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Insights

Florida Homestead Tax Exemption: What Is It? How Do I Get It? How Do I Keep It?

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Many people move to Florida not just for our warm weather and sunny beaches, but also because of our state's homestead tax exemption. As a property owner in Florida, the homestead tax exemption is one way to reduce the amount of real estate taxes due on residential property. The exemption is equal to $25,000 deducted from your assessed value before the taxes are calculated plus an additional homestead exemption up to $25,000 applied to the assessed value above $50,000. The additional exemption does not apply to school taxes.

To be eligible for the homestead tax exemption, a property owner must meet the following requirements:

1. Have legal or equitable title to the property as of January 1 of the year of the application;
2. Make application to the appropriate County Property Appraiser's office on or before March 1 of the year for which the exemption is sought; and
3. Establish the property as their legal domicile. (This is often done by obtaining a Florida driver's license, registering automobiles in Florida and updating voter registration among other things.)

In addition to the homestead tax exemption, Florida also provides a "Save Our Homes" ("SOH") tax assessment limitation on homestead property. The SOH benefit limits the annual increase in the assessed value of a homestead property to the lesser of three percent of its value or the percentage change in the Consumer Price Index (CPI). The accumulated difference between the assessed value and the just (market) value is the SOH benefit. The SOH benefit can result in significant tax savings over time.

For example, Homeowner Harry and his wife, Henrietta, bought a home in 2009 in Hialeah, Florida. They applied for and received a homestead tax exemption in 2010. At that time, the County Property Appraiser determined that the property had an assessed value of $138,360. Harry and Henrietta have lived happily on the Hialeah property since then. In 2024, their home's just (market) value had substantially increased to $409,455 and they were

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thrilled to find out that their assessed value had only increased to $169,943. As a result of the SOH cap, Harry and Henrietta now had a SOH benefit equal to $239,512 ($409,455 – $169,943).

By law, a homestead tax exemption is not transferable. If you move, your exemption does not move with you to your new residence. You must file a new application for the new home. However, in 2008, the citizens of Florida voted to pass Amendment 1, which allows the transfer of any Save Our Homes benefit from one Florida homestead to another Florida homestead. This law allows a homeowner to "port" or transfer all or a portion of their SOH benefit, up to $500,000, to reduce the assessed value of their new home.

Using the example above, if Harry and Henrietta decide to sell their Hialeah house and port their SOH benefit to a new $450,000 home in Hypoluxo, they can transfer the entire $239,512.00 SOH benefit. This means that the assessed value of their new Hypoluxo home would start at $210,488.00 ($450,000.00-$239,512.00).

This portability provision helps Florida homeowners maintain property tax savings even when moving to a new primary residence just like Harry and Henrietta. Prior to the enactment of Amendment 1, Harry and Henrietta may have felt trapped in Hialeah because the longer they stayed the longer their SOH cap was applied. This growth in savings would have given them incentive to stay because their property tax savings was generally increasing. Without the Amendment, if they had moved, Harry and Henrietta could have had a higher tax bill even if the Hypoluxo home had had an equal or lesser value because the sale would have triggered a new assessment as of January 1 of the year following the sale.

Florida's homestead tax exemption and Save Our Homes benefits provide significant tax savings for homeowners, making property ownership more affordable and attractive. With the added advantage of portability, homeowners no longer need to feel "trapped" in their homes due to rising property values and tax assessments. Whether you are a long-time Florida resident or a newcomer looking to take advantage of these benefits, understanding homestead exemption and portability can help you maximize your savings and make the most of homeownership in the Sunshine State.