Property Tax Reform

Overview
Property Tax Reform

Statutory Amendment - HB 1B

- Effective October 1, 2007
  - 2007 Tax Roll
  - Fiscal Year 2007/08

- Revenue Reduction = $26.9M
  - General Fund = $20.6M (9%)
  - Roads MSTU = $0.3M
  - Fire Fund = $6M (11%)
Statutory Amendment - HB 1B

- Established a “Maximum Millage Rate”
  - FY08 equals the rolled-back rate less 5%

- Caps Future Millage Rates
  - Rolled-back rate plus growth in Florida per capita personal income

- Override Provisions
  - Supermajority Vote/Unanimous Vote/ Referendum
  - Penalties for Non-compliance – Loss of State-Shared Half-Cent Sales Tax
### Property Tax Reform

#### Historical Analysis of Impact if HB 1B had been in Effect since 2001

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Existing Property</th>
<th>Per Capita Personal Income</th>
<th>Millage Rate (4.9989)</th>
<th>Change in Millage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08 (2007)</td>
<td>9.3%</td>
<td>5.3%</td>
<td>3.8429</td>
<td>-3.7%</td>
</tr>
<tr>
<td>FY07 (2006)</td>
<td>19.9%</td>
<td>4.5%</td>
<td>3.9895</td>
<td>-12.7%</td>
</tr>
<tr>
<td>FY06 (2005)</td>
<td>9.9%</td>
<td>7.4%</td>
<td>4.5690</td>
<td>-2.3%</td>
</tr>
<tr>
<td>FY05 (2004)</td>
<td>4.7%</td>
<td>2.0%</td>
<td>4.6783</td>
<td>-2.6%</td>
</tr>
<tr>
<td>FY04 (2003)</td>
<td>3.9%</td>
<td>1.5%</td>
<td>4.8031</td>
<td>-2.3%</td>
</tr>
<tr>
<td>FY03 (2002)</td>
<td>4.6%</td>
<td>2.7%</td>
<td>4.9175</td>
<td>-1.8%</td>
</tr>
<tr>
<td>FY02 (2001)</td>
<td>5.8%</td>
<td>6.0%</td>
<td>5.0061</td>
<td>0.1%</td>
</tr>
<tr>
<td></td>
<td>FY07</td>
<td>FY08</td>
<td>Impact</td>
<td>Revenue Loss</td>
</tr>
<tr>
<td>----------------</td>
<td>-------</td>
<td>-------</td>
<td>----------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>Rate</td>
<td>Rolled-</td>
<td>Max HB 1B</td>
<td>Current</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Back</td>
<td></td>
<td></td>
</tr>
<tr>
<td>County-wide</td>
<td>4.9989</td>
<td>4.5872</td>
<td>4.3578</td>
<td>-13%</td>
</tr>
<tr>
<td>Roads MSTU</td>
<td>0.1228</td>
<td>0.1124</td>
<td>0.1068</td>
<td>-13%</td>
</tr>
<tr>
<td>EMS/Fire MSTU</td>
<td>2.6334</td>
<td>2.4020</td>
<td>2.3299</td>
<td>-12%</td>
</tr>
<tr>
<td>Sub-total</td>
<td>7.7551</td>
<td>7.1016</td>
<td>6.7945</td>
<td>-12%</td>
</tr>
<tr>
<td>Voted Debt</td>
<td>0.1451</td>
<td>0.1451</td>
<td>0.1451</td>
<td></td>
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<tr>
<td>Total</td>
<td>7.9002</td>
<td>7.2467</td>
<td>6.9396</td>
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</tr>
</tbody>
</table>
### General Fund Comparison of Maximum Millage Rate under HB 1B

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Millage Rate</th>
<th>Revenue HB 1B</th>
<th>Revenue 4.9989 Mills</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07 (2006)</td>
<td>4.9989</td>
<td>$142.6</td>
<td>$142.6</td>
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<tr>
<td>FY08 (2007)</td>
<td>4.3578</td>
<td>$140.1</td>
<td>$160.7</td>
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<td>FY09 (2008)</td>
<td>4.2748</td>
<td>$147.4</td>
<td>$172.3</td>
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<tr>
<td>FY10 (2009)</td>
<td>4.1934</td>
<td>$154.8</td>
<td>$184.5</td>
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<tr>
<td>FY11 (2010)</td>
<td>4.1135</td>
<td>$162.4</td>
<td>$197.3</td>
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<tr>
<td>FY12 (2011)</td>
<td>4.0351</td>
<td>$170.2</td>
<td>$210.8</td>
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<tr>
<td><strong>5 Year Impact</strong></td>
<td></td>
<td><strong>$150.7</strong></td>
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</table>
### Fire Fund Comparison of Maximum Millage Rate under HB 1B

<table>
<thead>
<tr>
<th>Year</th>
<th>Millage Rate HB 1B</th>
<th>Revenue HB 1B</th>
<th>Revenue 2.6334 Mills</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07 (2006)</td>
<td>2.6334</td>
<td>$46.1</td>
<td>$46.1</td>
</tr>
<tr>
<td>FY08 (2007)</td>
<td>2.3299</td>
<td>$45.9</td>
<td>$51.9</td>
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<tr>
<td>FY09 (2008)</td>
<td>2.2855</td>
<td>$48.4</td>
<td>$55.8</td>
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<tr>
<td>FY10 (2009)</td>
<td>2.2420</td>
<td>$50.9</td>
<td>$59.8</td>
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<tr>
<td>FY11 (2010)</td>
<td>2.1993</td>
<td>$53.5</td>
<td>$64.1</td>
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<tr>
<td>FY12 (2011)</td>
<td>2.1574</td>
<td>$56.2</td>
<td>$68.5</td>
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<tr>
<td><strong>5 Year Impact</strong></td>
<td><strong>$45.2</strong></td>
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</tbody>
</table>

(Amounts in Millions)
Property Tax Reform

Proposed Constitutional Amendment – SJR 2D

- Ballot January 29, 2008
- Effective October 1, 2008
  - 2008 Tax Roll
  - Fiscal Year 2008/09

- County-wide Estimated Revenue Impact = $34.2M
  - Seminole County Government = $20.0M
    - General Fund = $15.1M (7%)
    - Fire Fund = $4.9M (10%)
Property Tax Reform

General Fund

- Public Safety: 35%
- Community Enhancement: 12%
- Public Welfare: 4%
- Growth Management: 4%
- Constitutional Officers (excluding Sheriff): 6%
- Administration/Support Services: 3%
- Justice System: 23%
- Transportation: 13%
Property Tax Reform

Proposed Constitutional Amendment – SJR 2D

- Modified Homestead Exemption
- Portability of Save Our Homes
- Tangible Personal Property Exemption
- Non-Homesteaded Property Assessment Cap
Modified Homestead Exemption

- **Provision:**
  - Additional $25,000 Homestead Exemption
  - Applicable to Assessed Value $50K-$75K
  - Does **not** apply to School Taxes

- **Revenue Impact = $19.3M**
  - Seminole County $13.7M
    - General Fund = $10.4M
    - Fire Fund = $3.3M
Portability of Save Our Homes Provision:

- *Transfer to New Homestead up to $500,000*
- *Downsizing: Proportional to Value of New Homestead*
- *Two Years to Transfer*
- *Applies to School Taxes (Estimated $6.7M)*

- **Estimated Revenue Impact = $12.7M to $14.7M**
  - *Seminole County = $5.4M*
    - General Fund = $4.1M
    - Fire Fund = $1.3M
Property Tax Reform

(Amounts in Billions)

- Just Values
- Taxable Values

Seminole County Government
Tangible Personal Property Exemption

Provision:

- **Exempts $25,000 of TPP Assessed Value**
- **Applies to School Taxes**
- **Helps Small Business Owners**

- **Estimated Revenue Impact = $1.2M**
  - **Seminole County = $900K**
    - General Fund = $600K
    - Fire Fund = $300K
Non-Homesteaded Property Assessment Cap

Provision:

- 10% Assessment Cap
- Sunsets After 10 Years (Unless Voter Re-approval)
- Does not apply to School Taxes
- Helps owners to plan, minimizes extreme increases

- Estimated Revenue Impact
  - Minimal
Property Tax Reform

Language Not Included From Original 2007D Session Proposal

- No Local Government Revenue Caps
- No Exemption for Low-Income Seniors
- No Exemption for First-time Homebuyers
- No Provisions for Affordable Housing
- No Working Waterfront Assessment Provisions
- No Property Appraisers Provisions
Critique of SJR 2D:

- As a package the Proposal does not address equity issues being faced in current system (makes them worse).
- Economic effects not studied.
- Replacement funding for Schools and fiscally constrained local governments not identified.
- Preempts the work of the constitutional Taxation & Budget Reform Commission.
Property Tax Reform

How Will Seminole County Respond???
Strategic Planning & Program/Service Inventory Evaluation

- Focused on review of service delivery in five main functional areas:
  - Transportation/Physical Environment
  - Public Safety
  - Economic Environment/Human Services
  - Cultural & Recreation
  - Internal Support Services
Property Tax Reform

Approach Focused on:
- Long-term Fiscal Sustainability
- Community/Customer Perspective
- Delivery of Competitive Services
- Foster a Positive, High Performing Work Environment
Property Tax Reform
Questions???
Call the Department of Fiscal Services
at 407-665-7176