

UTILIZATION OF ASSESSURE SYSTEMS FOR EXEMPTION AUDITS

Hon. Chris Jones, CFA

Escambia County Property Appraiser



UTILIZATION OF ASSESSURE SYSTEMS FOR EXEMPTION AUDITS

Additional speakers:

Robert Emmanuel – Emmanuel, Sheppard & Condon

Adam Cobb - Emmanuel, Sheppard & Condon

Mike Sarver - President & CEO, Assessure Systems

Florida Laws – Use of Property

s. 196.031(1)(a), F.S. — A person who, on January 1, has the legal title or beneficial title in equity to real property in this state and who in good faith makes the property his or her permanent residence or the permanent residence of another or others legally or naturally dependent upon him or her, is entitled to an exemption from all taxation, except for assessments for special benefits, up to the assessed valuation of \$25,000 on the residence and contiguous real property, as defined in s. 6, Art. VII of the State Constitution.

s. 196.061(1), F.S. — The rental of all or substantially all of a dwelling previously claimed to be a homestead for tax purposes shall constitute the abandonment of such dwelling as a homestead, and the abandonment continues until the dwelling is physically occupied by the owner. However, such abandonment of the homestead after January 1 of any year does not affect the homestead exemption for tax purposes for that particular year unless the property is rented for more than 30 days per calendar year for 2 consecutive years.

Florida Laws – Multiple Exemptions

Florida Constitution, Article VII, Section 6(b) – Not more than one exemption shall be allowed any individual or family unit or with respect to any residential unit.

s. 196.131(5), F.S. – A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption provided by this section.

Florida Department of Revenue 12D-7.012 –

- (1) No residential unit shall be entitled to more than one homestead tax exemption.
- (2) No family unit shall be entitled to more than one homestead tax exemption.
- (3) No individual shall be entitled to more than one homestead tax exemption.
- (5) Property held jointly will support multiple claims for homestead tax exemption; however, only one exemption will be allowed each residential unit and no family unit will be entitled to more than one exemption.

Florida Laws – Lien Period 10 Years

s. 196.161(b), F.S. – upon determination by the property appraiser that for any year or years within the prior 10 years a person who was not entitled to a homestead exemption was granted a homestead exemption from ad valorem taxes, it shall be the duty of the property appraiser making such determination to serve upon the owner a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that person in the county, and such property shall be identified in the notice of tax lien. Such property which is situated in this state shall be subject to the taxes exempted thereby, plus a penalty of 50 percent of the unpaid taxes for each year and 15 percent interest per annum.

s. 196.011(9)(a), F.S. – If any property owner fails to so notify the property appraiser and the property appraiser determines that for any year within the prior 10 years the owner was not entitled to receive such exemption, the owner of the property is subject to the taxes exempted as a result of such failure plus 15 percent interest per annum and a penalty of 50 percent of the taxes exempted... If such person no longer owns property in that county but owns property in some other county or counties in the state, the property appraiser shall record a notice of tax lien in such other county or counties, identifying the property owned by such person or entity in such county or counties, and it shall become a lien against such property in such county or counties.

Audit Programs Utilized in Florida

Tax Management Associates TMA (Utilizing Lexis Nexis)

Thompson Reuters CLEAR – Person Search

Assessure Systems

Comparison of Audit Programs

	Thompson Reuters CLEAR – Person Batch	TMA	Assessure Systems
Services Provided	*Spreadsheet with additional information, such as new address, for each account	*Audit *Property Owner contact *Returned information processing	*Audit *Research *Correspondence creation *Tracking
Scope of Review Provided	*No review	*Each account referenced with Lexis Nexis *Surveys to Property Owners	*AI review *Personalized evidence gathering
Returned Information	*48 column spreadsheet *All findings on all audited accounts returned *2-6 rows additional rows per account that may be duplicate or differing data	*All findings on all audited accounts returned	*Secure web interface *Only potential violations returned
Fee Collection	*300,000 - \$450,000 fixed rate	*28% - 30% of lien amount *\$650 - \$1500 per audited account the PA chooses not to lien *1.5% on monthly fees not paid *150/hr. non audit consult fee	28% of lien amount
Limitations	*Spreadsheet only *All accounts returned, plus additional lines *Was not found to be time efficient	*All accounts returned *Contact with Property Owners via phone and mailers *May not locate specific issues like spouses not on deeds	*None *Algorithm, evidence gathering, and tracking have all been tailor made for Florida application

Assessure Systems

- ❖ Assessure Systems, LLC was founded by Mike Sarver in June of 2010
- ❖ Mr. Sarver has several ad valorem related patent pending applications including those with scoring algorithms, artificial intelligence, and machine learning to aid assessment professionals.
- ❖ Assessure's technology allows for the audit of an entire tax roll (or a substantial subsection) in a fraction of the time and with a substantial increase in accuracy and returns.

Assessure Systems

- ❖ They have recovered approximately \$15-20M in tax revenue and growing.
- ❖ Assessure has completed audits on nearly 50% of the state of Louisiana and completed work in Texas jurisdictions as well.
- ❖ There are currently over 240,000 audited exemptions in various stages of collection in Louisiana at this time.
- ❖ They are currently working with multiple counties in Florida to provide their audit services.

Escambia County

874 square miles

656 square land miles and 218 square miles are water

Real Estate Parcel Count – 163,696

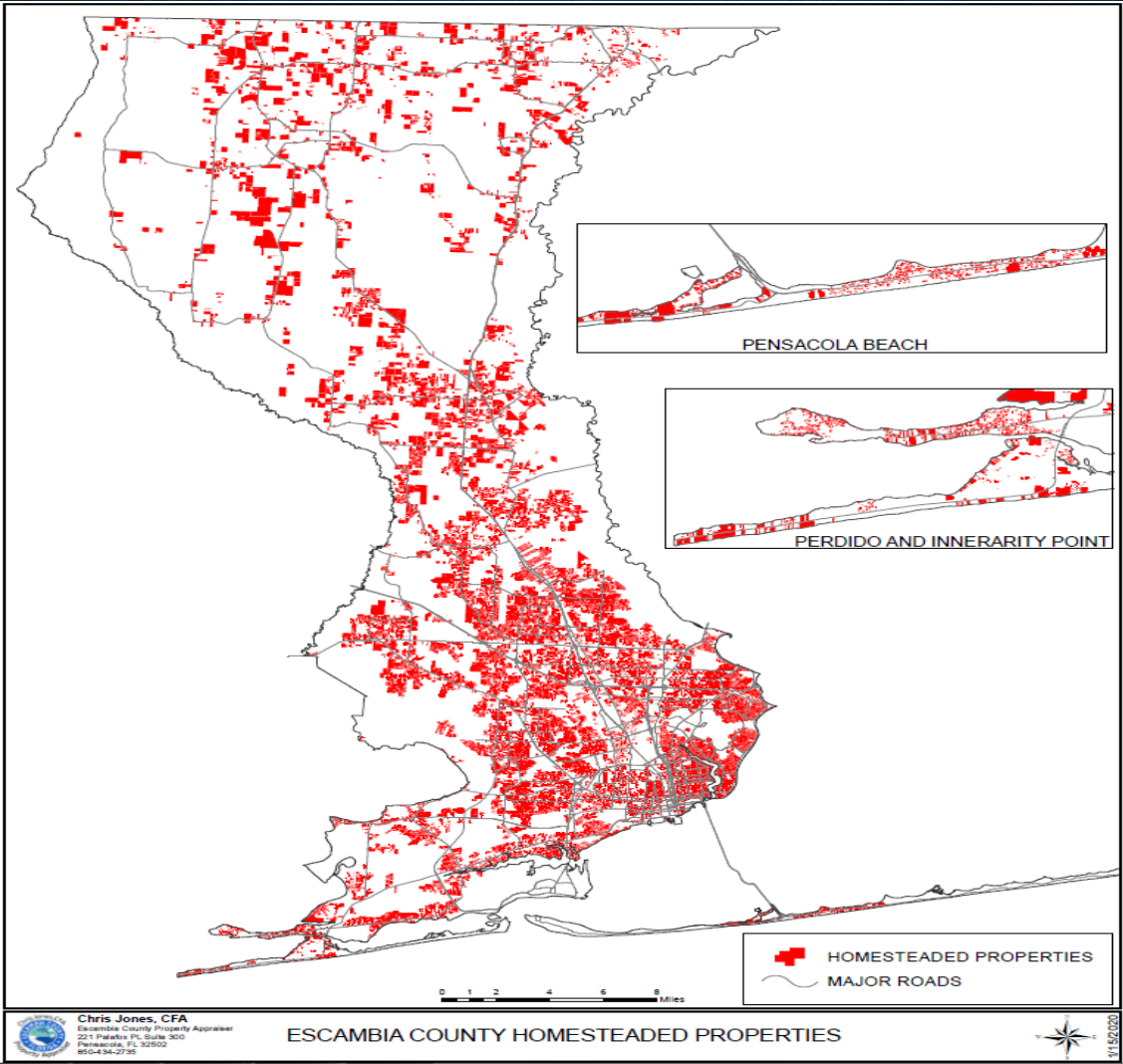
Homesteaded Parcels – 70,708

Homesteaded Condo Units – 1,559

Just Value - \$28,213,491,088

Taxable value - \$16,306,141,868

Escambia County Homesteaded Properties



Escambia County Audits

Sample Audit

Initial Audit Accounts Submitted – 1,000

Initial Audit Accounts Returned as Suspect – 44 or 4.4%

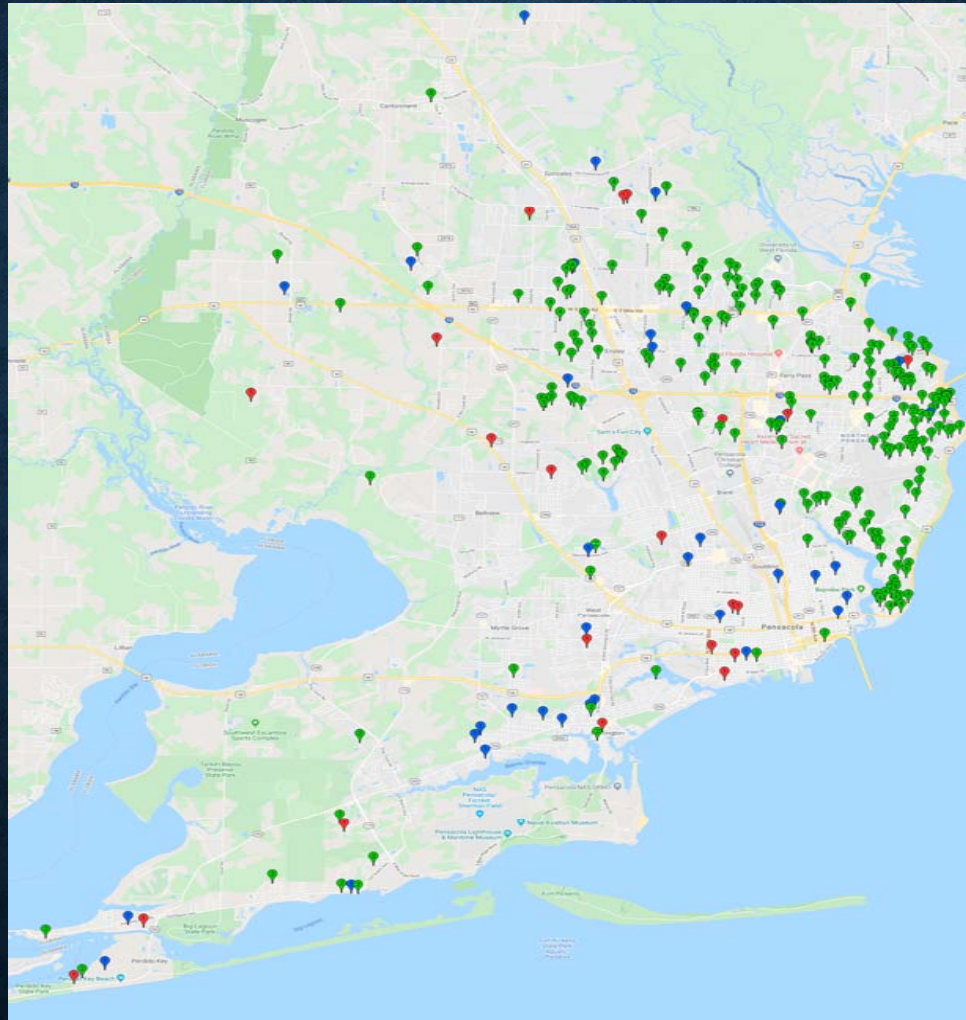
Homesteaded Parcels in Violation – 12 or 1.2%

Full Audit

Initial Audit Accounts (Non-confidential with value over 100k) ~ 42,223

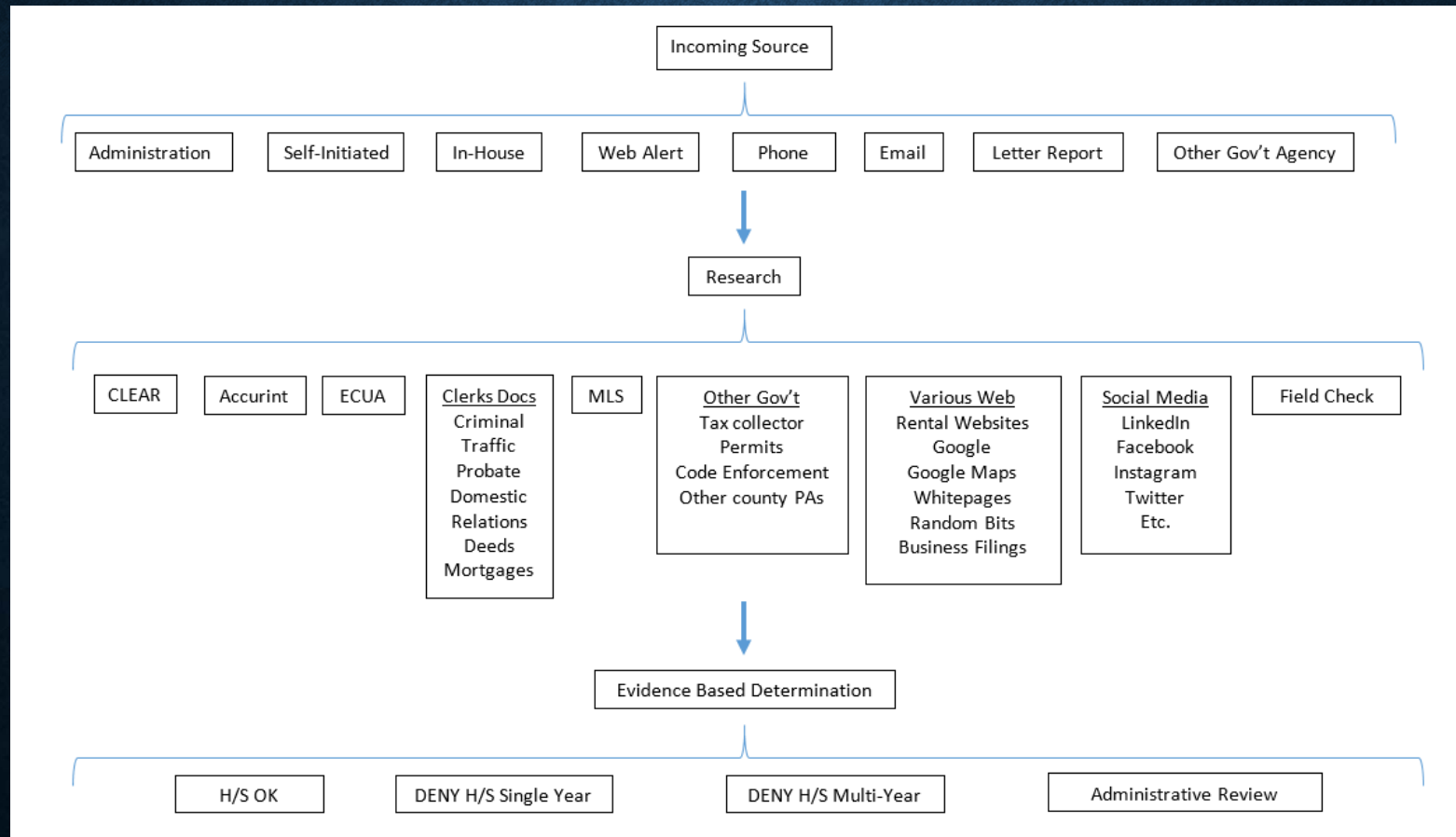
Potential Parcels in Violation ~ 664

Escambia County Potential Violations

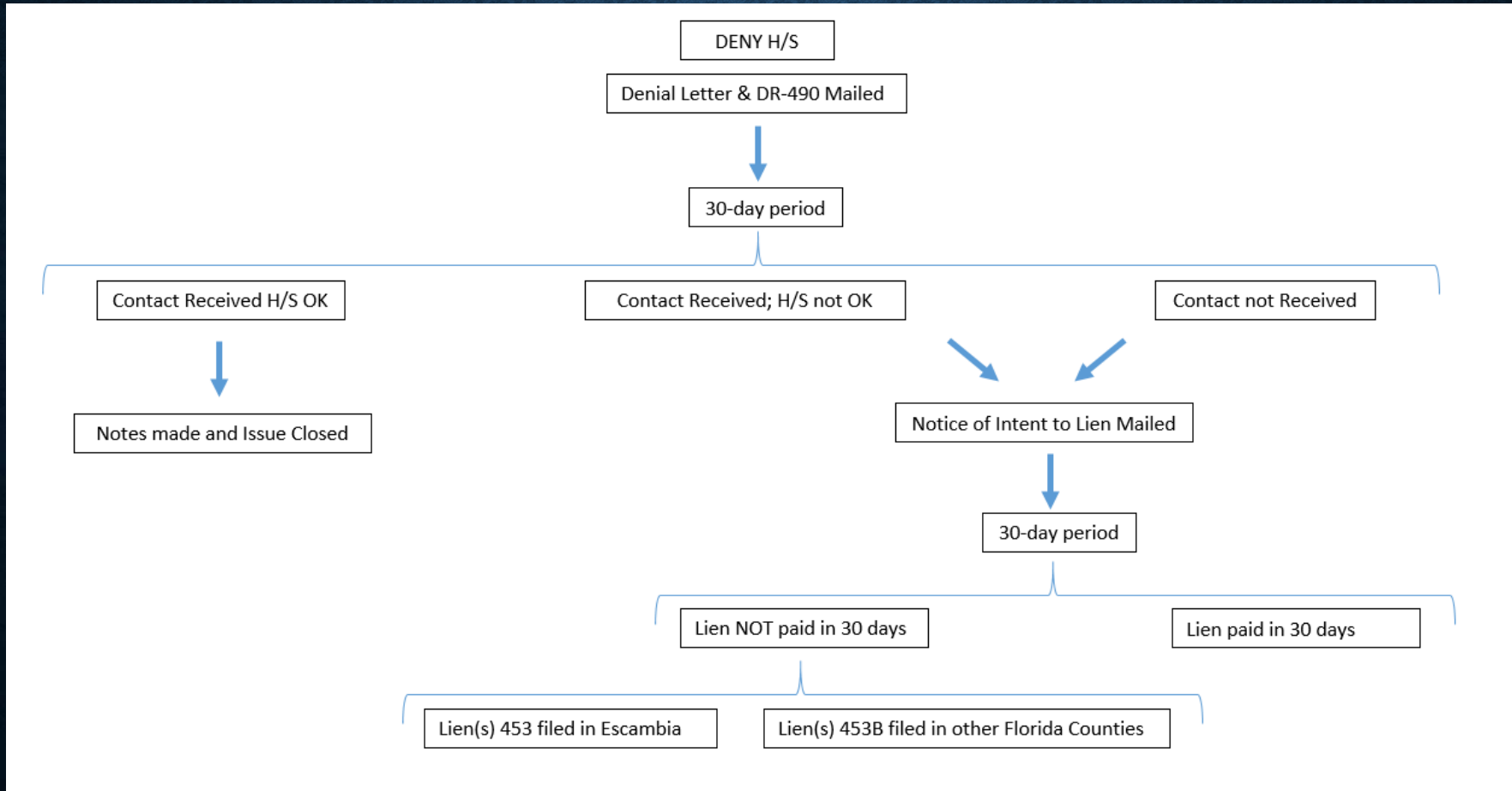


Batches 1-5 – 302 Accounts or 42% of violations

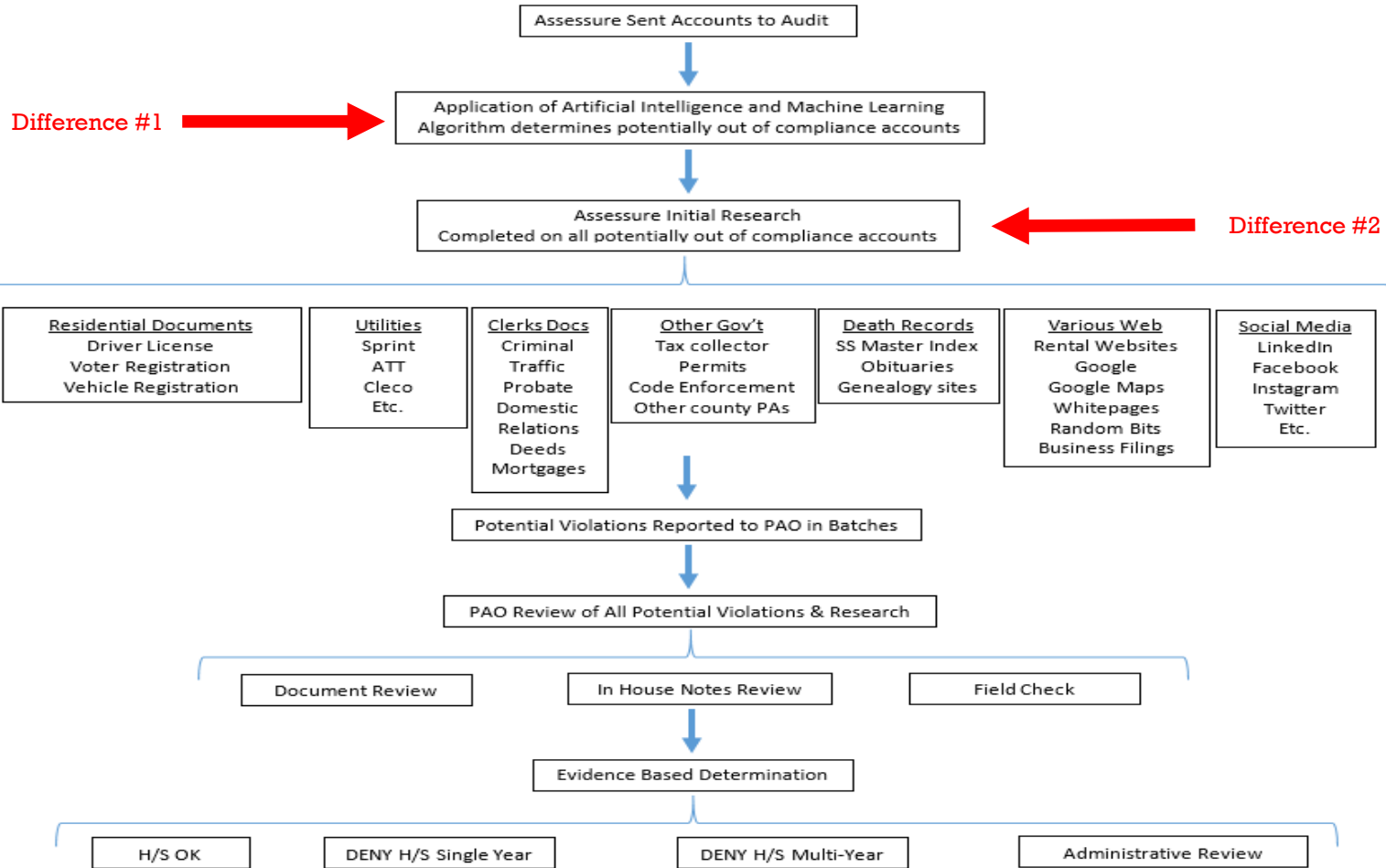
Current Process



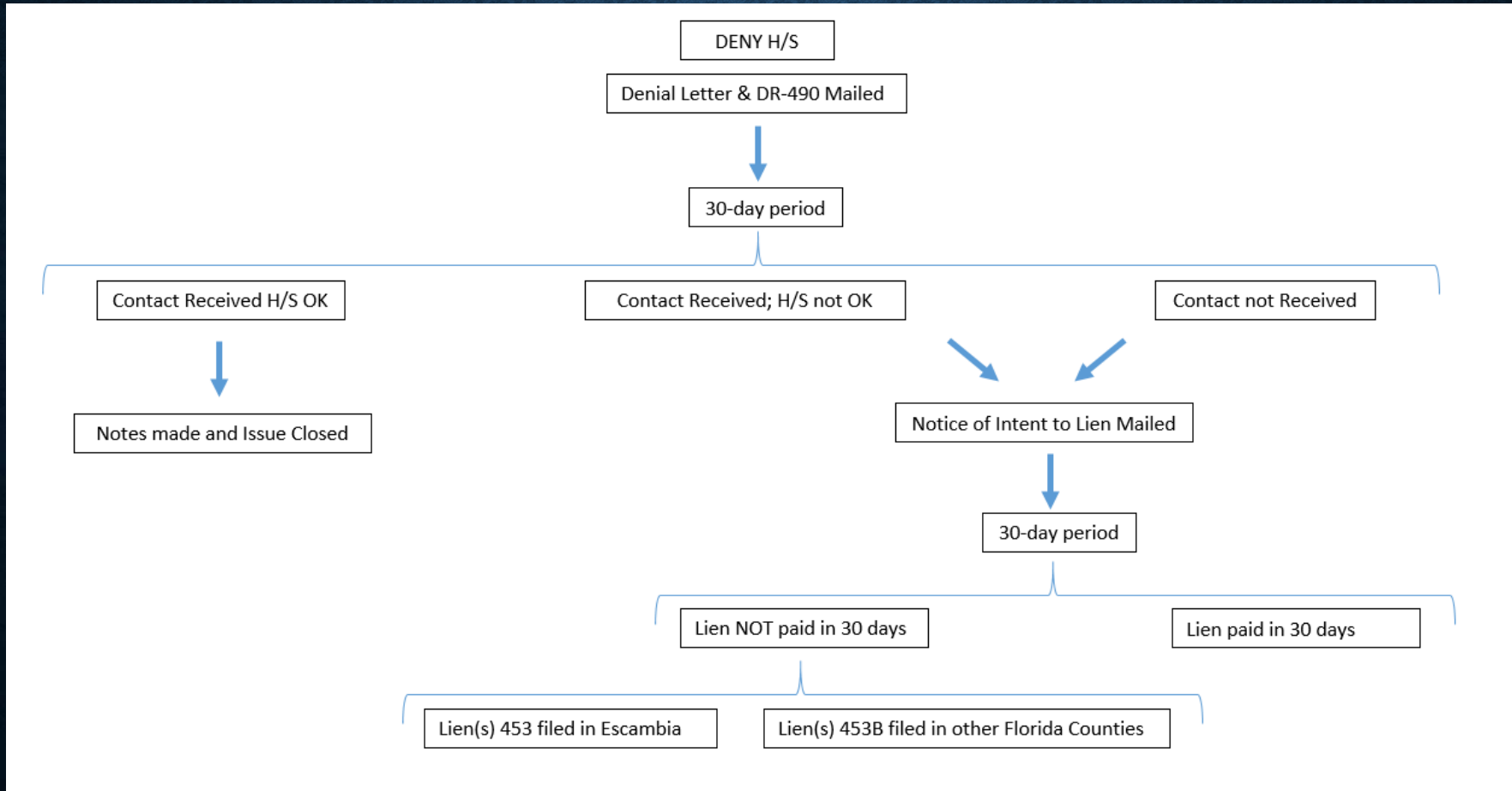
Current Process



Process Incorporating Assessure



Process Incorporating Assessure



FAQs

If the process for application is stringent, how can accounts fall out of compliance?

Circumstances frequently change after the application process. These circumstances may be a change of domicile after their application has been approved, rental of their homestead, or even getting married and maintaining multiple exemptions.

How are accounts in violation normally found?

Violations are usually only found by an owner's own actions. This may be in the form of a change of address to their non-homestead, listing their homestead on a rental site, or an outside party reports the violations as fraud.

FAQs

How is adding Assessure's services a beneficial supplement?

The use of Artificial Intelligence and Machine Learning allows tens of thousands of accounts to be processed, yielding a much smaller batch of results of higher suspected violations. From there, a team compiles information to substantiate the computer generated violations. These violations are then sent, along with their evidence, to PAO staff to verify and address. Essentially, Assessure has created the ability for the PAO to address tens of thousands of accounts by whittling them down to a few hundred probable violations for staff to manage.

FAQs

Was any confidential information released to Assessure?

No, Assessure systems completed their initial analysis without receiving any confidential data of Escambia County taxpayers.

Is Assessure bound by any confidentiality requirements?

Yes, Assessure is bound by the same laws applied to the PAO and TCO including those in Florida Statutes, Chapters 119 and 193, in regard to the confidential and disclosure exempt nature of social security numbers, applications, and supporting documents.

FAQs

Who prepares correspondence generated from Assessure's Audits?

Assessure prepares the documentation but all correspondence has PAO staff signatures and is mailed from our downtown post office.

How are responses from Property Owners handled?

Owners only receive contact from Property Appraiser Personnel from start to finish of the process including denial letters, notice of intent to lien letters, phone calls, and office visits.

FAQs

Who completes Field Inspections of the Property?

Field Inspections will only be completed by Property Appraiser Personnel.

Could there be mitigating circumstances for a “potential” account to not actually be in violation?

Yes, there may be instances where suspected violations are actually valid exemptions such as a duly authorized separate family units or property owned for the benefit of a dependent. These accounts may not be found in violation and no further action may be required. The PAO staff make the final call in ALL determinations.

FAQs

Is the PAO handing authority over exemptions and liens to Assessure?

No, Assessure is producing batches of potential violations along with research compiled on each account. These accounts are forwarded to the PAO to make final determinations on ALL potential violations.

Is Assessure entitled to any future revenues from these properties?

Assessure only receives 28% at time of lien satisfaction and they have no claim to future revenues of that property once the lien is satisfied.