

There's a lot more to homestead exemption than many realize

Proposed changes mean even more to consider



BY NICK STUBBS
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There are not many homeowners who don't understand what the Florida homestead exemption is all about, as it can save them a healthy chunk on their annual property taxes.

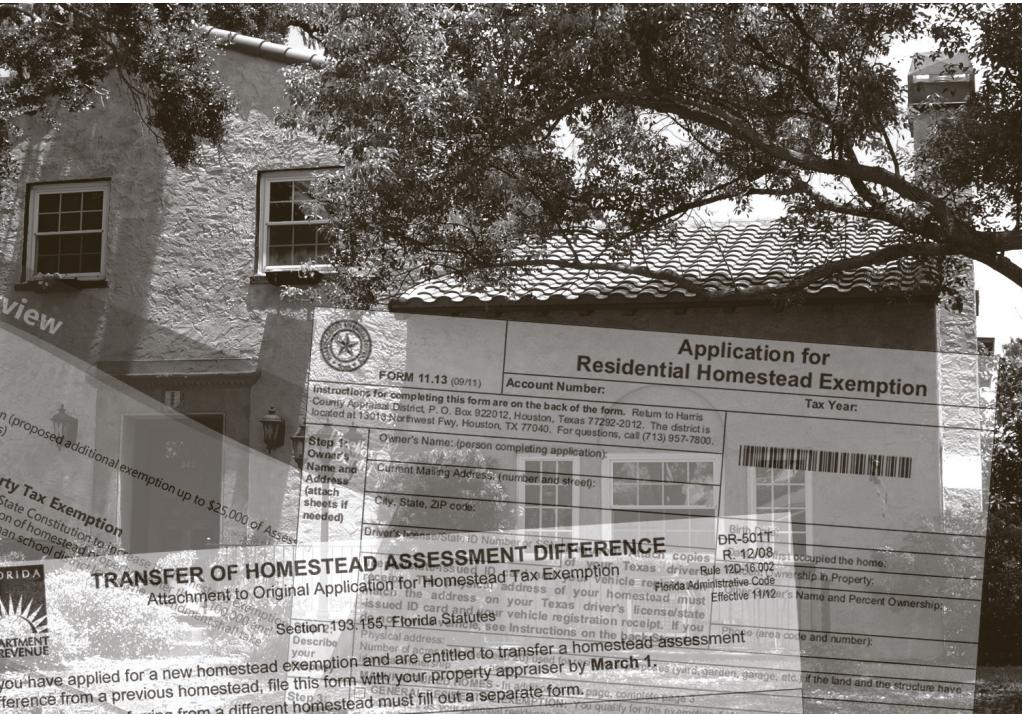
There's more to the homestead rules than most realize, though, and there could be some new twists coming, as a couple of key amendments on the ballot could impact millions of property owners.

The basic state homestead exemption law allows a homeowner to exempt up to \$50,000 of their property's assessed value from property taxes, usually saving them a few hundred dollars annually. It's when a homeowner is moving to a new home or a buyer is purchasing in Florida that confusion can enter, said Mike Twitty, Pinellas County Property appraiser.

To understand the implications of moving, Twitty said it's important to know that no matter the appraisal (taxable value of a home) when it's sold, that appraisal is automatically raised to the market value of the home.

That catches a lot of buyers off guard, particularly if they do not have an offset to help counter the increase (more about that later), said Gary Joiner, Pasco County property appraiser.

The raise in value can be significant, he said, sometimes many thousands of dollars. The reason that difference can be so large is the homesteaded seller may have been living there for many years, and the taxes were kept low by the Save our Homes cap, which protects homesteaded property values from being raised more than 3 percent annually. Once the house is sold, however, it's a "reset," said Twitty. The years of saving from the accumulated cap are wiped out for



the new owner, and the appraised value is automatically raised to the market value, which can be significantly higher than the appraised value, said Twitty. That is why buyers need to use the county's market value on a home to calculate their new property tax liability.

"There's a large gap in there that confuses people," he said.

Joiner added that the new homeowner will begin paying more taxes than the previous owner, but that once he or she homestead, they too will be protected by the annual 3 percent cap.

The good news for sellers looking to move within Florida is there is a "portability" rule that allows them to retain savings they have built up due to the cap.

Twitty said as long as the seller is relocating to a home in Florida,

they get to subtract the difference between their previous home's appraised value and its fair market value from the market value of their new home, which in turn drives down the new home's appraised value for tax purposes.

That means if the appraised/taxable value of the seller's home is \$200,000 and the market value is \$320,000, they can deduct \$120,000 from the market value of their next Florida home when they homestead, thus reducing their appraised value and taxes.

"What we're trying to do is not tax you out of your new home," said Joiner.

Enter potential changes to the homestead law and property tax cap changes for non-homesteaded property.

The November ballot includes

Amendment 1, which proposes to raise the homestead exemption maximum by another \$25,000. If approved, homes homesteaded and with a tax appraisal of \$125,000 or more will receive the additional \$25,000 exemption. Homeowners with a home appraised for tax purposes between \$100,000 and \$125,000 will receive a lesser exemption calculated on a scale between those two figures. Those with homes appraised below \$100,000 won't receive any additional exemption.

Amendment 2 on the ballot proposes to lift the 10 percent annual cap on appraisals for non-homesteaded properties. If passed, properties in this category will automatically see their appraisals jump to full market value. The higher taxes will impact second homes,

of which there are many in Florida that serve as vacation/winter homes, said Joiner.

The Amendments are important to know for buyers and sellers in Florida, as new calculations come into play for those making real estate transactions.

Twitty said the easiest way for buyers and sellers to determine their tax consequences or benefits in Pinellas is to use a handy calculator on the county property appraiser's website at [https://www.pcpao.org](http://www.pcpao.org).

There also is a calculator on the Pasco site at <http://www.pascopa.com>, and the calculators are available on all but a couple of county and city appraiser websites in the state.

The homestead rules, particularly considering the potential

impact of changes, means buyers and sellers need to be aware of the numbers, said Joiner, as they may become part of a buying decision.

The Pasco tax calculator, for example shows that a home currently appraised at \$106,000, \$19,000 less than needed to receive the full \$25,000 exemption should Amendment 1 pass, would pay \$65 less annually. A home appraised at \$177,000, would receive the full \$25,000 exemption and save \$248 on taxes annually.

Homeowners must file for homestead exemption between Jan. 1 and March 1, though extensions are possible based on the county's discretion, so if you miss the deadline, it's worth asking.