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By Michael S. Hagen
2008 Lee County Property Tax Update

Property Taxes and Property Assessments are again in the spotlight with the July 1, 2008 submission of the Lee County tax roll to the Florida Department of Revenue by the Lee County Property Appraiser. This article will focus on interesting (hopefully) facts that may be gleaned from a review of this July 1 tax roll summary, focusing on Cape Coral, together with other recent property tax events. We will publish a follow up article in August concerning the Notices of Property Taxes (TRIM Notices) that will be mailed on or about August 25, 2008, together with the process for petitioning those values.

All County Property Appraisers are obligated by law to submit preliminary values to the various taxing authorities on June 1 of each year. The Lee County Property Appraiser did just that on June 1, 2008. Those preliminary values are utilitized by the various taxing authorities to begin the process of comparing the proposed taxable value to the proposed budget in order to estimate the required millages needed to produce the required budget revenues. These June 1 figures indicated a total taxable value drop in Cape Coral of 26.56% as compared to tax year 2007. All values are based upon the opinion of value as of January 1 of each year. A primary determinate of these assessed values are sales from the prior year. Eighty-two percent (82%) of Lee County real estate parcels experienced a decline in assessed value from tax year 2007 to 2008.

While the June 1 values are merely estimates, the Property Appraiser's July 1 values are submitted to the Florida Department of Revenue for review and approval. The Property Appraiser determines a value of each of the 530,139 real property parcels, as well as the 74,132 personal property accounts. While these July 1 values are not truly "final" (finalization really occurs as of the November 1 tax bill) they are nevertheless much more final then the June 1 figures. A review of the July 1, 2008 tax roll summary clearly illustrates Cape Coral's growing dominance in the Lee County market place as compared to the other municipalities. While Fort Myers was once the indisputable leading city within Lee County, our metropolitan area was rightfully renamed the Cape Coral-Fort Myers Florida Metropolitan Statistical Area back in 2003.

Highlights and observations from the recent July 1 tax roll include the following:

1. Cape Coral Has Largest City Value: The market value (a/k/a "just value") of Cape Coral is 19% of the entire County value. Interestingly, the market value of Cape Coral real estate is 247% of that of Fort Myers, 364% greater then Sanibel and 172% greater than that of Bonita Springs.

2. New Construction: Cape Coral's new construction from calendar year 2007 (completed as of January 1, 2008) was approximately $894 million. Cape Coral's new construction dwarfed that of Fort Myers ($601 million), Bonita Springs ($407 million), and Fort Myers Beach ($36 million).

3. Homesteads: Cape Coral boasts an ever-increasing portion of the homestead property in Lee County. There were approximately 159,000 homestead parcels in Lee County as of January 1, 2008. The value of the first $25,000 homestead on each of these homestead residences in Cape Coral was more then three times that of the total homestead exemption values of either Fort Myers or Bonita Springs.

4. Additional $25,000 Homestead Exemption: This took effect for tax year 2008 removed another billion dollars of taxable value from the tax roll. While this second $25,000 homestead exemption does not apply to school taxes, it, nevertheless, results in an average additional tax savings per home of approximately $225 per year per home.

5. Save Our Homes Portability: "Save Our Homes" savings became "portable" in tax year 2008. In essence, this means that, with certain restrictions, an owner who has enjoyed Save Our Homes savings in their existing home may take some, or all, of those savings with them when they buy another Florida residence and establish their

homestead there. One thousand four hundred ten Lee County residences enjoyed the benefit of portability in tax year 2008 and Cape Coral accounted for 329 of those residences.

6. Save Our Homes Recapture: One of the strangest twists in this declining real estate market is that despite values that are declining overall, approximately 60% of homesteaded parcels will receive the detriment of the Department of Revenue's recapture rule. In essence, what this recapture provisions means is that a homeowner enjoying Save Our Home savings will, despite the decrease in values, see their taxable value increase 3% in tax year 2008. If this depressed real estate market lingers (and it probably will), "recapture" will become more and more a thorn in the side of homesteaders.

7. Save Our Homes Continuing Importance: Despite the recapture wrinkle described above, "Save Our Homes" continues to be extremely important to homesteaders. The total aggregate in Save Our Homes savings among Lee County homesteaders for tax year 2008 is approximately $9.1 Billion, dwarfing the benefit of approximately $7.4 billion of homestead tax savings from the first $25,000 and second $25,000 homestead exemptions.

<u>2008 Agricultural Exemptions</u>

The Lee County Property Appraiser mailed out tax year 2008 denial notices to approximately 275 formerly agriculturally exempt parcels in Lee County. This compares to the approximately 550 agricultural exemptions denials sent out for tax year 2007. The owners of these denied agricultural parcels may contest their denials by filing (not just mailing) a Value Adjustment Board Petition to the Clerk of Courts Minutes Department on or before July 14, 2008.

The significance of these agricultural exemptions is illustrated by the 2008 tax roll summary which shows that the market value of this agriculturally exempted land is approximately $3 billion, while the value as classified as agriculturally is less then $500 million. That means that the owner of agriculturally classified land gets a tax bill is that is only about 16% of what it would be without the agriculture exemption.

2008 Value Adjustment Board Changes

Perhaps the biggest change as far as the 2008 Value Adjustment Board is whom that Board is comprised of. Up until this year, it consisted of three County Commissioners and two School Board members. Effective tax year 2008, however, for the first time these Boards, which are mandatory in each of our 67 counties, must now include two non-politician members. This change should go a long way in insuring fairness and a taxpayer friendlier approach.

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