



# The Future of Property Taxes in Florida

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# 2017 Legislative Issues

- Non-homestead assessment limitation caps
- Recapture
- Implementation of Voter Approved Constitutional Amendments



# Non-Homestead Assessment Caps

- Beginning in 2009, assessment increases for non-homestead property were limited to 10%, for purposes of non-school taxation.
- This provision is scheduled to expire on January 1, 2019



# SJR 76 (Lee)

- Proposes an amendment to the State Constitution to remove the future repeal of the assessment limitation for non-homestead properties.
- This would make this assessment limitation permanent.

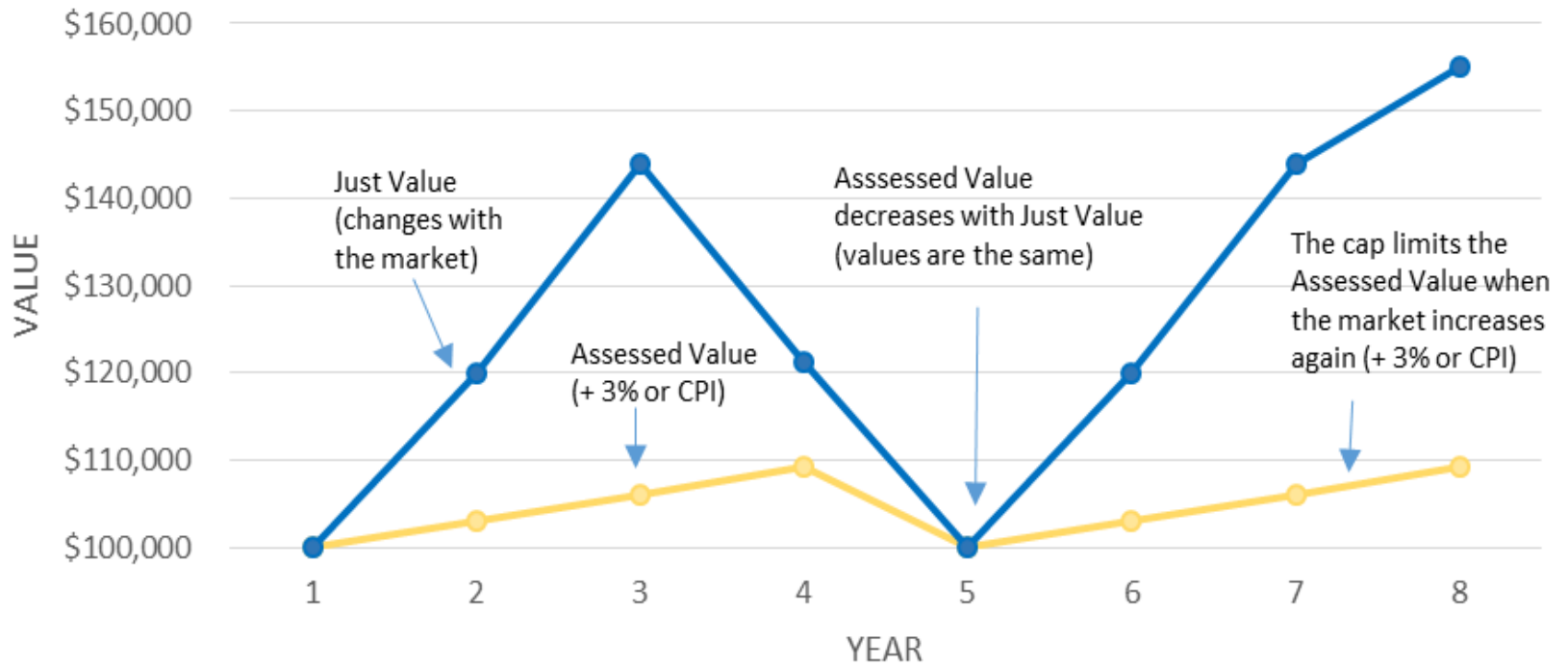


# Recapture

- The annual reassessment of homestead property is unrelated to changes in the property's just (market) value, except that the assessed value may not exceed just value.
- Growth in the assessed value of homestead property is limited to 3 percent or the change in the consumer price index (CPI) for the preceding year, whichever is less.



## Save-Our-Homes: Recapture Rule





# Amendment 3

- Tax Exemption for the Totally and Permanently Disabled First Responders.
- Passed in the General Election
- Requires implementation by the Legislature.
- Impact unknown.



# Amendment 4

- Additional property tax discounts for renewable energy devices.
- Passed in the Primary Election
- Requires implementation by the Legislature
- Impact Unknown
- SB 90 (Brandes)





# Questions?

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# Basic Revenue Structure for Local Governments

“Nothing in life is certain except death and taxes”  
- Benjamin Franklin

“There will always be death and taxes; however, death doesn't get worse every year”  
- Anonymous

“Show me the money”  
- Jerry McGuire



# Revenues Authorized by the Florida Constitution

- Ad Valorem Tax
  - “According to Value”
  - Millage Rate and Mills
    - A millage rate of 4.5 mills, or \$4.50 per thousand, means that the assessed value as of January 1 of the real and tangible personal property is multiplied by \$4.50 for each thousand dollars of the assessment.
    - A property assessed at \$120,000 with a \$50,000 Homestead Exemption would pay \$315.00.

# Ad Valorem Tax

- Local Governments may levy ad valorem taxes (Article VII, Section 9)
- Limitations
  - Ten mills for county purposes
  - ***Ten mills for municipal purposes***
  - Ten mills for school purposes
  - A millage fixed by law for a county furnishing municipal services
  - Authorized by law and approved by voters for special districts.

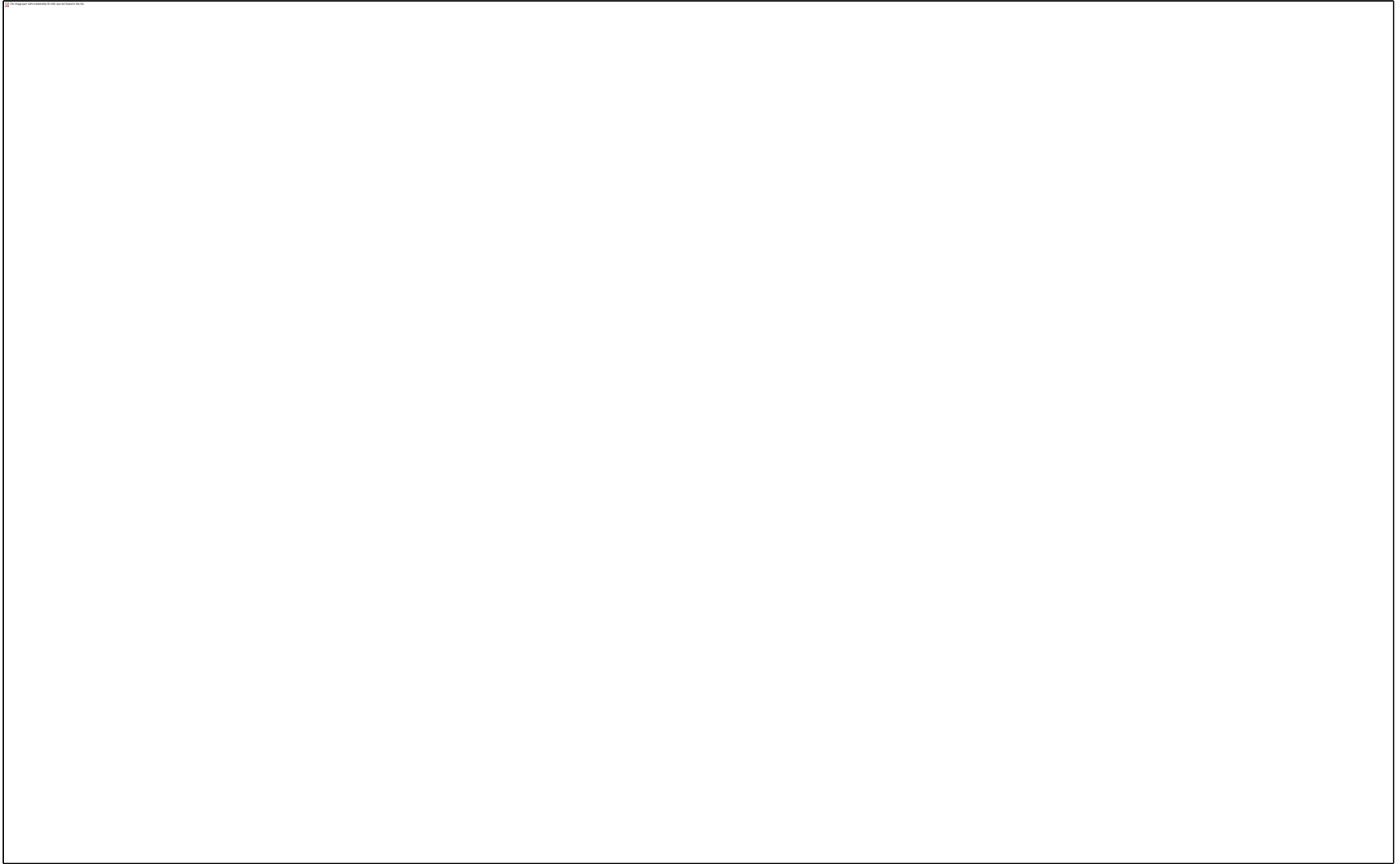
# Revenues Authorized by the Florida Constitution

- Ad Valorem Tax (continued)
  - 10 mill cap
  - 4 Categories of Millage
    - General Millage – nonvoted millage rate set by governing body (applied to cap)
    - Debt Service Millage (not applied to cap)
    - Voted Millage (not applied to cap)
    - Dependent Special District Millage (applied to cap)

# Revenues Authorized by the Florida Constitution

- Ad Valorem Tax  
(continued)
  - Rollback Rate is the millage rate necessary to raise the same amount of taxes as the preceding year.





# Example of Rollback

- Fiscal Year 2014
  - Assessed Valuation is \$1,248,750,000
  - Millage Rate is 4.38
  - Total Ad Valorem taxes generated is \$5,469,525
- Fiscal Year 2015
  - Assessed Valuation increases 1.6% to \$1,267,730,000
    - In order to generate \$5,469,525 of Ad Valorem taxes the millage rate would be 4.311
    - A millage rate higher than 4.3.11 is a tax increase!
  - New Construction adds \$1,700,000
  - Taxable Assessed Valuation is \$1,269,430,000
  - Council adopts Millage Rate of 4.34
    - Generates \$5,509,326 in taxes



# 2008 Property Tax Amendment

- Portability Application and Instructions
- How to Apply for Portability
- Additional \$25,000 Homestead Exemptions
- 10% Assessment cap on non-homesteaded properties
- \$25,000 Exemption on Tangible Personal Property

# Property Tax in 2008 and Beyond

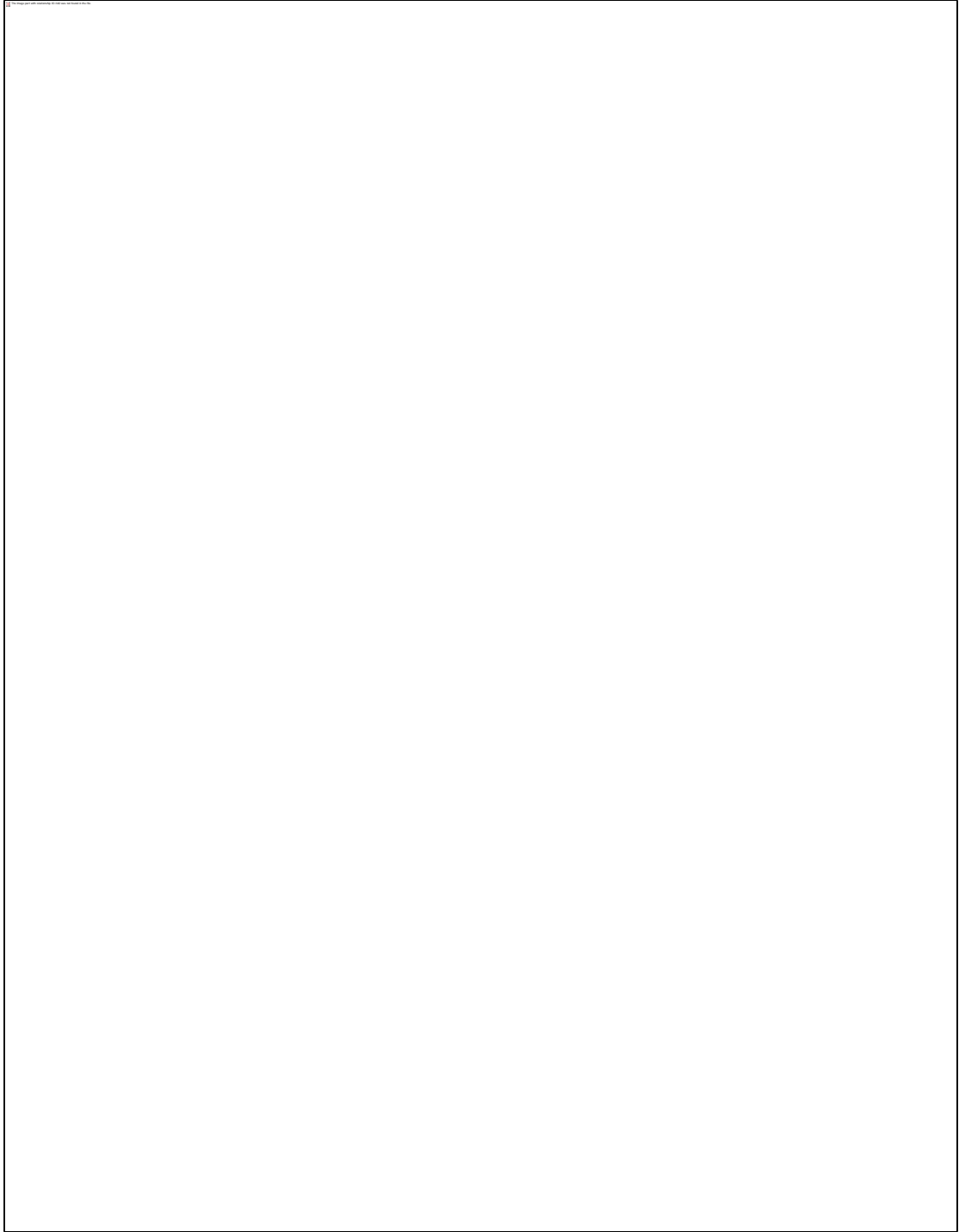
- Millage Rate will be Rollback Rate
  - Adjusted for Personal Income
  - Adjusted for Growth
    - New Construction

# Revenues Authorized by the Florida Constitution

## ■ Ad Valorem Tax

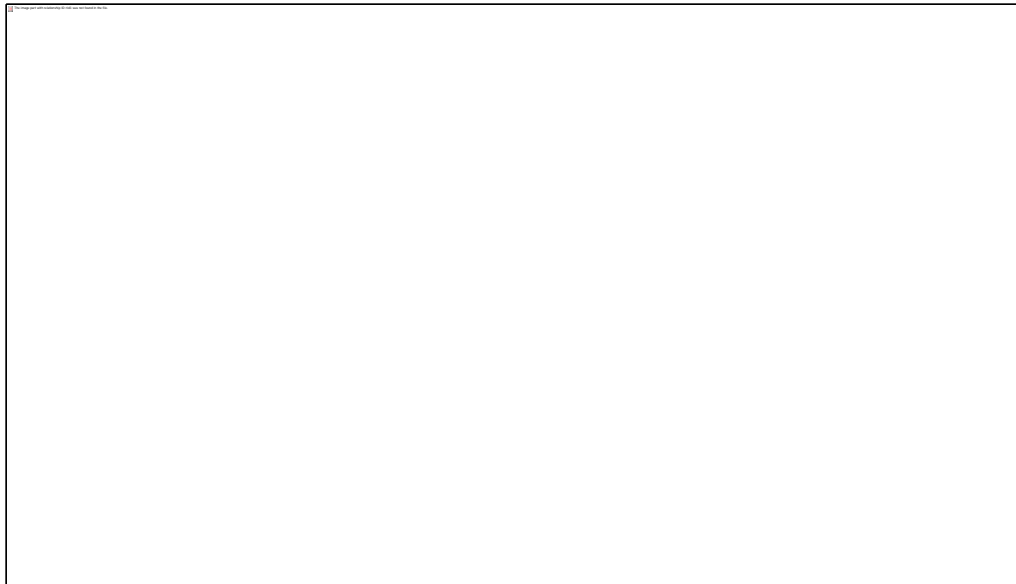
### ■ Exemptions and Differentials

- Assessment of property at less than fair market value
- **Save Our Homes**
- Agricultural Land
- Private Park and Recreational Land
- Environmentally Endangered Land
- Historically Significant Land
- Pollution Control Devices
- Building Renovations for Physically Handicapped
- Non assessment of annual agricultural crops (including timber), non-bearing fruit trees and nursery stock
- **\$50,000 Homestead Exemption**
  - On 1<sup>st</sup> and 3<sup>rd</sup> \$25,000 of Value
- Permanently and totally disabled veterans
- Disable veterans confined to wheelchairs
- Totally and permanently disabled persons
- Renewable energy source
- Blind
- Widows and Widowers
- Property used by hospitals, nursing homes and homes for special services
- Educational property
- Labor organizations
- Community Centers
- Institutional Property
- Federal, State and Local Property
- Local Option Economic Development
- Not for profit sewer and water company
- \$5,000 Disabled, Ex-Serviceman Exemption
- Historic Property
- Local Option Additional Homestead for 65 and older



# Revenues Authorized by the Florida Constitution

- Ad Valorem Tax (continued)
  - Discount for early payments



# Questions

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