgage lender must believe, and make representations and warranties to the FHA, that the homeowners' current income and expenses will allow them to repay the FHA mortgage loan, as determined by the FHA's current affordability requirements. This creates legal liability to the FHA on the part of the lender.

5. If the homeowners cannot afford to make the payments on an FHA mortgage loan equal to 90% of the home's current value, the FHA mortgage loan amount must be decreased until the homeowners *can* afford the payments necessary to repay the decreased loan amount. This, in turn, increases the amount that the first mortgage lender and subordinate lien holders must write off.

6. The mortgage lender involved in originating the FHA mortgage loan is typically the homeowners' first mortgage lender, and the homeowner must obtain the agreement of subordinate mortgage, judgment, and tax lien holders to extinguish their loans and release their liens before the FHA will approve the new mortgage loan. This may require the first mortgage lender to pay the subordinate lien holders for a release of their liens, which is another financial disincentive for the first mortgage lender to agree to an FHA mortgage loan.

7. While the program is authorized to insure \$300 billion in mortgage loans, that amount is expected to serve only approximately 400,000 homeowners in the entire United States.

8. If homeowners are barely making their mortgage loan payments, are ignoring other debt obligations to make their mortgage payments, or are soon going to be unable to make their mortgage payments, their mortgage lenders may not agree to an FHA mortgage loan until the homeowners stop making those payments. On the other hand, if the homeowners choose to stop making payments before their ability to do so ends, the homeowners have intentionally defaulted and would be ineligible for the new FHA mortgage loans. Therefore, homeowners could find themselves in a "Catch-22."

**EFFECT ON CREDIT.** The Act is silent regarding the effect on homeowners' credit if they obtain an FHA-insured mortgage loan under the Act. Since the Act is silent, and the mortgage lender and subordinate lien holders are actually writing off all or portions of the debts owed to them by the homeowners, use of these FHA mortgage loans may adversely affect the homeowners' credit ratings, although it is not yet clear by how much.

## **B. THE FIRST-TIME HOME BUYER TAX CREDIT**

**THE CREDIT.** The amount of the tax credit is 10% of the home's purchase price, up to \$7,500.00. Thus, unless the home's purchase price is less than \$75,000.00, the tax credit will be \$7,500.00. The tax credit is a dollar-for-dollar reduction of the federal income tax owed by the first-time home buyer. If the income tax owed by the buyer is less than \$7,500.00, the buyer will receive the balance of the tax credit as an income tax refund.

**BUYER ELIGIBILITY.** A buyer must meet all of the following requirements to receive the tax credit:

1. The buyer must be a "first-time home buyer" who has not owned a principal residence during the three-year period prior to the current home purchase. Unfortunately, if the buyers are a married couple, both are disqualified if either has owned a home within the three-year period.

2. The home must be purchased and closed upon on or after April 9, 2008, and on or before June 30, 2009. For homes purchased in 2009, the tax credit may be taken, at the buyer's discretion, against either the buyer's 2008 tax liability or 2009 tax liability. If the home was purchased in 2008, the credit can be taken only against the 2008 tax liability. Homes must be legitimately purchased from sellers unrelated to the buyer and cannot be gifted to or inherited by the buyer.

3. To be eligible for the full amount of the tax credit, the buyer's "modified adjusted gross income" or "MAGI" must not exceed \$75,000.00 for single buyers and \$150,000.00 for married buyers. The tax credit is proportionately reduced for single buyers whose MAGI exceeds \$75,000.00 until their MAGI reaches \$95,000.00, at which amount the credit is totally phased out. The tax credit is proportionately reduced for married buyers whose MAGI exceeds \$150,000.00 until their MAGI reaches \$170,000.00, at which amount the credit is totally phased out.

4. "MAGI" can be determined by taking the buyer's "adjusted gross income" or "AGI" as calculated for federal income tax purposes on the buyer's federal income tax return, and then increasing AGI by certain amounts such as the buyer's student loan deductions, IRA contribution deductions, higher education cost deductions, etc.

5. The buyer may not finance the purchase of the home through a mortgage revenue bond program.

6. The buyer must be a U.S. citizen or a U.S. resident alien (i.e., have a green card).

## TAX CREDIT CONTINUED

**HOME ELIGIBILITY.** The home must be a single-family residence, a townhouse, or a condominium and must be used as the buyer's principal residence. The home may be an existing new or old home or it may be a home to be constructed, but construction must be completed and the home occupied on or before June 30, 2009.

**REPAYMENT.** The buyer must repay the tax credit to the IRS as additional income tax over a 15-year period that commences with the second year after the earlier of: (a) the year in which the home is purchased, or (b) the year in which the tax credit is taken. (Example: If a home is purchased in 2009 – before the June 30 deadline – and the credit is taken on the 2009 tax return, the first repayment would be due with the filing of the 2011 tax return. If, as allowed, the credit for that 2009 purchase is taken with the 2008 return, the first repayment is due with the 2010 return.) The buyer repays at least 1/15<sup>th</sup> of the tax credit per year (\$500.00/year if the credit was the full \$7,500.00). No interest is charged during the repayment period. If the buyer sells the home within the 15-year period, the entire outstanding balance of the tax credit must be paid from the buyer's closing proceeds, if sufficient, but the amount that must be repaid cannot exceed the buyer's capital gain (profit) on the sale of the home.

- *Note:* There is some discussion that Congress will amend this credit to remove the repayment requirement. This legislation has not yet been implemented, however.

## C. THE REAL PROPERTY TAX DEDUCTION

For all income taxpayers who do not itemize their deductions, the “standard deduction” has been increased by a “real property tax deduction” for 2008 and subsequent tax years. The real property tax deduction equals the lesser of:

1. \$500.00 for single taxpayers or \$1,000.00 for married taxpayers filing jointly; or
2. The amount paid for real estate taxes.

**TABLE OF EXHIBITS**

- A. Homestead Application**
- B. Transfer of Homestead Assessment Difference**
- C. Certificate for Transfer of Homestead Difference to New County**
- D. Manatee County Appraiser's Notification of "Save Our Homes Cap"**
- E. Sarasota County Appraiser's Notification of "Save Our Homes Cap"**
- F. Petition to the Value Adjustment Board, with Excerpts from the Florida Statutes**
- G. Information on Filing Tax Appeals**
- H. Tax Appeal Evidence Guidelines**
- I. 8 Factors to Consider in Deriving Just Value**