



OFFICE OF THE CLAY COUNTY PROPERTY APPRAISER

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For Immediate Release

Date: August 9, 2023
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PROPERTY APPRAISER COMPLETES HOMESTEAD EXEMPTION AUDIT

One of the responsibilities of the Clay County Property Appraiser's Office (CCPAO) is to ensure that all eligible property owners receive the full benefit of those exemptions, reductions and classifications to which they are entitled. Conversely, property owners who are improperly or fraudulently receiving tax exemptions is problematic and creates inequity within the assessment roll and tax base. In the end, honest taxpayers are left with making up the difference that property owners who are improperly receiving or fraudulently claiming a tax exemption creates.

Florida law provides for a number of property tax exemptions that will reduce the taxable value (and taxes) of real property; the most common is homestead exemption. Every person who owns real estate in Florida, makes the property his or her permanent residence as of January 1, and files an application with the property appraiser, may be eligible to receive a homestead exemption. Applicants must establish and maintain proof of permanent residency. Once a homestead exemption is granted, it is automatically renewed (annually). Therefore, a subsequent application to maintain the exemption is not required.

Homestead exemption is much more than just a reduction in taxable value as it can provide protection against large assessment increases. In 1992, Florida voters approved the Save-Our-Homes (SOH) Constitutional Amendment (s. 193.155, Florida Statutes) thereby limiting the annual increase in the assessed value of properties with a homestead exemption to no more than 3 percent per year. If a property's market value exceeds the annual increase limitation amount allowed for the assessed value, the difference between those values becomes the SOH assessment differential, which is non-taxable. The SOH assessment differential benefit begins the year after a homestead is granted and can accumulate to a significant property tax savings. As of July 1, 2023, the countywide SOH assessment difference is over \$6.5 billion.

Due to the automatic annual renewal, and the tremendous benefits of homestead exemption,

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Florida law requires property owners to notify the property appraiser if exemption eligibility has changed – and there are severe penalties if not reported. Pursuant to sections 193.155(10), 196.011(9), and 196.161, Florida Statutes, the property appraiser may review the exemption status for any current or prior year (up to 10 years) and shall file a tax lien against any property that is determined to be improperly or fraudulently claiming a homestead exemption. Such property shall be subject to the taxes owed as a result of the ineligible exemption, plus a penalty of 50 percent of the unpaid taxes for each year, and 15 percent interest per year.

Currently there are more than 56,500 parcels receiving homestead exemption in Clay County and more than 5,000 new applications are received each year. Although the CCPAO has the ability and capacity to process new applications and investigate individual cases of possible homestead ineligibility, a systemic review of all existing exemptions is not plausible. Therefore, the CCPAO partnered with TrueRoll, an independent research firm, to conduct a homestead exemption audit. The audit was intended to confirm exemption eligibility and certify that all property owners pay their fair share – no more, no less.

Over the past 18 months, all existing homesteads in Clay County were reviewed for compliance. After much investigation and research, 190 tax liens were filed resulting in more than \$55 million in taxable value and \$1.4 million in potential tax revenue. To date, 117 tax liens (61.57%) have been satisfied, equating to more than \$750,000 in property taxes recovered.

All property owners have an interest in protecting the homestead exemption benefits. Although the CCPAO will proactively monitor for homestead exemption compliance, exemption abuse can be reported at www.ccpao.com/report-exemption-abuse.