

WHIP'S POLICY BRIEF

The Office of the Majority Whip
Representative Elyn Bogdanoff
323 The Capitol
850.487.0536

The House Proposal for Property Tax Relief & Reform

HB 7001 & HJR 7089

Current as of April 13, 2007

Introduction

Over the last several years, escalating property taxes have far outpaced Floridians' ability to pay. Between Fiscal Year 2000-2001 and 2006-2007, total property tax levies have increased by 99%. By comparison, personal income has increased by 44% and population plus inflation has grown 31%.

Certain elements of the property tax system like "Save Our Homes" and the "Homestead Exemption" – while created for valid purposes and to offer meaningful protections – have fostered inequities among taxpayers. It is common to find two similar properties in the same neighborhood with very different property tax bills. Also, local taxing authorities have increased the burden on non-homestead properties to compensate for savings enjoyed by homestead properties.

Property taxes have become an obstacle to home ownership and an impediment to job creation. Florida faces increasing competition for human and economic capital from neighboring states that offer taxpayer-friendly policies.

This policy brief explains the current property tax situation in Florida and presents the House proposal for immediate relief and long-term reform.

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Background: The Present Situation

The Florida Property Tax System

The Florida Constitution reserves all revenue from “ad valorem taxes” (taxes based on property value) for local governments. The state government derives no revenue from property taxes. The property tax is levied annually based on the value of real and tangible personal property on January 1 of each year. Property owners receive their tax bills in November and payment is due by the following March 31.

Local property appraisers annually assess each privately owned property in Florida, with certain exceptions like churches, based on market value. Local governments set the “millage rate,” which is the rate at which properties are taxed. After accounting for certain exemptions, differentials, and limitations (discussed below), the “taxable value” is multiplied by the millage rate to determine the dollar amount of the tax.

The Property Tax Formula:

Just Value (market value) – **Assessment Limitations** (e.g. Save Our Homes) = **“Assessed Value”**

Assessed Value – **Applicable Exemptions** (e.g. Homestead) = **“Taxable Value”**

Taxable Value X Millage Rate = Total Tax Liability

Example 1:

Assume Homestead A has a market value of \$400,000, an accumulated \$100,000 in Save Our Homes protections, a Homestead Exemption of \$25,000, and the millage is 20 mills:

$$\begin{array}{rcl} \$400,000 - \$100,000 & = & \$300,000 \\ \$300,000 - \$25,000 & = & \$275,000 \\ \$275,000 \times .02 & = & \$5,500 \text{ (Total Property Taxes)} \end{array}$$

Tangible Personal Property Tax

The Florida constitution authorizes an ad valorem tax on tangible personal property, which includes things like furniture, machinery, and similar items. The same millage rate that applies to real property is used to assess tangible personal property. Residential properties are exempt from this tax, but businesses are required to pay.

The tangible personal property tax is administratively cumbersome for both business owners and property appraisers, as it requires line item accounting of a given parcel’s tangible personal property items. Business owners must annually adjust their returns to reflect changes in the amount of tangible personal property they own and depreciated value of certain items.

Local Entities with Tax Assessing Authority

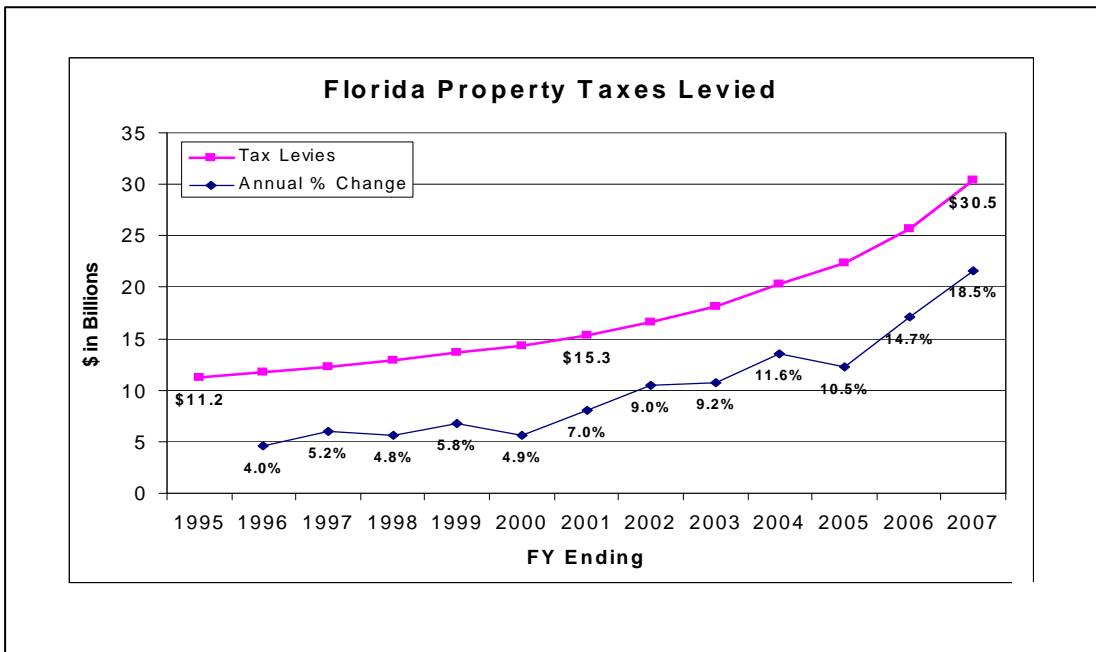
The state constitution authorizes several types of local governments to levy property taxes up to a certain amount. Most notably **county, municipal (city), and school district governments** may levy taxes up to 10 mills each. A county that provides municipal services may levy an additional tax as set forth in statute. **Special districts**¹ (e.g., water management) may be authorized by the Constitution or by statute and operate with a variety of millage caps, usually under two mills.

Revenue Generated by Local Property Taxes

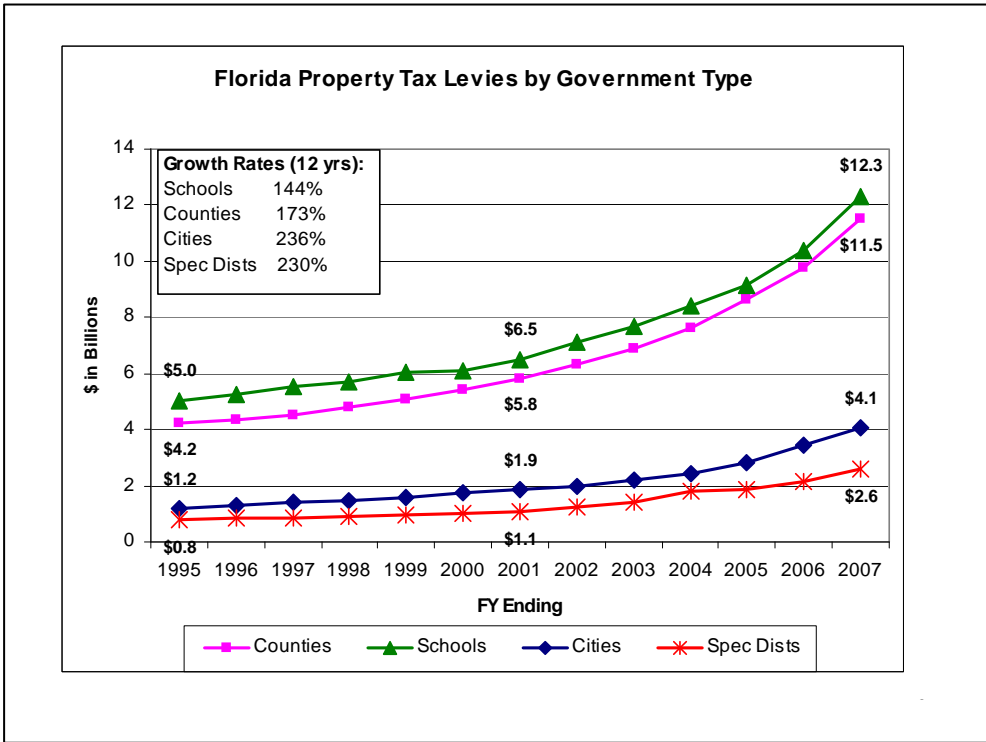
Property taxes provide a significant source of revenue to local governments. For the 2006-07 Fiscal Year, local governments levied just over \$30 billion through the property tax. However, local governments receive the great majority of their total revenue from other sources like fees, licenses, bonding, etc.:

Government Entity	% of Total Revenue from Property Taxes (FY03-04 - most recent data available)
Counties	31%
Cities	18%
School Districts	38% (in 2004-2005)
Special Districts	20%

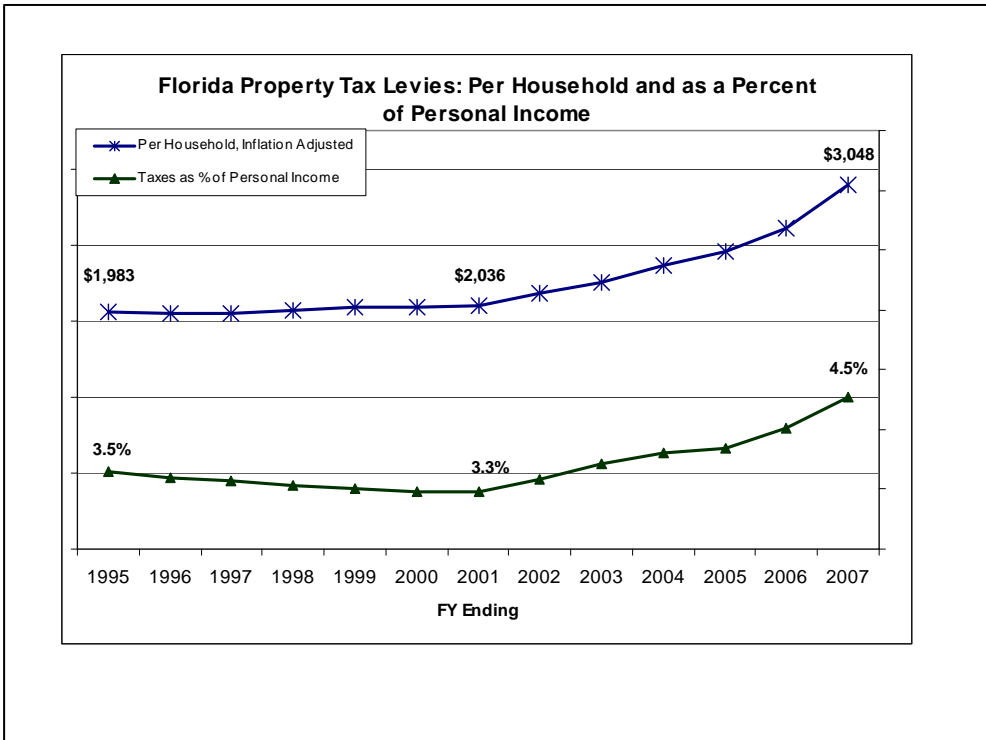
Driven largely by remarkable gains in property values, tax levies by local governments have soared in the last half decade:



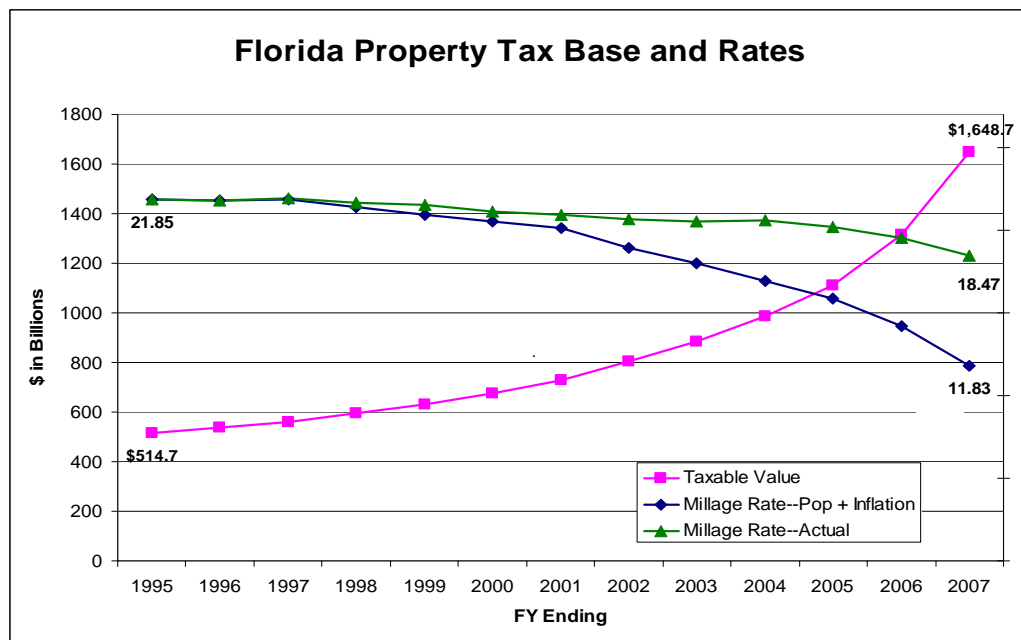
¹ Special districts exist in order to levy taxes that pay for specific services for a specific geographic region. Only those residents who benefit from the service are taxed by the special district. Examples of public services provided by special districts include water management or healthcare. Today, there are over 900 special districts in Florida.



Unfortunately, local governments have allowed taxes to grow at a faster pace than personal income.



Local governments have reduced millage rates modestly in recent years. However, they have simultaneously experienced revenue windfalls. The next chart shows the difference between the actual millage rate today and what the millage rate today *would be if* local governments had matched tax levies to population plus inflation over the last 12 years.



In conclusion, local governments have collected significantly more revenue than has been required to keep pace with growth in population and inflation.

The House Property Tax Relief & Reform Plan

Overview

The House plan consists of a two-tiered approach to achieve *immediate relief* and *long-term reform*. Immediate relief will be provided by enacting **a statutory requirement that most local governments immediately and meaningfully reduce tax rates** to provide savings for all property owners this year.

Long-term reform will be accomplished by a **constitutional amendment to fundamentally transform the property tax system in Florida**, including an opportunity to abolish all property taxes on homestead properties.

Statutory Tax Relief: Requiring Meaningful Rate Roll-Back

The Bottom Line

The proposed House Bill will statutorily require an **immediate and meaningful cut in tax rates** for all local taxing authorities **except school districts, “fiscally constrained counties,” hospital districts, and children’s services councils**. As a result of this relief package, all property owners in Florida will enjoy immediate relief on their next tax bills. **Estimates project an average statewide savings of 19%, though actual savings will vary from county to county.**

1. Require Local Governments to Reset Local Taxes at *Fair* Rates

The bill requires local governments to set tax rates that fairly reflect growth in government needs, rather than allowing them to benefit from windfalls generated by rapid property value increases.

The bill **creates a new formula** that will be used to calculate the reduced millage rates for local governments. The formula is intended to limit millage rates today to what they *would have been* if the formula had been in place since the 2000-2001 Fiscal Year. Thus, tax rates today will reflect recent increases in costs of government service, rather than property appreciation.

Calculating the Formula

- First, for purposes of calculation, each local government must relate back to its 2000-2001 tax rate. This is simply for the sake of setting the formula; **it does not actually implement a roll-back to 00-01.**²

² Many media reports have stated that the House plan rolls back tax rates to the FY 2000-2001 levels. To reiterate: this is a false statement. FY 2000-2001 is only the BASE year; the formula uses adjustments for inflation and community growth that will result in a higher tax rate than if the bill simply rolled back to FY 2000-2001.

- Next, the local government must calculate its “rolled-back-rate” and changes in the Consumer Price Index for each year between 00-01 and 07-08. That is, the local government must determine what its tax rate *would have been* for each of those years if it had set millage rates based *only* on the “rolled-back-rate” PLUS the Consumer Price Index.



Important

The difference between millage rate *reduction* and the “rolled-back-rate”

Local governments have *reduced* millage rates modestly in recent years, but they have not “rolled-back” millage rates.

The “rolled-back-rate” represents the rate that would produce for the current year the same amount in taxes that were generated in the previous year, excluding those taxes that will be produced in the current year from new construction, annexations, etc., thereby accounting for growth.

When property values increase, the “rolled-back-rate” is lower than the previous year’s rate. In other words, when the tax base grows, moving to the “rolled-back-rate” will prevent a local government from collecting more tax money from one year to the next.

- In this way, the bill requires local governments to increase revenue only in direct proportion to community growth and inflation.
- The bill makes the new tax rate effective for the 2007-2008 Fiscal Year, which means that all Florida property owners will see a reduction on their next tax bill. The estimated average statewide savings is 19% per property.³

³ This figure will vary by taxing authority. The formula requires each affected taxing authority to identify its 2000-2001 “rolled-back-rate” and base all calculations about present tax rates on that figure. However, County A might have allowed tax levies to grow much higher in relation to its “rolled-back-rate” than County B. As a result, County A’s taxes will have “further to fall” than County B’s, so residents of County A would see higher tax savings. In this way, those taxing authorities (like County B) that have more responsibly adjusted millage rates over the last seven years will experience less disruption by the required roll back.

2. Excuse Certain Levies from Required Tax Reductions

- This required reduction of tax rates would apply to all property taxes except:
 - Taxes levied for **school districts**, in order to protect the quality of Florida’s education system.
 - Taxes levied by “**fiscally constrained counties**” as defined by statute.⁴ *See also page 18-19 for more information.*
 - Taxes levied by hospital special districts and children’s services councils.
 - Taxes levied 1) **for the payment of bonds** or 2) **for a special 2-year period**. These taxes can only be levied with the direct approval of voters. This added layer of taxpayer accountability mitigates the need to require rate reduction on these levies.
 - For taxing authorities that began levying taxes after January 1, 1996, the limitations apply only after the authority has levied property taxes for 5 years.
 - **Most of these entities are exempt from rolling back, but will be capped going forward (schools are also exempt from the cap going forward under the statutory bill, but no the joint resolution)**. See page 18 for a more detailed explanation of how each local authority is treated under the statutory and constitutional measures.

3. Protect Taxpayers by Requiring a Supermajority Override

- The bill includes a safety valve for local governments that may require additional revenue above the cap. **The revenue cap may be exceeded with a majority plus one or two-thirds vote, whichever is greater, of the governing authority.**
- Local governments that intend to hold a vote to exceed the cap will have to adhere to newly created **notice requirements** under the bill.

⁴ The definition for a “fiscally constrained county” already exists in statute and is used for purposes of sales tax distribution. A county may be considered fiscally constrained if it levies \$5 million or less from one mill of ad valorem tax or if the county is within a rural area of critical concern as defined by the Governor. There are presently 30 fiscally constrained counties in Florida. See page 19 for more information.

The local taxing authority that intends to exceed the cap must publicly advertise:

- The name of the taxing authority that intends to exceed the cap
- The tax levy that would satisfy the cap
- The proposed tax levy that would exceed the cap
- That exceeding the cap without a supermajority vote may jeopardize the local authority's revenue sharing with the state (see "4." below)
- How much state revenue sharing is at risk
- The date, time, and place of the meeting

4. Tie State Revenue Sharing to Property Tax Reductions

- If a local government exceeds the cap without complying with the supermajority vote requirement, the bill eliminates sales tax revenue sharing for that local government for the Fiscal Year.⁵ Annually, the state shares over \$2 billion in revenue with local governments.

⁵ It is possible that a local government will contend that the Florida Constitution does not permit the Legislature to codify this required tax reduction in statute. However, the Constitution seems to clearly permit the Legislature to require millage reduction such as this. Also, the courts have upheld the right of the state to set conditions for the distribution of discretionary revenue.

Constitutional Tax Reform: **Transforming the Florida Property Tax System**

The Bottom Line

In order to accomplish long-term reform that restores balance, common sense, and affordability to the property tax system, it is necessary to amend the Florida Constitution. The tenants of the plan are ***a Cut, a Cap, and a Swap***.

The proposed Joint Resolution could potentially abolish the property tax on homestead properties, cap the future growth of non-homestead property tax revenues, create a new tangible personal property tax exemption, and supplement local governments with additional sales tax revenues.

If the Joint Resolution passes both chambers, it will go before the voters for the 2008 general election. It would take effect after voter approval.

Summary of the Joint Resolution

1. A CUT: Limits Growth of Property Taxes on Non-homestead Properties

- The Joint Resolution limits future growth in property taxes for all units of government (except school districts) to the FY 2003-2004 “rolled-back-rate” plus CPI, in the same way outlined on pages 6 and 7, except with an 03-04 base year. The Joint Resolution embeds essentially the same roll-back provisions of the statutory relief plan into the Constitution.

2. A CAP: Caps Future Growth of Property Taxes for All Local Governments

- School districts, fiscally constrained counties,⁶ hospital districts, and children’s services councils will *not* be required to calculate the “rolled-back-rate” + CPI since 2003-2004. Rather, school districts will be required to cap *future* growth to changes in population and inflation.
- The Joint Resolution allows a taxing authority to exceed the cap only with a **unanimous** vote of its governing body.

⁶ See discussion of fiscally constrained counties on page 8 and pages 18-19.

3. ***A Swap: Allows for the elimination of taxes on Homestead properties***

- The Joint Resolution would automatically eliminate a substantial portion of property taxes on homestead properties and allow the option to reduce *all* property taxes on homestead properties.
 - **Automatic: Abolishes the required local effort** (RLE) school board tax on all homestead properties and replaces it with a one cent sales tax. The RLE tax comprises about of 25% of property taxes statewide.
 - **Optional:** By local county referendum, voters may choose to further reduce homestead property taxes by **replacing the discretionary millage for school boards** with a ½ cent sales tax. The referendum must be held by 2010.
 - **Optional:** By local county referendum, voters may adopt an additional reduction of homestead property taxes by **replacing all remaining property tax levies** (i.e., county/city, special districts, Municipal Service Taxing Units, etc.) with a 1 cent sales tax. The referendum must be held by 2010.
 - **If both referendums pass, all homestead properties in the given jurisdiction will be exempt from ad valorem taxes.** The new total sales tax will be 2.5%. County governments will distribute sales tax funds within their county based on the existing sales tax distribution model.
- The average property tax paid by homestead owners today is about \$2,300 per year. Thus, the average Florida homestead owner stands to save thousands of dollars a year under this reform.

- While the sales tax increase is necessary to offset lost property tax revenue, it is important to keep the larger reform package in the proper context:

Example

Assume a homestead property owner has a property tax bill of \$2,300, which is near the current statewide average. The proposed amendment would abolish that tax burden, creating an immediate \$2,300 savings.

Given the additional 2.5% sales tax, in order to “break even,” **that homeowner would have to purchase \$92,000 in sales tax-eligible goods to pay the same amount of taxes as under the former property tax system.**

- The swap will result in a net tax cut for Floridians of all income levels. See also pages 15-16 for more information about how the tax swap impacts families of varying household incomes.

4. Creates a new Tangible Personal Property Tax Exemption

- **Creates a tangible personal property exemption of \$25,000 for businesses.** This would create \$180 million in savings to Florida businesses at current tax rates (see page 2 for background information on tangible personal property taxes).
- A \$25,000 exemption with a millage rate of 20 mills (which is near the current statewide average) **creates \$500 in savings.**

5. Creates more options for renters’ relief.

- The Joint Resolution grants the Legislature broader authority to create statutory programs that will deliver relief to rental properties.

What Happens Next?

HB 7001 and HJR 7089 will be considered by the House on Special Order on Tuesday, April 17. The Senate unveiled its property tax plan in the Finance and Tax Committee on Friday, April 13, and it will likely pass its version during the same week as the House (Week 7).

The House and Senate proposals have several very different features. Most notably, the House proposal includes rate roll-backs that create greater tax savings than the Senate plan by using earlier base years. The House plan also has a tax swap that substantially reduces or eliminates homestead property taxes, whereas the Senate plan allows limited "portability" of Save Our Homes and certain increases in the Homestead exemption.

In order to resolve these and other differences, a Conference will then likely be appointed to reach a final proposal. The Conference will meet over the coming weeks of session.

Savings Under the Statutory Plan (HB 7001)

These are savings for FY 2007-2008

Statewide Totals

- **\$6.3 billion TOTAL tax relief**
 - Without the rollback, total property tax revenues would be \$32.7 billion in FY 07-08
 - With the roll back, total property tax revenues will be \$26.5 billion in FY 07-08
- **The average tax bill will receive a 19% millage rate cut (18.294 mills to 14.788 mills)**
 - Note: the average county BUDGET will be cut by about 9% and the average city by about 7%

Average Property Owner Savings

- The average **Homestead** owner will save \$498
- The average **Non-homestead Residential** owner will save \$810
- The average **Commercial/Industrial** property owner will save \$3,375
- The average **Tangible Personal Property Tax** bill will be cut by \$281
- These savings will occur on their NEXT tax bill (November of 2007)

Savings Under the Constitutional Amendment (HJR 7089)

These are savings for FY 2008-2009

If the Constitutional Amendment passes and ALL local replacement options are approved:

- **\$6.976 billion TOTAL (net) tax relief**
 - \$15.832 billion in tax cuts from various property tax roll backs and exemptions
 - \$8.856 billion new revenue from sales tax
- **The average Homestead owner will save \$2,972**
- **The average Non-homestead Residential owner will save \$613**
- **The average Commercial/Industrial property owner will save \$2,537**
- **The average Tangible Personal Property Tax bill will be cut by \$346**

These are the savings for the average Homestead owner for the different components of the plan:

- | | |
|---|----------------|
| • <u>Automatic</u> Rate Roll Back: | \$415 |
| • <u>Automatic</u> 1 cent RLE replacement: | \$740 |
| • <u>Optional</u> ½ cent for remaining school taxes: | \$427 |
| • <u>Optional</u> 1 cent for all remaining homestead taxes: | \$1,390 |
| Total: | \$2,972 |

How much an additional 1% additional sales tax costs per year:

- | | |
|--|-------|
| • Household w/Income of \$30k - \$40k: | \$168 |
| • Household w/Income of \$50k - \$70k: | \$233 |
| • \$30,000 Car Purchase: | \$300 |

How much an additional 2.5% sales tax costs per year:

- | | |
|--|-------|
| • Household w/Income of \$30k - \$40k: | \$421 |
| • Household w/Income of \$50k - \$70k: | \$582 |
| • \$30,000 Car Purchase: | \$750 |

Thus, these are the average NET tax cuts for homestead owners if all local options pass, factoring sales tax increases and property tax relief:

Average Household w/ Income of \$30k - \$40k:	\$2,551
Average Household w/Income of \$50k - \$70k:	\$2,390

Sales Tax Impact

The following chart shows how much extra money each household would pay in sales tax money under various iterations of the replacement:

Sales Tax per Household (by household income)										
Tax Rate	All	Less than \$5,000	\$5,000 to \$9,999	\$10,000 to \$14,999	\$15,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 and more
0.5%	\$104	\$43	\$33	\$41	\$54	\$70	\$84	\$94	\$116	\$191
1.0%	\$207	\$86	\$66	\$83	\$108	\$140	\$168	\$188	\$233	\$383
1.5%	\$311	\$129	\$99	\$124	\$162	\$210	\$252	\$282	\$349	\$574
2.5%	\$518	\$216	\$165	\$206	\$270	\$350	\$421	\$470	\$582	\$957

* Estimates based on the Consumer Expenditure Survey, 2004-05, U.S. Dept. of Labor, Bureau of Labor Statistics, South Region.

Statewide Aggregates for Sales Tax Replacement

Replacing the RLE with 1 Cent Sales Tax:

- \$3.170 billion cut
- \$3.887 billion replacement
 - = **\$717 million net gain**
- ALL counties experience a net tax gain from this swap.

Replacing the Non-RLE School Homestead Property Taxes:

- \$1.856 billion cut
- \$1.577 billion replacement
 - = **\$279 million net loss**
- 29 counties experience a net gain from this swap (30 experience a loss, and 8 counties break even)

Replacing the Remaining Homestead Property Taxes

- \$5.472 billion cut
- \$3.392 billion replacement
 - = **\$2.35 billion net loss**
- 12 counties experience a net gain from this swap (52 experience a loss, and 3 break even).

Note: These figures reflect aggregate statewide impacts. Different counties will have different sales tax replacement implications, as shown on the following pages.

Exempted Entities

Both the statutory bill and the constitutional amendment would exempt several kinds of local entities from required rate rollback. However, most of those local governments are capped going forward, as follows:

- **School Districts**
 - HB 7001 exempts school districts from the roll back AND the cap going forward. HJR 7089 exempts them from the roll back but caps them going forward.
- **Hospital Districts**
 - Exempt from rollback, capped going forward in both bills.
- **Children’s Services Councils**
 - Exempt from rollback, capped going forward in both bills.
- **Fiscally Constrained Counties**
 - Exempt from rollback, capped going forward in both bills.
 - HJR 7089 also exempts cities within these counties from roll back, while capping them going forward.

Note: Although some local governments are exempt from the rollback, they may still see millage rate reductions as early as FY 07-08 due to the revenue limitations going forward.

Also, both the statutory bill and constitutional amendment would exempt the following from all rollback rates AND caps going forward:

- **Ad valorem taxes levied for the payment of bonds** authorized by a vote of the electors (exempt because taxpayers specifically authorize this tax)
- **Ad valorem taxes levied for periods not longer than two years** when authorized by a vote of the electors (because the taxpayers specifically authorize this tax)
- **All taxing authorities are exempt until the sixth fiscal year in which property taxes are levied** (to allow them to become financially secure)

Fiscally Constrained Counties

Definition:

- Any county that raises no more than \$5 million from one mill of ad valorem property tax, or
- Any county entirely within a rural area of critical concern as designated by the Governor

Fiscally Constrained Counties	Value of 1 Mill	Current Millage Rate	Taxable Value Percentage Increase Between 2004 and 2005 (most recent available)
Baker	\$584,901	8.459	14.47%
Bradford	\$674,446	9.376	13.75%
Calhoun	\$278,370	9.995	9.2%
Columbia	\$1,887,141	8.864	14.97%
Desoto	\$1,141,425	7.706	7.6%
Dixie	\$486,298	12.633	26.6%
Franklin	\$3,360,049	3.844	58.07%
Gadsden	\$1,076,791	10	8.59%
Gilchrist	\$463,249	11	12.51%
Glades	\$582,024	11.953	25.78%
Gulf	\$2,670,903	5.625	56.37%
Hamilton	\$571,032	10.009	17.53%
Hardee	\$1,404,978	9	0.91%
Hendry	\$1,926,387	6.5	16.41%
Highlands	\$4,096,402	8.5	20.68%
Holmes	\$351,665	9.75	8.36%
Jackson	\$1,175,248	8	6.01%
Jefferson	\$441,414	10	19.03%
Lafayette	\$170,647	10	10.71%
Levy	\$1,611,123	7.9	23.89%
Liberty	\$174,194	10	28.29%
Madison	\$515,575	9.25	8.6%
Okeechobee	\$1,847,711	5.847	23.3%
Putnam	\$3,120,129	9.921	17.11%
Sumter	\$3,387,814	6.386	50.37%
Suwannee	\$1,184,960	8.992	17.3%
Taylor	\$1,082,202	9.122	28%
Union	\$186,467	10.499	8.95%
Wakulla	\$1,167,625	8.18	51.87%
Washington	\$646,323	8.5	20.75%

Note: The State Constitution caps county millage rates at 10 mills (though certain provisions allow a county to exceed that cap). Although statute defines the above counties as fiscally constrained for purposes of sales tax distribution, many are below the 10 mill cap, as shown above.

GLOSSARY OF TERMS

Ad Valorem Tax –A tax on the value of property.

Assessed Value – This term has specific meaning under Florida law. It is the value of property assessed for property tax purposes, which for certain properties is on a basis different from just value. Primary examples of property assessed on a basis other than just value include agricultural property assessed based on character or use and homestead property subject to the assessment increase limitation. *Compare “Just Value” and “Taxable Value”*

Classification – The determination of the type of real property taking into consideration the current use and permitted use of the property. Types or classes of real property include: Single Family Residential, Homestead, Non-Homestead, Commercial, Industrial, Multi-Family, Governmental, Agricultural, Historic, and High Water Recharge.

Consumer Price Index – A price index maintained by the U.S. Department of Labor that measures annual cost of living changes.

Discount – An amount deducted from the tax due after all value and exemption calculations are made. Discounts are typically granted for early payment of taxes.

Exemption – The portion of a properties value, usually stated in dollar or percentage terms, to which the applicable tax rate does not apply. In Florida, all exemptions must arise from language in the constitution.

Homestead – Property described in s. 6(a), Art. VII of the State Constitution. Generally described as the property used as the owner’s permanent residence.

Homestead Exemption – A specific exemption in the Florida Constitution that removes up to \$25,000 of value for homestead property from property taxation. Irrespective of home value and assuming a total millage rate of 20 mills for a given property, the Homestead Exemption would provide \$500 in savings every year.

Just Value – The market value of the real property. What a willing buyer and willing seller in an arm’s length transaction would determine to be the fair price for the real property. *Compare “Assessed Value” and “Taxable Value”*

Levy – The imposition of a tax.

Mill –One mill equates to \$1 for every \$1000 of value.

Millage – Rate of property taxation that is expressed in mills.

Nonhomestead Property – All properties that are not homestead properties. This includes commercial properties, rental properties, “second homes,” etc. Under current law, these properties receive less protection from property taxes than homestead properties.

“Rolled-Back-Rate” – The millage rate established in Florida Statutes designed to inform the taxpayer of the rate of taxation that could be levied upon the current property tax base and generate the same amount of tax dollars that were levied in the prior year upon the prior year’s tax base.

Revenue Cap – A limitation on the growth in revenue a government entity may collect in a given year. *Distinguishable from spending caps or assessment limitations on properties (e.g., Save Our Homes assessment limitations).*

Save Our Homes – In 1992, Florida voters approved the “Save Our Homes” (SOH) amendment to the Florida Constitution. SOH limits the annual growth in the assessed value of homestead property to 3 percent over the prior year assessment or the percentage change in CPI, whichever is less. A property that experiences a change in ownership of the property is reassessed at just value, thus “losing” accumulated SOH protections.

Special Districts – Local government entities that exist in order to levy taxes that pay for specific services for a specific geographic region. Only those residents who benefit from the service are taxed by the special district.

Tax Bill – The document sent to each taxpayer notifying them of the required amount of property tax due and the timeframes to pay the tax due. Property tax bills in Florida are usually mailed in November for taxes based on the previous January 1.

Tax Roll – The compilation of all property within a jurisdiction denoting the taxable value of each property to which the millage rate is applied.

Taxable Value – The value to which the millage rate is applied to determine the amount of property taxes. Taxable value equals assessed value less any applicable exemptions. *Compare “Assessed Value” and “Just Value.”*

Taxing Authority – The governmental entity that has the authority to impose property tax on the real and tangible personal property within its boundaries.

TRIM (Truth in Millage) – The process designed to provide property taxpayers with sufficient information to distinguish the effect of property valuation increases on their tax bill from the effect of tax change proposed by each taxing authority.