A Florida appeals court has ruled that one spouse could not claim a homestead exemption against the property tax due on her Florida home when her spouse was claiming a homestead exemption against his home in Indiana.

The Florida homestead exemption is a valuable one. It helps cap the increase in the value of the home for purposes of assessing the Florida property tax to 3 percent per year. In times of high real estate inflation, the assessed value of Florida homes can soar otherwise. The difference in property taxes on homes in the same neighborhood can be substantial where some of the owners are residents, and others are not. In a decision rendered in 2016, the 4th District Court of Appeals of Florida faced a situation where the wife claimed a homestead exemption against her home she solely owned in Broward County, Florida. At the same time, her husband was claiming a homestead exemption on the home he solely owned in Indiana as a legal resident there.

When the Broward County property appraiser learned that both spouses were claiming these exemptions in the different states, the appraiser removed the exemption on the Florida property for the 10 prior tax years. The appraiser further reset the assessed value of the Florida home to its then fair market value, which was significantly higher than the assessed value with the homestead exemption. This action was based on the provision in the Florida Constitution of not allowing more than one exemption to any individual or family unit. The taxpayers argued that this Constitutional limitation only prohibited allowing homestead exemptions on two homes in Florida, and not their situation where one exemption was allowed in another state, here Indiana.

The Court found the answer to the question from a Florida statute which had only been enacted in 2001. That statute, FSA 196.031(6), prohibits a person who is receiving the benefit of an ad valorem tax exemption in another state where permanent residency is required as a basis for the grant of that exemption from claiming a homestead exemption in Florida. The Court found that, because the wife and husband commingled their finances, that the wife was obtaining the benefit of the husband's Indiana homestead exemption. Thus, as a result of this indirect benefit, the statute disallowing the Florida homestead exemption applied. In reaching this conclusion, the Court also ruled that the further statutory restriction was valid under Florida law, because it was grounded in the language of the constitutional provision and not inconsistent with the Constitution.

In December 2016, the Florida Supreme Court declined to accept an appeal of this decision. Thus, this decision by the 4th District Court of Appeals will stand as the law in Florida.

It is increasingly common for a married couple to claim legal residency each in a different state. If the intention is for the spouse owning the Florida home to obtain for the homestead exemption, the other spouse should not apply for a homestead exemption in the other state. Usually, the Florida homestead exemption has much more economic value than the exemption allowed by other states.

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