

## BASIC INFORMATION ON PROPERTY TAXES

The calculation of assessed value of real and tangible personal property and how much of this value is subject to ad valorem taxation varies from state to state. In Florida, each county has an elected Property Appraiser whose office supervises the valuation process following the appropriate state laws, regulations and professional guidelines.

### EXEMPTIONS

Florida law provides specific exemptions to reduce the value of property subject to taxation. Some of the more common exemptions are:

**Homestead** - For all permanent residents of Florida, the first \$25,000 of the assessed value of an owner-occupied residence is exempt. Certain elderly low-income homeowners may also qualify for an additional exemption called the *Senior Homestead Exemption*. The Board of County Commissioners set this additional exemption at \$40,000.

**Second Homestead** - For all permanent residents of Florida, the assessed value from \$50,001 to \$75,000 of an owner-occupied residence is exempt. This exemption applies only to non-School Board levies.

**Government** - All property owned by a government is exempt.

**Widows** - An additional \$500 in value is exempt if the resident-owner is a widowed permanent resident.

**Disability** - In addition to any other exemptions, an additional \$500 in value is exempt for totally and permanently disabled or blind residents.

**Institutional** - All properties of non-profit organizations used for literary, scientific, educational and charitable purposes are exempt.

### COMPUTING PROPERTY TAXES

To compute the property tax on a parcel, you need to know three factors: the assessed value as determined by the Property Appraiser; the amount of the value which is not subject to the tax due to the application of exemptions; and the millage rate authorized by a taxing authority.

#### Example:

|  |                 |
|--|-----------------|
| Assessed Value of Property   | \$200,000       |
| <b>Minus</b> Exemptions:   |                 |
| First Homestead Exemption  | -25,000         |
| Second Homestead Exemption   | -25,000         |
| <hr/>  |                 |
| <b>Equals</b> Taxable Value of Property                                | \$150,000       |
| <b>Divide</b> the Taxable Value of Property by \$1,000                 | \$150           |
| <b>Multiply</b> \$150 by the FY 09 recommended countywide millage rate | 5.7925          |
| <b>Equals</b> the amount of countywide property tax levied on property | <b>\$868.88</b> |

### THE AGGREGATE ROLLED-BACK RATE

In recent years, much of the legislation in Florida governing the setting of millage rates has been centered on the concept of the "rolled-back rate". The "rolled-back rate" is that millage rate which when applied to the total amount of taxable value of property (excluding new construction and dedicated tax increment value) produces the same amount of revenue, when adjusted for payments to tax increment financing districts, as the previous year.

The "rolled-back rate" is used as a standardized point of comparison to show how millage rates are changing from one year to the next. The purpose of the "rolled-back rate" calculation is to allow local governments in Florida to identify when they are drawing more tax revenue from existing property. For example, an increase in the assessment of existing property draws more tax revenue for governments even when those governments keep the same millage rates as the previous year. The aggregate "rolled-back rate" varies significantly from the total millage rate because the combined ad valorem revenue from the General Revenue Fund, MSTU, and Library Fund is divided by the countywide taxable value in calculating the "aggregate rolled-back rate" even though ad valorem revenue from the Special Library District millage and the MSTU millage is generated from smaller tax bases.

At the public hearings in September, the County is required to show how proposed millage rates compare to the "aggregate rolled-back rate" and to identify why the proposed rate differs from the "aggregate rolled-back rate".

During the 2007 session the legislature passed House Bill 1B which mandated in FY 08 millage rates that, in combination, generate revenue 5% lower than that generated from the FY 07 aggregate rolled-back rate. Starting in FY 09, the bill also mandates that, in the future, the maximum allowable property tax levy is the rolled-back rate plus the growth in the Florida per capita personal income. Then, in January 2008, voters approved a constitutional amendment that further restricts growth in taxable values. The provisions include a second homestead exemption previously discussed that applies only to non-School Board levies, a new portability provision allows owners of homesteaded properties to transfer of up to \$500,000 of accumulated Save-Our Homes savings to a newly purchased home if the new home is purchased within 2 years of the sale of the previous home, a new \$25,000 exemption on tangible property and a new cap of 10% on the amount non-homesteaded property values can increase in a single year.

The following example demonstrates how to compute the "aggregate rolled-back rate", the millage rate that will generate the same ad valorem tax revenues on existing property exclusive of new construction, major additions to structures, etc.

## BASIC INFORMATION ON PROPERTY TAXES

### CALCULATION OF THE ESTIMATED AGGREGATE ROLLED-BACK RATE<sup>1</sup>

Amount of Property Taxes Collected in the Previous Year for the General Revenue Fund, MSTU, and Library District Less Payments to Tax Increment Financing Districts = \$780,518,579

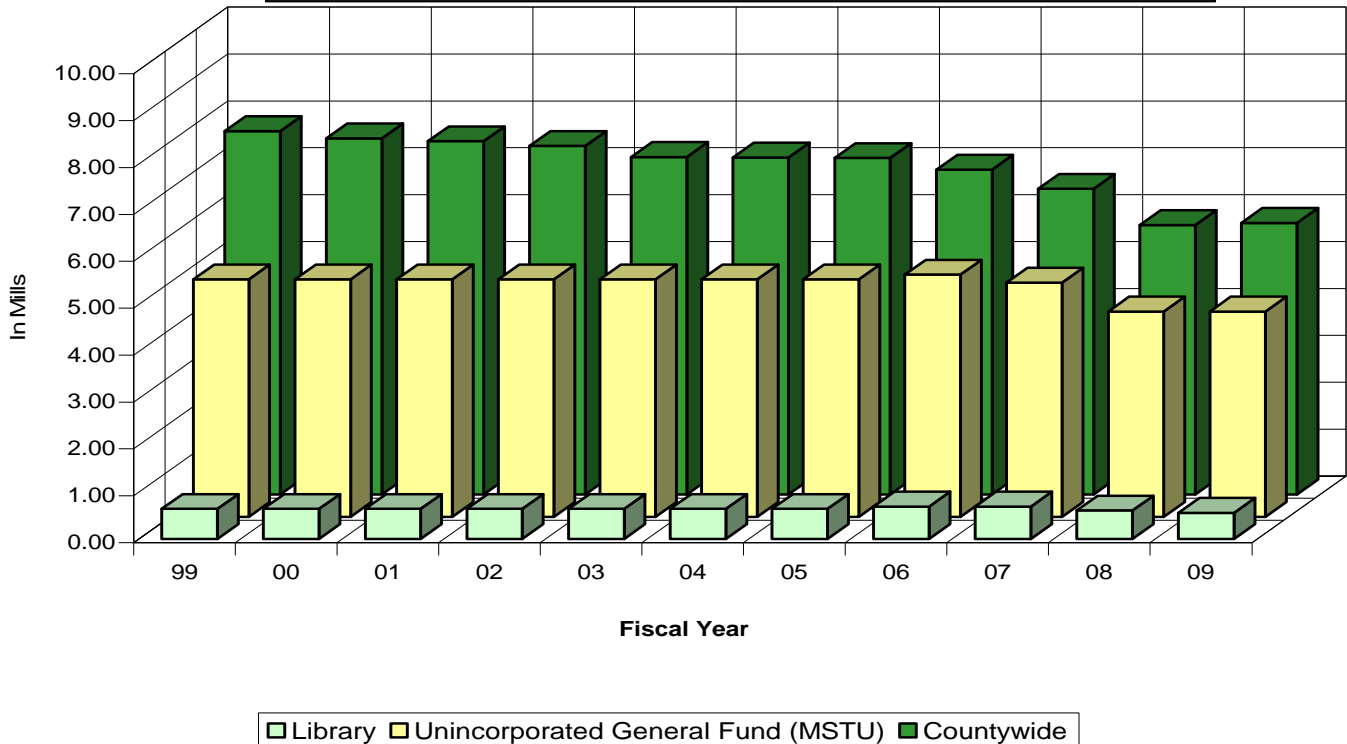
Divided by

Amount of Taxable Value of Countywide Property Less New Construction and Less Dedicated Tax Increment Values in the Current Year = \$77,129,139,544

The result of this calculation is the Aggregate Rolled-Back Rate of 10.1196 Mills or \$10.12 per \$1,000 of Taxable Value

### HILLSBOROUGH COUNTY AD VALOREM OPERATING MILLAGES

FY 09 reflects a .05 mill reduction in the Library millage with an offsetting .0479 mill increase in the Countywide millage. The Unincorporated Area millage is unchanged from FY 08



<sup>1</sup> Florida Statutes require the budget estimate be based on the Property Appraiser's July 1 preliminary certification. Due to taxable value adjustments made after July 1st by the Property Appraiser and Value Adjustment Board, actual property taxes collected will differ from estimated collections used for budget purposes. The example above incorporates changes to calculating the aggregate rolled back rate resulting from voter approval of Amendment One in January 2007.

**IMPACT OF LOCAL TAXES ON A FAMILY IN THE UNINCORPORATED AREA OF HILLSBOROUGH COUNTY  
WITH A HOUSE ASSESSED AT \$200,000, LESS A \$25,000 HOMESTEAD EXEMPTION, AND STARTING IN FY 09,  
A SECOND \$25,000 HOMESTEAD EXEMPTION  
(\$175,000 TAXABLE VALUE; \$150,000 TAXABLE VALUE STARTING FY 09)**

|   | FY 03             | FY 04             | FY 05             | FY 06             | FY 07             | FY 08             | FY 09             |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>TAXES LEVIED COUNTYWIDE</b>            |                   |                   |                   |                   |                   |                   |                   |
| BOCC - General Fund                       | \$1,259.69        | \$1,257.85        | \$1,255.75        | \$1,212.00        | \$1,141.00        | \$1,005.31        | \$868.88          |
| BOCC - General Obligation Debt            | 19.95             | 18.29             | 16.89             | 14.70             | 11.67             | 10.57             | 9.93              |
| Southwest Florida Water Mgmt District **  | 73.85             | 73.85             | 73.85             | 73.85             | 73.85             | 67.66             | 57.99             |
| School Board (incl. General Oblig. Debt)* | 1,504.13          | 1,484.00          | 1,463.16          | 1,388.98          | 1,369.03          | 1,316.53          | 1,316.53          |
| Children's Board *                        | 87.50             | 87.50             | 87.50             | 87.50             | 87.50             | 81.10             | 69.51             |
| Port Authority*                           | 50.75             | 50.75             | 45.50             | 45.50             | 38.50             | 34.69             | 29.73             |
| <b>TOTAL COUNTYWIDE TAXES</b>             | <b>\$2,995.86</b> | <b>\$2,972.24</b> | <b>\$2,942.64</b> | <b>\$2,822.52</b> | <b>\$2,721.55</b> | <b>\$2,515.84</b> | <b>\$2,352.56</b> |
| <b>TAXES LEVIED WITHIN SPECIFIC AREAS</b> |                   |                   |                   |                   |                   |                   |                   |
| Library District                          | \$112.40          | \$112.40          | \$112.40          | \$121.15          | \$121.15          | \$106.45          | \$83.75           |
| Municipal Services Taxing Unit (MSTU) **  | 885.87            | 885.87            | 885.87            | 903.37            | 874.20            | 765.71            | 656.33            |
| MSTU Parks General Obligation Debt **     | 8.75              | 7.96              | 6.97              | 6.28              | 5.01              | 4.53              | 4.08              |
| Hillsborough Area Regional Transit*       | 87.50             | 87.50             | 87.50             | 87.50             | 87.50             | 78.66             | 67.43             |
| Hillsborough River Basin*                 | 49.88             | 49.88             | 49.88             | 49.88             | 49.88             | 44.57             | 38.21             |
| <b>TOTAL TAXES WITHIN SPECIFIC AREAS</b>  | <b>\$1,144.40</b> | <b>\$1,143.61</b> | <b>\$1,142.61</b> | <b>\$1,168.18</b> | <b>\$1,137.73</b> | <b>\$999.93</b>   | <b>\$849.78</b>   |
| <b>TOTAL AD VALOREM TAXES</b>             | <b>\$4,140.26</b> | <b>\$4,115.84</b> | <b>\$4,085.25</b> | <b>\$3,990.70</b> | <b>\$3,859.28</b> | <b>\$3,515.77</b> | <b>\$3,202.34</b> |
| \$ change from preceding year:            | (\$29.12)         | (\$24.41)         | (\$30.59)         | (\$94.55)         | (\$131.43)        | (\$343.51)        | (\$313.43)        |
| % change from preceding year:             | (0.7%)            | (0.6%)            | (0.7%)            | (2.3%)            | (3.3%)            | (8.9%)            | (8.9%)            |

Notes:

\* Not a tax levy, assessment, or fee of the Board of County Commissioners (BOCC)

\*\* Homeowners residing within the municipalities of Tampa, Temple Terrace, or Plant City pay city taxes instead of MSTU taxes. The Hillsborough Area Regional Transit Tax is not levied in Plant City. The Library District tax is not levied in Temple Terrace or Plant City. A voter approved second homestead exemption, effective FY 09, does not apply to the School Board assessment.

Assumptions:

Excludes any exemption other than the homestead and second homestead exemptions.

Excludes any other special district assessment (i.e., street lighting tax district or maintenance district).

+ For purposes of consistency, the Hillsborough River Basin was selected. Other basins have different tax rates.

## MILLAGE COMPARISON

|                                   | <b>FY 06</b>   |                      | <b>FY 07</b>   |                      |
|-----------------------------------|----------------|----------------------|----------------|----------------------|
|                                   | <b>ADOPTED</b> |                      | <b>ADOPTED</b> |                      |
|                                   | <b>MILLAGE</b> | <b>LEVY</b>          | <b>MILLAGE</b> | <b>LEVY</b>          |
| <b>COUNTYWIDE</b>                 |                |                      |                |                      |
| OPERATING                         |                |                      |                |                      |
| General Revenue Fund              | 6.7597         | \$436,560,087        | 6.3367         | \$498,175,414        |
| Environ. Sensitive Lands          | 0.1660         | 10,720,738           | 0.1833         | 14,410,585           |
| <b>TOTAL OPERATING</b>            | <b>6.9257</b>  | <b>447,280,825</b>   | <b>6.5200</b>  | <b>512,585,999</b>   |
| DEBT SERVICE                      |                |                      |                |                      |
| Environ. Sensitive Lands          | 0.0840         | 5,439,066            | 0.0667         | 5,255,553            |
| <b>TOTAL DEBT</b>                 | <b>0.0840</b>  | <b>5,439,066</b>     | <b>0.0667</b>  | <b>5,255,553</b>     |
| <b>TOTAL OPERATING &amp; DEBT</b> | <b>7.0097</b>  | <b>452,719,891</b>   | <b>6.5867</b>  | <b>517,841,552</b>   |
| <b>NON COUNTYWIDE</b>             |                |                      |                |                      |
| OPERATING                         |                |                      |                |                      |
| General Purpose MSTU              | 5.1621         | 203,267,372          | 4.9954         | 241,613,923          |
| Library Services                  | 0.6923         | 42,759,818           | 0.6923         | 52,185,716           |
| <b>TOTAL OPERATING</b>            | <b>5.8544</b>  | <b>246,027,190</b>   | <b>5.6877</b>  | <b>293,799,639</b>   |
| DEBT SERVICE                      |                |                      |                |                      |
| Parks & Recreation Bonds          | 0.0359         | 1,413,630            | 0.0286         | 1,383,304            |
| <b>TOTAL OPERATING &amp; DEBT</b> | <b>5.8903</b>  | <b>247,440,820</b>   | <b>5.7163</b>  | <b>295,182,943</b>   |
| <b>TOTAL BOCC</b>                 | <b>12.9000</b> | <b>\$700,160,711</b> | <b>12.3030</b> | <b>\$813,024,495</b> |

| <b>TAXABLE PROPERTY VALUES</b>  |                         |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | <b>FY 06</b>            | <b>FY 07</b>            |
| <b>COUNTYWIDE</b>               |                         |                         |
| Value of Existing Property      | \$62,386,460,570        | \$75,712,633,977        |
| Value of New Construction       | 2,196,300,039           | 2,904,850,506           |
| <b>Total Taxable Value</b>      | <b>\$64,582,760,609</b> | <b>\$78,617,484,483</b> |
| <b>ELAPP Debt Service</b>       |                         |                         |
| Value of Existing Property      | \$62,554,487,801        | \$75,889,052,985        |
| Value of New Construction       | 2,196,300,039           | 2,904,850,506           |
| <b>Total Taxable Value</b>      | <b>\$64,750,787,840</b> | <b>\$78,793,903,491</b> |
| <b>UNINCORPORATED(MSTU)</b>     |                         |                         |
| Value of Existing Property      | \$37,883,044,479        | \$46,154,129,282        |
| Value of New Construction       | 1,493,831,583           | 2,213,153,118           |
| <b>Total Taxable Value</b>      | <b>\$39,376,876,062</b> | <b>\$48,367,282,400</b> |
| <b>SPECIAL LIBRARY DISTRICT</b> |                         |                         |
| Value of Existing Property      | \$59,607,662,475        | \$72,535,766,653        |
| Value of New Construction       | 2,157,206,064           | 2,844,437,846           |
| <b>Total Taxable Value</b>      | <b>\$61,764,868,539</b> | <b>\$75,380,204,499</b> |

## MILLAGE COMPARISON

|                                   | <b>FY 08</b>          |                      | <b>FY 09</b>              |                      |
|-----------------------------------|-----------------------|----------------------|---------------------------|----------------------|
|                                   | <b><u>ADOPTED</u></b> |                      | <b><u>RECOMMENDED</u></b> |                      |
|                                   | <b>MILLAGE</b>        | <b>LEVY</b>          | <b>MILLAGE</b>            | <b>LEVY</b>          |
| <b>COUNTYWIDE</b>                 |                       |                      |                           |                      |
| OPERATING                         |                       |                      |                           |                      |
| General Revenue Fund              | 5.5831                | \$490,458,518        | 5.7925                    | \$476,311,483        |
| Environ. Sensitive Lands          | 0.1615                | 14,187,289           | 0.0000                    | 0                    |
| <b>TOTAL OPERATING</b>            | <b>5.7446</b>         | <b>504,645,807</b>   | <b>5.7925</b>             | <b>476,311,483</b>   |
| DEBT SERVICE                      |                       |                      |                           |                      |
| Environ. Sensitive Lands          | 0.0604                | 5,317,199            | 0.0662                    | 5,443,560            |
| <b>TOTAL DEBT</b>                 | <b>0.0604</b>         | <b>5,317,199</b>     | <b>0.0662</b>             | <b>5,443,560</b>     |
| <b>TOTAL OPERATING &amp; DEBT</b> | <b>5.8050</b>         | <b>509,963,006</b>   | <b>5.8587</b>             | <b>481,755,043</b>   |
| <b>NON COUNTYWIDE</b>             |                       |                      |                           |                      |
| OPERATING                         |                       |                      |                           |                      |
| General Purpose MSTU              | 4.3755                | 238,682,439          | 4.3755                    | 223,163,627          |
| Library Services                  | 0.6083                | 51,245,865           | 0.5583                    | 44,493,719           |
| <b>TOTAL OPERATING</b>            | <b>4.9838</b>         | <b>289,928,304</b>   | <b>4.9338</b>             | <b>267,657,346</b>   |
| DEBT SERVICE                      |                       |                      |                           |                      |
| Parks & Recreation Bonds          | 0.0259                | 1,412,839            | 0.0272                    | 1,387,282            |
| <b>TOTAL OPERATING &amp; DEBT</b> | <b>5.0097</b>         | <b>291,341,143</b>   | <b>4.9610</b>             | <b>269,044,628</b>   |
| <b>TOTAL BOCC</b>                 | <b>10.8147</b>        | <b>\$801,304,149</b> | <b>10.8197</b>            | <b>\$750,799,671</b> |

| <b>TAXABLE PROPERTY VALUES</b>  |                         |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | <b>FY 08</b>            | <b>FY 09</b>            |
| <b>COUNTYWIDE</b>               |                         |                         |
| Value of Existing Property      | \$84,627,369,489        | \$79,769,000,000        |
| Value of New Construction       | 3,219,618,428           | 2,460,000,000           |
| <b>Total Taxable Value</b>      | <b>\$87,846,987,917</b> | <b>\$82,229,000,000</b> |
| <b>ELAPP DEBT SERVICE</b>       |                         |                         |
| Value of Existing Property      | \$84,813,474,894        | \$79,769,000,000        |
| Value of New Construction       | 3,219,618,428           | 2,460,000,000           |
| <b>Total Taxable Value</b>      | <b>\$88,033,093,322</b> | <b>\$82,229,000,000</b> |
| <b>UNINCORPORATED(MSTU)</b>     |                         |                         |
| Value of Existing Property      | \$52,215,530,216        | \$49,533,000,000        |
| Value of New Construction       | 2,334,221,571           | 1,470,000,000           |
| <b>Total Taxable Value</b>      | <b>\$54,549,751,787</b> | <b>\$51,003,000,000</b> |
| <b>SPECIAL LIBRARY DISTRICT</b> |                         |                         |
| Value of Existing Property      | \$81,107,041,435        | \$77,317,000,000        |
| Value of New Construction       | 3,137,352,295           | 2,378,000,000           |
| <b>Total Taxable Value</b>      | <b>\$84,244,393,730</b> | <b>\$79,695,000,000</b> |