

Dynamic Securities Analytics turns focus to rooting out tax fraud

BY MARGIE MANNING / SENIOR STAFF WRITER

TAMPA — Potential potholes and shuttered schools provided the impetus for technology designed to generate revenue for local governments.

The technology, which uses an algorithm and a data-mining system to identify properties that don't qualify for homestead exemptions, was developed by Alison Jimenez, president of Dynamic Securities Analytics Inc.



Jimenez

Pinpointing properties that receive exemptions for which they do not qualify and then assessing the properties correctly would boost tax revenue to cities, counties and schools, while also avoiding tax increases for property owners who are following the rules.

Jimenez' entrepreneurial initiative comes at a time when local governments are strapped. A study released last month by the National League of Cities showed

FLORIDA'S HOMESTEAD EXEMPTION

Every person who owns and resides on real property in Florida and makes the property a permanent residence is eligible to receive a homestead exemption up to \$50,000.

Homestead exemptions may not be claimed on property that is not a permanent residence, is rented, or is a vacation home or second home.

Source: Florida Department of Revenue, Pinellas County Property Appraiser

nearly 300 municipal financial officers expect to see revenue declines for the fifth consecutive year.

The consequences of decreased revenue include closed schools and fewer street repairs, said Jimenez, who applied for a patent on the technology on Sept. 12. She plans to retain the software while marketing the process as a professional service.

INCENTIVES TO CHEAT

The financial benefits of homestead exemptions have enticed some homeowners to misuse them, Jimenez said.

A homestead exemption, combined with the "Save Our Homes" cap, can add up to thousands of dollars in tax savings, said Pam Dubov, Pinellas County Property Appraiser.

Pinellas County, a coastal community with a lot of people who don't occupy their residences year-round, has been pursuing improper homestead exemptions for about 20 years, Dubov said. In the early days, the office employed former police and sheriff's officers to investigate potential fraud. "In recent years, the availability of public databases has made this more of an inside the office job rather than a gumshoe detective job," Dubov said.

Her office has teamed with the Pinellas County Circuit Clerk's audit division, which is skilled at data mining, to investigate fraud. Dubov also said there are several private companies that developed tools to identify individuals with multiple residences, and those companies market those tools to property appraisers as well.

DIFFERENT VIEWPOINT

Unlike approaches that focus on the characteristics of owners to detect potential fraud, Jimenez' technology looks at property characteristics. For example, ZIP codes with high unemployment may have a substantial number of people who have fallen behind on their mortgages and moved out of their homes, losing their exemption. Wealthy ZIP codes, such as those in beach communities, could have a high number of second homes, which also would not qualify for exemptions.

By automating the process, Jimenez can offer data in a few hours, rather than the weeks it might take to gather otherwise.

"This is a workload issue for local governments," said Charles "Chip" Fletcher, attorney at GrayRobinson and former city attorney for Tampa. "When I was at the city of Tampa, we started trying to track abandoned properties ... In a community where there's a number of foreclosures or people walking away, keeping on top of that from a maintenance standpoint is important."

Fletcher was among the legal experts Jimenez consulted to ensure the way she interpreted and applied the algorithm followed Florida law. She also used IT experts as independent contractors to set up databases.

Dynamic Securities Analytics' core business is analyzing data in the financial services arena, but Jimenez said it was fun to apply what she knows to a new industry. "Coming from a different industry gave me a viewpoint that property appraisers weren't looking at."

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