

Examples:
Calculation of Assessment Limitation Difference Transfer Amount

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The following examples are intended to illustrate how the transfer (portability) amount of a Save Our Homes assessment limitation difference would be calculated.

This is a summary for information purposes. See Emergency Rule 12DER08-02 Transfer of Assessment Limitation Difference; "Portability;" Sworn Statement Required, effective February 12, 2008

1. Upsizing when all owners and homesteaders move to new homestead: In this scenario all the owners of a previous homestead establish a new homestead with a higher just value and no change in ownership.

Description		Comments
Previous Homestead		
Number of owners	2	
Owners permanently residing	2	
Just Value	250,000	
Assessed Value	200,000	
Assessment Difference	50,000	
New Homestead		
Number of owners	2	Both of the previous owners and homesteaders move to the new homestead. There are no additional owners.
Permanent residents from previous home	2	
Type of ownership	Any	Since all previous owners qualified for the homestead exemption moved to the new homestead with no additional owners, the transfer is not considered a "split" and the full amount is transferred subject to the upsizing and downsizing provisions and the \$500,000 maximum.
Just Value	300,000	Since this is an "upsized", the full amount of the previous homestead assessment difference is transferred up to \$500,000.
Calculated Assessed Value	250,000	
Calculated Assessment Difference	50,000	

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2. Downsizing when all owners and homesteaders move to new homestead: In this scenario all the owners of a previous homestead establish a new homestead with a lower just value and no change in ownership.

Description		Comments
Previous Homestead		
Number of owners	2	
Owners permanently residing	2	
Just Value	250,000	
Assessed Value	200,000	
Assessment Difference	50,000	
New Homestead		
Number of owners	2	Both of the previous owners and homesteaders move to the new homestead. There are no additional owners.
Permanent residents from previous home	2	
Type of ownership	Any	Since all previous owners qualified for the homestead exemption moved to the new homestead with no additional owners, the transfer is not considered a “split” and the full amount is transferred subject to the upsizing and downsizing provisions and the \$500,000 maximum.
Just Value	210,000	Since this is a “downsize”, the new assessment difference is calculated to be the same proportion that the assessment difference of the previous homestead was of the just value of the previous homestead: $(50,000 / 250,000) * 210,000 = 42,000$.
Calculated Assessed Value	168,000	
Calculated Assessment Difference	42,000	

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3. Upsizing when two owners of previous homestead split: In this scenario the two owners of a previous homestead abandon the homestead and one of the owners establishes a new homestead with a higher just value than the previous homestead.

Description		Comments
Previous Homestead		
Number of owners	2	
Owners permanently residing	2	
Just Value	400,000	
Assessed Value	300,000	
Assessment Difference	100,000	
New Homestead		
Number of owners	1	One of the owners and homesteaders from the previous homestead establishes a new homestead
Permanent residents from previous home	1	
Just Value	500,000	Since the previous assessment difference was split 2 ways, this owner's maximum share that can be transferred is \$50,000 (\$100,000 / 2). Since this is an "upsized", the full amount of the homesteaders share can be transferred up to \$500,000.
Calculated Assessed Value	450,000	
Calculated Assessment Difference	50,000	

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4. Downsizing when two owners of a previous homestead split: In this scenario the two owners of previous homestead abandon the homestead and one of the owners establishes a new homestead with a lower just value than the previous homestead.

Description		Comments
Previous Homestead		
Number of owners	2	
Owners permanently residing	2	
Just Value	400,000	
Assessed Value	300,000	
Assessment Difference	100,000	
New Homestead		
Number of owners	1	One of the owners and homesteaders from the previous homestead establishes a new homestead
Permanent residents from previous home	1	
Just Value	250,000	Since the previous assessment difference was split 2 ways, this owner's maximum share that can be transferred is \$50,000 (\$100,000 / 2). Since this is a "downsize", is calculated to be the same proportion that this owner's share of the assessment difference of the previous homestead was of the just value of the previous homestead: $(50,000 / 400,000) * 250,000 = 31,250$.
Calculated Assessed Value	218,750	
Calculated Assessment Difference	31,250	

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