**The "Recapture" Provision of "Save Our Homes"**

Under Florida's "Save Our Homes" law, annual increases in *assessed value* are capped at +3% or the inflation rate (whichever is less). Said another way, assessed value is set by inflation (as measured by the Consumer Price Index, or "CPI"), and not by changes in the real estate market. This law only applies to homesteaded property.

Since 1995 when "Save Our Homes" went into effect, market values of real estate have risen considerably, but assessed values were held to increases of 3% or less every year. For longstanding homesteaders, this has resulted in a big difference between their market and assessed values (see graph below).

The "Recapture Rule" says that unless market value falls to the assessed value, the property's assessed value is still set by the CPI. As reported by the Florida Department of Revenue, the change in the CPI was +2.7% (Dec.'08 to Dec. '09). The result: 106,357 Duval homesteads (53%) saw their market value fall, but their assessed value increase. If inflation becomes negative (deflation), the assessed value will fall along with it.

Importantly, recapture is not a decision by the City Council nor the Property Appraiser, but Florida property tax law. The City Council controls the *tax rate* (millage) within legal limits, as do the other seven taxing authorities in Duval County.

The remaining homesteaders have already seen their market value fall to their assessment and the "Recapture Rule" does not apply to them. (Note: Assessed value can never exceed market value by law).

Source: Duval County Office of the Property Appraiser

PATRICK GARVIN/The Times-Union
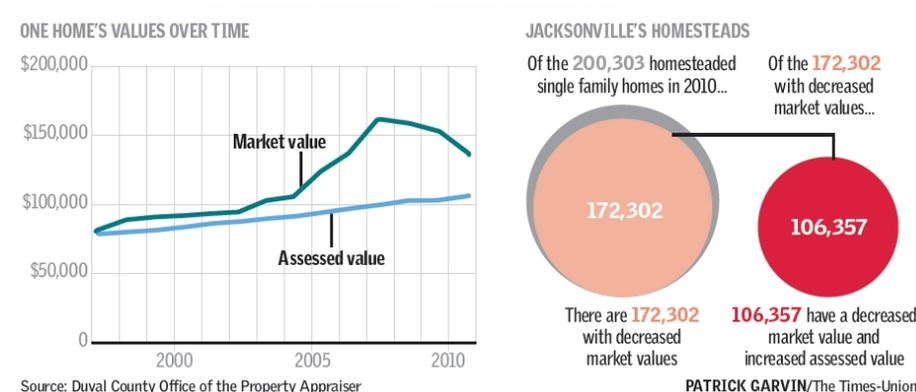
The Property Tax Calculation (for Homesteaded Property only):

Market Value
  minus "Save Our Homes" Differential
= Assessed Value
  minus Homestead and/or Other Exemptions
= Taxable Values (one for the County and Each Taxing Authority)
  times Millage Rates (set by Council and Other Taxing Authorities)
= Property Tax