



FLORIDA HOMESTEAD PORTABILITY

Save Your Homestead Exemption

In 1992, voters approved an amendment to the Florida Constitution, known as the Save Our Homes Amendment (“SOH”), limiting the increase in the ad valorem taxation of homestead real property. The SOH prevents the assessed value of homestead property from increasing more than 3% per year or the percentage change in the Consumer Price Index, whichever is lower. This limitation is known as the SOH “cap,” and it keeps the taxable value of your home artificially low. As the just market value of your homestead increases, the SOH cap creates a gap between these two values (the “SOH Cap Credit”) which can accumulate over the course of time and create significant property tax savings. The SOH amendment was originally intended to protect Florida residents from rising property values taxing them out of their homes, however a change in the law made effective in 2008 allows not only the accumulation of SOH Cap Credit, but the ability to transfer, or “port,” some or all of this differential to your new Florida homestead.

Key Considerations

- **Timing of Portability Election.** To transfer the SOH Cap Credit, you must establish a homestead exemption for your new homestead no later than two years from January 1st of the year you left your former homestead (*not* two years after the sale of your former homestead). You must file for portability with the homestead exemption application for the new homestead.
- **Value of New Homestead.** If your new homestead has a just market value that is equal to or greater than your former homestead, the entire SOH Cap Credit (up to a maximum of \$500,000) can be ported over to the new homestead, allowing full utilization of your SOH Cap Credit. However, if the just market value of the new homestead is less than your former homestead, a percentage of the accumulated benefit can be ported to the new homestead (*new homestead value ÷ former homestead value X SOH Cap Credit on former homestead*).
- **Tax Considerations.** When you port over your SOH Cap Credit, the differential begins to grow again. Currently, there is no restriction on porting the SOH Cap Credit to subsequent homesteads, so you can enjoy the benefit of the value built over the years and through multiple properties.

Examples:

- **New Homestead, Higher Value.** Your former homestead has a just market value of \$500,000 and an assessed value of \$300,000. You purchase a new property with a just market value of \$600,000. The SOH Cap Credit available for portability is \$200,000. Your taxable value after portability is \$400,000 instead of \$600,000, not including any additional exemptions which may be applicable.
- **New Homestead, Lower Value.** Your former homestead has a just market value of \$500,000 and an assessed value of \$300,000. You purchase a new property with a just market value of \$400,000. The SOH Cap Credit available for portability is \$160,000 ($\$400,000 \div \$500,000 = 0.8$; $0.8 \times \$200,000 = \$160,000$). Your taxable value after portability is \$240,000 instead of \$400,000, not including any additional exemptions which may be applicable.
- **Timing of Exemption.** The deadline to port over the SOH Cap Credit is one day after December 31st of the following year from when the homestead is transferred. If you abandon the former homestead (whether it is sold or retained as non-homestead property) on July 1, 2020, you must establish the new property as your homestead and file the applicable forms on or before January 1, 2022 in order to port the SOH Cap Credit.