<u>Florida Property Taxes and "Save Our Homes" Portability</u>

When you buy your first home in Florida, you will be subjected to property taxes based on the "Market Value" of your newly purchased home (not the same as the purchase price). When you first start off (or if you are a snowbird) the Market Value and the Assessed Value are the same. If you make that home your primary residence, you can apply for a Homestead Exemption, which is $25,000 for you and another $25,000 for your spouse. That amount is subtracted from the Assessed Value to determine your Taxable Value (see illustration at the end).

The Homestead Exemption not only reduces your property taxes, but also prevents the taxing authorities from raising your <u>Assessed Value</u> more than 3% a year (otherwise, they could raise it as much as 10% a year, which can add up very quickly). 3% is the most it can go up, but if the increase in CPI (Consumer Price Index) is less than 3% for the year, it will go up the lesser of the two.

Now if the Market Value grows <u>more</u> than 3% next year and your Assessed Value goes up 3% or less, the difference between the Market Value and the Assessed Value is your "Save Our Homes" benefit. That benefit can go up every year or it can go down if the Market Value drops, which happens occasionally (like in 2008 when the real estate bubble burst). In the current market, many of us here in Verona have accumulated $100,000 or more Save Our Homes benefit. Thus your Assessed Value will be $100,000 less than that of a new neighbor that moves into an identical house down the road and is starting fresh.

Now the interesting part, if you move to another home in Florida, you can transfer your accumulated Save Our Homes benefit to the new home. This requires filling out both a DR-501 Homestead Exemption Application for the new home <u>and</u> a DR-501T Portability Application (links to these forms below). For anyone who moved into Verona from another home they owned elsewhere in Florida and didn't know this, you have up to 3 tax years to still apply. If the Market Value of the new home is of equal or greater value than that of your old home, they will transfer 100% of your SOH benefit. If the new Market Value is 50% of the old Market Value, they will transfer 50% of your accumulated SOH benefit.

When we moved to Verona from a home on the other side of Tampa, we had accumulated $115,305 in Save Our Homes benefits. The Market Value of the old home was $336,669 and the new home in Verona was $269,543. That turns out to be less, only 80.06% of the previous Market Value. Thus $115,305 x .80064 equals the $92,318 Save Our Homes benefit that transferred to our new Verona home. Since then, our SOH benefit has grown to $208,394:

Taxing District	Market Value	Assessed Value	Exemptions	Taxable Value
County	$411,309	$202,915	$50,000	$152,915
Public Schools	$411,309	$202,915	$25,000	$177,915
Municipal	$411,309	$202,915	$50,000	$152,915
Other Districts	$411,309	$202,915	$50,000	$152,915

Market Value minus Assessed Value equals SOH benefit

$411,309 minus $202,915 equals $208,394 Save Our Homes benefit

For more information and exceptions see Florida Statute 193.155

Forms:

http://floridarevenue.com/property/Documents/dr501.pdf

http://floridarevenue.com/property/Documents/dr501t.pdf