# New Property Tax Laws

The new law includes the following:

- **Double Homestead Exemption**: Provides an additional exemption up to $25,000 off the assessed value of the property valued above $50,000. This additional exemption applies to all tax levies except school districts.

- **Portability**: Allows homesteaded property owners to transfer a portion of their "Save Our Homes" benefit to a new homestead.

- **Limit on Non-Homesteaded Assessments**: Provides for a cap on the annual increase in the assessed value of non-homesteaded property at 10%. (applies to all tax levies except school districts.)

- **TPP Exemption**: Provides a $25,000 exemption on Tangible Personal Property for businesses.

---

# Amendment One
# Frequently Asked Questions

**NOTE: As the State of Florida develops the implementation rules for this new law, some of the information below may change. The site will be updated as information becomes available.**

## Double Homestead Exemption

**How does the "double homestead" work?**
The existing homestead exemption typically reduces the assessed value of a property used as a primary residence by a Florida resident by $25,000. The new law would provide an additional $25,000 homestead exemption, on the assessed value between $50,000 and $75,000.

| 1st $25,000 | 2nd $25,000 | NEW! 3rd $25,000 Homestead Exemption | 4th $25,000 and above |
|---|---|---|---|
| Exempt under old law | Taxable under old and new proposed law | Exempt under new law | Taxable under old and new law |

For example, if your assessment is $65,000, the first $25,000 and that portion above $50,000 ($15,000) would be exempt, making your taxable value $25,000 (65,000-25,000-15,000). Prior to new law, the taxable value would have been $40,000 (65,000-25,000).

This additional homestead exemption does NOT reduce the assessed value upon which school taxes are based. Also, it does not reduce or otherwise affect the "Save Our Homes" deduction or any other exemptions. This new exemption is effective as of January 1, 2008.

**Can I still keep my other exemptions (widow, senior, disabled, veterans, etc.) under the new proposal?**
Yes. Other exemptions are not affected by this law and will be applied to your value after the homestead exemption as they are now. (Remember: Some exemptions, like the senior exemption, require annual renewal. The homestead exemption does not unless there is a change to the property that affects ownership or homestead status.) If you move, you must reapply for all exemptions.

Back to Top

## Portability

**What is "portability"?**
Portability allows owners of homesteaded property to transfer some of the tax savings they have accrued on their property under the "Save Our Homes" law. "Save Our Homes" caps annual increases in the assessed value of a home (homesteaded property) at 3% or less. If you have lived in your home for a while, your assessed value will likely be lower than your market value. The difference between the market value and your assessed value is called the "differential" or "savings".

The new law allows you to apply that savings (up to $500,000 – see specifics below) to reduce the assessed value on a new homestead.

Portability is retroactive to January 1, 2007. In other words, you are eligible if you had a homestead exemption on your previous home in 2007 and are granted a homestead exemption on your new home for the 2008 Tax Roll.

In future years, you will be able to transfer your "Save Our Homes" benefit to a new home if you had a homestead exemption on your old home in Florida in either of the two years preceding the Tax Roll year in which the new homestead exemption is applied.

**What is the "differential" on my property?**
The differential (or savings) is calculated by subtracting the Assessed Value from the Market Value. It's the amount of property value you are not paying taxes on because of the "Save Our Homes" cap on the annual increase in assessed value.

**How much savings can I carry to another home?**
Under the new law, when you buy a new home & file for homestead on the new home, you can transfer (or 'port') up to $500,000 of your differential (savings) from your old homestead, if your new home market value is more than your old home.

For example, if you sell a home with a market value of $300,000 with an assessed value of $200,000, your SOH differential (savings) is $100,000. If you then buy a new home with a market value of $350,000, your new assessed value would be $250,000 ($350,000 less the differential).

After your new assessed value is calculated, any further exemptions (homestead, disabled, veterans) are subtracted from the new assessed value to create the taxable value on which you pay taxes, based on the tax rates set by the City Council, School Board and other taxing authorities.

**How does portability work if I downsize to a less expensive home?**
You can still transfer up to $500,000 of your "Save Our Homes" differential to a new homestead, however, when downsizing the differential is based on the percentage of market to assessed value on the homestead you're leaving behind. For example, if you own a home

with an assessed value of $150,000 and a market value of $200,000 your differential expressed as a percentage is 25% (therefore, you are paying taxes on 75% of the market value). You can apply the 25% differential rate against the market value of the new homestead, so you will be paying on 75% of the market value of the new home.

**How much can I expect the assessed value on my new home to increase in the future?**
The new law retains "Save Our Homes", so while the market value may increase more than 3% in future years, the assessed value will not go up more than 3% annually on homesteaded property. (Unless changes are made to the property or there is a change in ownership.)

**Would my differential be "portable" if I move to another county in Florida?**
Yes. Portability is effective throughout the state.

Back to Top

## Limit on Non-Homestead Assessments

**What does the proposal do for rental or commercial property and for out-of-state visitors with second homes?**
Annual increases in value for all non-homesteaded property, such as commercial property, rental property and second homes can be capped at 10% annually - meaning the assessed values for these properties would not increase more than 10% a year. (Unless there were changes or improvements made to the property or there is a change of ownership.)

According to the original bill passed by the legislature, owners of non-homesteaded property must apply for this benefit.

For those who qualify for this benefit in 2008, the base year would be 2008 and the cap would be applied to any increase for the 2009 Tax Roll.

Back to Top

## Tangible Personal Property Exemption

**If I have a small business with less than $25,000 in business assets (other than real estate), would I need to file a Tangible Personal Property return if the new law is passed?**
Yes. All businesses with assets under $25,000 must still file an initial tangible personal property return. You will not be required to file annually after the initial filing, unless or until your business assets surpass the $25,000 threshold.

Back to Top