



Homestead Exemption

How Fair Is It?

by Richard White

There are several retired couples in our community who have resided out of state for all of their lives and own villas in our community. Many spend six months north and six months in our community every year. They all own homes or condominiums in other states to which they return every summer. Some of them claim Florida residency and homeowner's exemptions and some do not. They pay very different tax amounts. Those who are claiming homeowner's exemptions must pay approximately \$400 per year; those who do not must pay approximately \$3,500 per year. Is it really possible for some of these residents to be claiming that they are full-time Florida residents in order to benefit from a homeowner's exemption if they only live in Florida six months of every year? As a full-time Florida resident, living here 12 months of each year, for the past seven

years and living in an identical property, we pay over \$1200 per year claiming an honest homestead exemption. How is this possible and why is there such a discrepancy between the two homestead amounts for taxes when properties should be valued at the same amount? Could you shed some light on Florida residency laws and homestead exemption qualifications?

P.D., Port St Lucie

A Homestead has two primary meanings under Florida law: Exemption from forced sale and exemption to reduce property taxes. Both require establishment of a primary residence in Florida, which means that you do not claim primary residency in another state. To receive the tax exemption, an owner must file with the state. It does not say that you must live in the state full-time. You cannot file two homestead exemptions at the same time to reduce taxes.

The history of tax exemption began in 1929 during the depression. Many property owners found themselves unable to pay property taxes. The state successfully passed an exemption of the Florida Constitution allowing residents to claim homestead and reduce the assessed value of their home. In 1995, the Save Our Homes amendment passed by voters amended the value to increase no more than three percent each year. The exemption is only available on an individual's primary home for those that claim Florida as their domicile. Businesses, rental properties, second

homes, or owners that do not claim Florida as their primary residence do not have the cap advantage.

Supporters of Save Our Homes contend that it allows long-term residents with fixed income to be able to afford to stay in their home without being faced with tax increases as their property increases. Critics argue that it creates an unfair system of taxation in which first time homebuyers, new residents, seasonal residents, and businesses are burdened with more than their share of taxes. They also claim that homeowners are locked into their homes, often unable to move without double taxes.

The Florida homestead exemption is only available to US citizens, permanent resident aliens, or others who legally claim the intent to remain permanent residents.

Editor's Update: Florida Amendment 1 was passed by Florida voters on January 29, 2008. This revision proposes changes to the State Constitution relating to property taxation. With respect to homestead property, this revision: (1) increases the homestead exemption except for school district taxes and (2) allows homestead property owners to transfer up to \$500,000 of their Save-Our-Homes benefits to their next homestead. With respect to nonhomestead property, this revision (3) provides a \$25,000 exemption for tangible personal property and (4) limits assessment increases for specified nonhomestead real property except for school district taxes. (www.votesmartflorida.org.)

For further information, please visit <http://dor.myflorida.com/dor/property/sb4d.html>. ■

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