



# News for Broward Taxpayers

Winter - Spring 2007



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## New Constitutional Amendment Creates Added Tax Savings for Combat-Wounded Florida Veterans

In November 2006, Florida voters adopted a new Constitutional Amendment to provide a discount from the amount of property taxes on the homestead of a partially or totally permanently disabled veteran, **age 65 or older**, who was a **Florida resident at the time of entering military service**, and whose disability was **combat-related**. Under this new law, a veteran will receive a total exemption from property taxes equal to the percentage of combat-related disability (example: a 60% combat-related disability would exempt 60% of the total value of the homesteaded residence from *ad valorem* property taxes). If you're eligible, please provide us with documented proof your disability was combat related (i.e., copy of Purple Heart Medal award paperwork) and proof you were a Florida resident when you entered the military.

## Voters Doubled Senior Exemption "Up to \$50K" ... But It Requires Local Enactment Before You Can Benefit



Florida voters also passed a Constitutional Amendment last year which has the potential to double the current Senior's Additional Exemption from \$25,000 to \$50,000 for qualified seniors on fixed incomes. However, this amendment does not automatically double the exemption to \$50,000. Instead, it gives the County and various cities the **"local option"** to increase the current \$25,000 exemption **any** amount "up to \$50,000." This means some cities may keep the \$25,000 amount, a few may go to \$50,000, and others may pick a middle number like \$35,000. Contact your County Commission and City Commission to ask about their plans on this issue.

## Florida Owners Need "Portability" Tax Relief

Property Appraiser Lori Parrish supports adopting a new constitutional **PORTABILITY** amendment allowing homesteaded owners to move their sheltered Save Our Homes (SOH) value from one primary residence to the next one in the same county under a governmental "local option." This concept was supported last November by 77% of Broward voters in the straw ballot question. Here is how it could work: Your current home has a market value of \$300,000 and a SOH assessed value of \$175,000 -- meaning the difference (\$125,000) is the amount sheltered by SOH. If you sell that house and buy a new one for \$325,000 (and qualify for homestead), your initial assessment for property taxes would be just \$200,000 (the math: \$325,000 Market Value minus the \$125,000 portable SOH differential). We urge you to contact your State Senator and State Representative to urge them to place a Portability Amendment on a statewide ballot.

Dear Broward Neighbors,

We're constantly working to improve this office. For example, did you know our calendar of community outreach events is on our website? If you have ideas to make our office even better, please drop me a note, or email me at [lori@bcpa.net](mailto:lori@bcpa.net)

Lori Parrish, CFA  
Broward County Property



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IMPORTANT: A Guide to Tax-Saving Exemptions ... See Pages 2-3

## Avoid Common Title Problems By Better Understanding the Different Types of Ownership

We often hear from taxpayers -- all well-intentioned -- who lost or seriously compromised their valuable exemptions or Save Our Homes (SOH) protection when they made "do-it-yourself" changes to a deed. While we **always recommend you seek professional advice from a qualified attorney** when making title changes, the information below should help you better understand the key differences between the most common forms of home ownership if you still decide to risk making these changes on your own. Keep in mind these are **VERY simplified explanations of some rather complicated legal issues**. There are many variations (and legal and tax consequences) of ownership types, but this list should give you a basic understanding of these important concepts:

**TENANTS IN COMMON (TIC):** Each of the owners owns a share of the property, which may be sold separately. Florida law presumes **equal** ownership interests, unless specific percentages are written in the recorded deed. Example: "To Bill Johnson and Mary Smith" would give Bill and Mary ownership of 50% each. **IMPORTANT:** Unless a different type of ownership (see below) is specified in the deed, Florida law **ALWAYS** defaults the co-ownership to TIC. Under TIC, if only one of two owners files for homestead, the property would get 100% of the \$25,000 homestead exemption -- but only 50% (the amount owned by the one who filed) of the assessed value is protected by the SOH cap.



**TENANTS BY THE ENTIRETY (TBTE):** This applies only to a husband and wife, who should be identified in the deed as "husband and wife" or "a married couple." This TBTE status -- which is automatic when that language is stated -- gives each spouse overlapping 100% interests, full exemption coverage (when one files), and rights of survivorship. This interest automatically converts to TIC status when the divorce is finalized (unless or until the property is transferred to one spouse pursuant to the divorce settlement or court order). Also, if co-owners marry after previously purchasing a property as single persons, please let us know about the marriage (i.e., copy of marriage certificate) so we can update our records.



**JOINT TENANTS WITH RIGHT OF SURVIVORSHIP (JTRS):** This gives two or more unmarried co-owners legal rights to property largely similar to those granted to TBTE owners. Example: "To Mark Wright and Bill Johnson, as joint tenants with right of survivorship." The JTRS co-owners would each own overlapping 100% interests -- and any one owner filing for homestead would qualify for 100% of the homestead and SOH coverage. When a JTRS co-owner dies, all remaining title interests are automatically divided between the living JTRS co-owner(s). We strongly urge all JTRS owners living on the property to file for homestead.

**LIFE ESTATE (LE):** This is the present interest to use a property for life, but leaves the remainder interest (i.e., title after the life estate holder dies) to one or more future owners. Example: "To Mary Smith for her life, with the remainder to her sons Bill Johnson and Steve Johnson." Mary (the life estate holder) is the **only** person eligible for homestead during her lifetime. It is also possible to create joint life estates allowing more than one person to have full rights to use the property at the same time (example: an elderly couple retain joint life estates before leaving the remainder to their child). **IMPORTANT:** There are different ways to create life estates -- some allow for more flexibility than others as to a future sale of the property -- so discuss this with an attorney to learn more.

**REMAINDER:** This is the future interest that follows a life estate. Example: "To Mary Smith for her life, with the remainder to Bill Johnson." Under Florida law, Bill does **not** have any present right to possess the property until Mary dies. So long as Mary (the life estate holder) is alive, Bill (the remainder interest) is not eligible to claim homestead on the property. This is true as a matter of Florida law even if Bill is living on the property with Mary's permission during her lifetime.



## A Homestead Exemption and “Save Our Homes” Could Save You Over \$3,200 Each Year in Property Taxes

**REAL TAX SAVINGS:** An eligible Broward County property owner saves approximately \$553 each year due to the Homestead Exemption -- plus an average of over \$2,700 more from the “Save Our Homes” 3% tax assessment cap that automatically comes with your Homestead Exemption (starting in the year after you first obtain homestead).

**THE BASICS:** All Florida residents are potentially eligible under state law for a Homestead Exemption on their homes, condominiums, co-op units, and certain mobile home lots. Every person who has legal or equitable title to a residential property and who lives there permanently may be eligible for Homestead. **To be eligible, you:**



- Must permanently reside on the property as of January 1 of the year for which you are applying;
- Must be a US citizen, permanent resident alien, or hold “PRUCOL” asylum/refugee status in the US;
- Cannot have a homestead or other residency-based exemption in any other county, state or country. Florida Statutes allow only one Homestead per “family unit.” This means anyone applying for the Homestead Exemption in Broward is not legally entitled to claim the exemption if either of the spouses is currently receiving a residency-based exemption on property anywhere else.
- Cannot rent out the entire dwelling (unless you are active duty US military).

The property may also qualify for Homestead if it is the permanent home of a person who is **legally dependent** on the owner, even if the owner is not eligible. A **Life Estate** holder is eligible for homestead if he/she meets the other eligibility requirements. Likewise, if the real estate is in a **Trust**, you will need to provide us either a notarized Certificate of Trust form (available on our website) or a copy of the Trust showing you have the necessary ownership interest for Homestead.

**FILING PROCESS:** You may file for Homestead either online at [www.bcpa.net](http://www.bcpa.net) or in person at any time through the year. To file, you must have the following documents showing your address at the property:

- **Broward Voter’s Card** or a recorded **Declaration of Domicile** (forms available at our office or website).
- **Florida Driver’s License** or official **Florida I.D. Card**. Note: “Valid In Florida Only” license does **NOT** qualify.
- **For Non-US Citizens: Permanent Resident Card**, proof of **asylum/refugee status**, or documentation from Immigration showing your **intent to be a permanent resident** of the United States.

Note: Holders of work, student, investor and other temporary US visas are not eligible for Homestead under state law.

**FILING PERIOD:** There is no filing fee if you PRE-FILE before the start of the next tax year or **TIMELY FILE** during the January 1 to March 1 statutory filing period. If you **LATE FILE** between March 2 and December 31 for any exemption, the Value Adjustment Board will charge you a \$15 fee and require additional paperwork.

**HOMESTEADS DO NOT TRANSFER:** A Homestead Exemption does **NOT** move with an owner from place to place. You **MUST** file for a new Homestead Exemption if you move. Also: If the former owners of your new home had Homestead on the property, their old homestead will automatically expire at the end of the same year you purchased the property.

**RENEWALS:** Once your Homestead Exemption is established, it automatically renews each year unless there is a change of ownership or use of the property. Florida law requires the property owner to inform our office of any change in residency, use or status that would affect the exemption. Failing to report changes of use or ownership -- or wrongfully obtaining an exemption -- may cause an owner to be assessed for back taxes, costly penalties, and 15% interest per year.

**REPORT HOMESTEAD FRAUD:** *If you believe you have reliable information about someone engaging in fraud relating to exemptions or special property classifications, please call our Fraud Investigation Section at 954.357.6900 and we’ll check it out. Also, please let us know if you have an address change for your tax bills and related mailings.*



## Additional Exemptions for Eligible Seniors, Surviving Spouses, Disabled Veterans, Disabled Persons, and More

Florida Statutes also grant additional tax-saving exemptions to qualified property owners. **IMPORTANT: A Homestead Exemption is required as a pre-condition for obtaining nearly all of the following additional exemptions.** Here is what you must do to claim these additional exemptions:

**Additional \$25,000 Senior Citizen Exemption:** Applicants must be 65 years of age or older as of January 1 of the year for which they are applying and the total household adjusted gross income must not exceed \$23,463 (based on last year’s amount). This amount is adjusted annually for inflation and **this exemption must be renewed annually**. You must complete an initial application between January 1 and March 1 and provide us (by June 1) with a copy of last year’s IRS tax return or proof of non-filing. Late filing is March 2-December 31 (note: the Value Adjustment Board will charge you a \$15 fee and require an additional paperwork). **The renewal process is simplified and merely involves signing and returning a postcard, which is mailed to eligible seniors in early February.** It will save you approximately \$300 per year in taxes.



**\$500 Widows/Widower’s Exemption:** Provide our office with a copy of your spouse’s death certificate, newspaper obituary, or memorial card. You are not eligible if you remarry. It will save you approximately \$11 each year in taxes.

**\$500 Disability / Blind Persons Exemption:** Provide our office with one letter from a Florida physician stating you are “totally and permanently disabled” or with a certificate from the Florida Division of Blind Services or the US Department of Veterans Affairs certifying the applicant to be legally blind. Unlike the Full Exemption (see below), this disability/blindness exemption has no household income requirement. It will save you approximately \$11 each year in taxes.

**\$5,000 Veteran’s Disability Exemption:** Provide us with a copy of your Certificate of Disability from the US Government or the US Department of Veterans Affairs (or predecessor agency). The disability must be military service-related and incurred during a period of wartime service or by misfortune. The service-related disability must be to a degree of at least 10% before January 1 of the year for which you are applying. The **surviving spouse** of a disabled former service member may also claim this exemption, providing the spouse has not remarried. This exemption does not require homestead. It will save you about \$110 each year in taxes.

**Full Exemption for Veteran’s Service-Connected Total and Permanent Disability:** Provide us with a certificate from the US Government or US Department of Veterans Affairs showing you are an honorably discharged veteran with a service-connected total and permanent disability. Surviving spouses of qualifying veterans or Florida-resident veterans who died from service-connected causes while on active duty are also entitled to the full exemption (so long as the spouse has not remarried). It will fully exempt you from paying all *ad valorem* property taxes each year.

**Full Exemption for Totally and Permanently Disabled Persons:** Provide our office with certificates from two licensed Florida physicians, or one certificate from the US Department of Veterans Affairs stating you are a: (1) quadriplegic OR (2) paraplegic, hemiplegic or other totally and permanently disabled person who must use a wheelchair for mobility or who is legally blind. For persons entitled to this exemption under the second (non-quadruplegic) category, the prior year gross income of all persons residing in the homestead shall not exceed \$22,872 (based on last year’s amount; adjusted annually for inflation). Statement of gross income must accompany the application. It will fully exempt you from paying any and all *ad valorem* property taxes each year.

**“Granny Flat” Exemption:** Taxpayers who build additions onto an existing home or perform extensive renovations to provide living quarters for a parent or grandparent may be entitled to a special exemption equal to the amount of the new construction (up to 20% of the homestead value). This exemption is complicated, so please contact us for more details.

**Historic Property Exemption:** Contact us or visit our website to learn more about these tax savings if your property is listed in the Florida or National Registers of Historic Properties.



**AVOID THE LINES** by filing for a Homestead Exemption online at [WWW.BCPA.NET](http://WWW.BCPA.NET). You may also file in person at any of our office locations.

Questions about any exemptions? Please contact us at [954.357.6830](tel:954.357.6830) or visit our website.