

THE APPRAISAL PROCESS AND YOUR PROPERTY TAXES

While many people think the Property Appraiser determines the amount of taxes each property owner pays, in reality the title "Property Appraiser" explains it all.

The Property Appraiser and his staff are charged with placing a fair and just value on each individual property in your County. The role of setting the amount of taxes to be paid as a result of the appraised value of a property is that of the various taxing authorities. These bodies use the Property Appraiser's appraisals as a base for setting the millage rate.

Hillsborough County Taxing Authorities

<http://www.hcpafl.org/www/downloads/function.shtml>

Pinellas County Taxing Authorities (Go to Appraisals; then Taxing Authorities)

<http://www.pcpao.org/>

Pasco County Taxing Authorities (Go to Information; then Taxing Authorities; then 2006 Tax Tables))

<http://appraiser.pascogov.com/>

YOUR TAXES ARE COMPUTED BY TAKING THE PROPERTY APPRAISER'S ASSESSED VALUE LESS ANY EXEMPTIONS YOU ARE ENTITLED TO TIMES THE MILLAGE RATE.

Sample Property Tax Calculation

Let's say that on January 1 of a given year (status of property on that date determines value) the Property Appraiser has found the market value of your home to be \$200,000. (Market value is the probable sales price less approximate allowable costs of sale.)

You apply and receive a full Homestead Exemption, so \$25,000 is deducted from your assessed value, leaving a taxable value of \$175,000.

Now, let's assume that the millage rate in your community has been set by the taxing authorities (city commission, county commission, school board, etc.) at 20 mills. That's \$20 per \$1,000 of taxable value. This is the tax rate.

Divide the taxable value of your property by \$1,000

(\$175,000 / \$1,000). The result is 175. Multiply this factor by the tax rate (\$20),

175 x \$20 = \$3,500.

This \$3,500 is the tax on your home (less discounts for early payment) required by taxing authorities to fund their budgets.

The value of real estate fluctuates due to many factors. In the Greater Tampa Bay area, constant growth of population and development continually drives values upward in most areas. Factors influencing value include property use, the size and condition of improvements on the site and the local real estate market.

The Florida Constitution requires the County Property Appraiser's office to assess property based on its market value. A simple definition of market value is the typical price a willing buyer would pay to a willing seller. To estimate market value, the property appraiser's office uses the 3 traditional approaches to value, Cost Approach, Market Approach and Income Approach.

It is important to remember that the Property Appraiser does not create value. People create value by buying and selling real estate in the open market place. The Property Appraiser has the legal responsibility to study those transactions and appraise your property accordingly. For most property types, the estimate of market value is based on sales of similar properties.

In addition to the Market Approach (sales of similar properties), two other methods are used to assess property - the cost approach and the income approach. The cost approach is based on how much it would cost today to build a replacement structure on a parcel. If your property is not new, the appraiser must also estimate how much value the building has lost over time (depreciation). The appraiser must also estimate the value of the land - without buildings or any improvements.

The income approach is the third way to evaluate property. This approach is typically applied to income producing commercial properties. It requires a study of how much revenue the property would generate if it were rented. The appraiser must consider operating expenses, taxes, insurance, maintenance costs, and the return or profit most people would expect for that type of property.

In estimating value for any property, Florida Statutes 193.011 requires the property appraiser to consider 8 factors:

- 1. The present cash value** which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase, in cash or the immediate equivalent thereof in a transaction at arm's

length.

2. **The highest and best use of the property which is** the highest and best use to which the property can be expected to be put in the immediate future and the present use of the property, taking into consideration any applicable judicial limitation, local or state land use regulation, or historic preservation ordinance, and considering any moratorium imposed by executive order, law, ordinance, regulation, resolution, or proclamation adopted by any governmental body or agency or the Governor when the moratorium or judicial limitation prohibits or restricts the development or improvement of property as otherwise authorized by applicable law. The applicable governmental body or agency or the Governor shall notify the property appraiser in writing of any executive order, ordinance, regulation, resolution, or proclamation it adopts imposing any such limitation, regulation, or moratorium.
3. **The location of the property.**
4. **The quantity or size of said property.**
5. **The cost of said property** and the present replacement value of any improvements thereon.
6. **The condition of said property.**
7. **The income of said property.**
8. **The net proceeds of the sale of said property**, as received by the seller, after deduction of all of the usual and reasonable fees and costs of the sale, including the costs and expenses of financing, and allowance for unconventional or atypical terms of financing arrangements. When the net proceeds of the sale of any property are utilized, directly or indirectly, in the determination of just valuation of realty of the sold parcel or any other parcel under the provisions of this section, the property appraiser, for the purposes of such determination, shall exclude any portion of such net proceeds attributable to payments for household furnishings or other items of personal property..

To ensure that the Property Appraiser is properly assessing the value of property, the Property Appraiser's assessment roll is audited by the State Department of Revenue (DOR) with respect to whether the assessed values reflect values at current market rates. The same roll is also audited to ensure that there is equity in the values established, i.e. like properties are similarly valued. When the ratio of level of assessment to actual sales falls below the State required level, the Property Appraiser must adjust the assessed value or the State DOR will not approve the assessment roll.

Therefore, value changes from year to year because the market place is dynamic, causing the values of properties to change, which the Property Appraiser must account for every year, as of January 1. If the assessment roll is not approved by the State Department of Revenue, taxing authorities cannot proceed with their annual budgets.

Local Government Links for Property Appraisals and Taxes

Hillsborough County Property Appraiser

<http://www.hcpafl.org/www/index.shtml>

Hillsborough County Tax Estimator

http://www.hcpafl.org/www/search/tax_estimator.shtml

Hillsborough County Tax Collector

<http://www.hillstax.org/>

Pasco County Property Appraiser

<http://appraiser.pascogov.com/>

Pasco County Tax Collector

<http://taxcollector.pascogov.com/search/prclsearch.asp>

Pinellas County Property Appraiser

<http://www.pcpao.org/>

Pinellas County Tax Collector

<http://www.pcpao.org/>