

ARE BIG PROPERTY VALUE INCREASES GOING TO MEAN BIG TAX INCREASES?

Florida's housing market is raging, with growth in property values not seen since the housing bubble. Property appraisers certified the state's taxable value for 2022 on July 1 and these values are currently being used by local governments and school districts in setting new property tax rates and developing budgets for FY 2022-23. The growth in property values has set the stage for what could be significant tax increases for Florida's citizens and businesses.

The value of existing homestead property appreciated by 28.0 percent in 2022, even higher than the 2006 peak of 26.0 percent. While the housing market has historically been the driving factor in Florida's total property value growth, in 2022 high growth was the case for all property classes. All property types¹ appreciated by 25.0 percent in 2022, including big increases in the value of vacant and agricultural lands.²

There was also significant new construction, which added another 2.2 percent growth to total property values.

Exemptions (such as the homestead exemptions) and assessment caps (such as Save Our Homes) reduce the just (fair market) value of property for tax purposes. After these are deducted, the result is taxable value. School taxable value is the amount to which school districts' millage rates are applied. On average, school taxes make up just under 40 percent of Floridians' almost \$40 billion total property tax bill. Statewide school taxable value increased by 20.1 percent in 2022. This is more than triple the annual growth of the previous three years and the largest percentage increase since the height of the last housing boom (2006-07). Growth ranged from 42.0 percent in Walton County to 7.4 percent in Liberty County (see table on page 6). All but four counties experienced double-digit growth and nearly a third (22) of Florida's 67 counties had increases above 20 percent.

Statewide, school taxable value rose by \$490.2 billion to reach \$2.933 trillion. Applying current millage rates to this increase would result in \$3.0 billion in additional school property taxes.

¹ Homestead, non-homestead residential, non-residential, and agricultural.

² All data related to 2022 property values are from the Florida Revenue Estimating Conference, Ad Valorem Assessment Conference, August 2022. Available at <http://edr.state.fl.us>

**TABLE 1. 2022 INCREASE IN STATEWIDE TAXABLE VALUE AND TAXES
IF MILLAGE RATES ARE NOT REDUCED**

	AMOUNT	% INCREASE	VALUE IN TAXES*
School Taxable Value Increase	\$490 billion	20.1%	\$3.0 billion
County Taxable Value Increase	\$330 billion	14.6%	\$3.5 billion
Total Increase in Taxes - \$6.5 billion			
* at current (2021) millage rates			

County taxable value is smaller than school taxable value due to more exemptions that apply³. This is the taxable value used by all tax jurisdictions except for schools (counties, cities, and special districts). County taxable value grew by 14.6 percent in 2022. Growth ranged from 22.9 percent in Walton County to 5.3 percent in Liberty County (see table on page 5). Fifty-two counties experienced double-digit growth.

Statewide, county taxable value rose by \$330.2 billion to reach \$2.586 trillion. Applying current millage rates to this increase would result in \$3.5 billion in additional property taxes.

The Revenue Estimating Conference met earlier this month to develop its new property tax forecast, which included the 2022 certified values discussed in this report. The state estimators do not expect the extraordinary growth in property values in 2022 to continue. The low interest rates that helped fuel this growth are (at least for now) becoming a thing of the past. This tightening of federal monetary policy will result in higher mortgage rates, dampening sales, and then price increases.

While perhaps not spectacular, the new forecast predicts continued elevated growth in the short term. County taxable value is estimated to increase by 9.6 percent in 2023 and 8.7 percent in 2024, more than any other post-2006 year.

PROPERTY TAXES - IMPORTANT DATES

- **July 1**—Property Appraiser certifies property values to taxing authorities
- **August 2**—Taxing authorities notify PA of proposed millage, rolled-back rate, meetings
- **August 24**—PA mails Notice of Proposed Property Taxes (TRIM Notice) to taxpayers
- **September**—Budget and millage rate hearings
- **September 18**—Deadline for Value Adjustment Board petitions
- **October 10**—Taxing authorities finalize millage
- **November 1**—Tax Collector mails tax bills
- **April 1**—Unpaid taxes become delinquent and interest accrues⁴

⁴ Early pay discounts are available in November (4%), December (3%), January (2%), and February (1%).

³ This includes the 2nd homestead exemption, the 10 percent assessment cap for non-homestead property, the senior homestead exemption, historic properties, and economic development exemption. Since 2008, most of the significant property tax relief the Legislature has passed or brought to the voters has not applied to school levies.

TRIM NOTICES COMING SOON

Big increases in taxable value mean big property tax increases, or at least the opportunity for local governments to raise taxes. If they keep the same millage rate, or even lower it slightly, significant tax increases are in store.

The state's Truth in Millage (TRIM) law,⁵ provides the process for local government officials to adopt new property tax millage rates and mandates that the starting point is the rolled-back rate. This is the millage rate that would raise the same amount of property tax revenue in the jurisdiction as the previous year, when applied to the new tax roll (minus new construction⁶). If the governing board proposes a millage rate that exceeds the rolled-back rate—even if the proposed rate is the same or lower than the current rate—it must advertise a Notice of Proposed Tax Increase.⁷

In addition, the Notice of Proposed Taxes, known as the TRIM notice, will be mailed to taxpayers soon. This will show what all the millage rates the various taxing jurisdictions are proposing and how they compare to the rolled-back rate. Both the TRIM notice and the Notice of Proposed tax Increase advertisement also provide taxpayers with the date, time, and place of the next public meeting of the governing board to adopt the proposed millage rate.

The rolled-back rate may be adopted by a simple majority vote of the governing board. However, adopting a new rate in excess of the rolled-back rate requires a super majority vote—a two-thirds vote for a rate up to 110 percent to the rolled-back rate and a unanimous vote (or referendum) for a rate that is more than 10 percent above the rolled-back rate.

Because of the huge growth in taxable value this year, many local governments looking to keep the same millage rate may find a unanimous vote is needed.

LOCAL GOVERNMENTS SHOULD CONSIDER THE IMPACT OF NOT ROLLING BACK MILLAGE RATES

Florida TaxWatch has already seen local governments publicizing that they are not increasing their millage rate this year. But with the much higher values, keeping the millage flat still means a big increase in property tax bills.

Owners of homestead property that are in the same home as last year are shielded from much of these increases because of Save Our Homes (SOH), which limits the increase in the assessed value of homestead property to the lesser of 3.0 percent or inflation. But even they would see the biggest

⁵ Chapter 200, Florida Statutes.

⁶ This allows local government some growth revenue when adopting the rolled-back rate.

⁷ Section 200.65(3)(a), Florida Statutes.

increase in their tax bill in a while, since high inflation translates into the maximum 3.0 percent cap for the first time since 2012. Further, not all owners of homestead property get the full SOH benefit⁸, evidenced by the fact that even with the 3.0 percent cap, total homestead taxable value rose 13.4 percent.

As is usually the case, it is non-homestead property that bears the brunt of increasing property taxes. Since SOH does not limit property taxes, but instead limits assessed values on one segment of property taxpayers, it has resulted in a multi-billion tax shift. While non-homestead property has a 10 percent assessment cap, it is not as valuable as the SOH cap, and not just because the cap is higher. The non-homestead cap does not apply to school taxes (almost 40 percent of the average tax bill), does not allow portability, and the recapture provision⁹ makes it difficult to build up cap savings over time.

Rising property taxes also hit renters especially hard, as landlords further increase already escalating rents to cover the increased taxes, making the state's affordable housing crisis even worse. Even farmers and other agricultural property owners could be in store for surprising tax hikes. Agricultural land has its own valuation system (classified use value) that keeps its assessed value well below fair market. However, it has no annual assessment cap. The total taxable value of agricultural land increased by 8.7 percent in 2022, after averaging 3.6 percent growth over the previous nine years.

As local governments continue the process of adopting their property tax millage rates for FY 2022-23, Florida TaxWatch urges their elected officials to consider the impact of increasing property tax bills on Floridians and roll-back millage rates as far as is prudent. This is especially true of those cities and counties that may find their coffers already full from the influx of pandemic-related federal aid and historic sales tax collections. They should also remember the lessons learned during the last housing boom, when millage rates were not rolled-back far enough to avoid Florida's total property tax bill to increase by 67.2 percent in just four years (FY 2003-04 to FY 2006-07).¹⁰ Many local governments did reduce millage rates, as the total average statewide millage rate for all jurisdictions fell by 9.8 percent over this period. But it was not enough. Many property taxpayers suffered and, when the bubble burst, budgets swollen by this windfall were severely strained.

Florida has 67 counties, more than 400 municipalities, and more than 200 special districts and each one is unique. Some have circumstances that may not make a full roll-back feasible. The citizens that

8 New construction and first-time homebuyers are assessed at full value and houses are reassessed at full value when sold or significantly improved. Owners that have been receiving the homestead exemption and buy another home as their new homestead can transfer at least some of their old home's SOH benefit to the new home ("portability").

9 The recapture provision provides that, as long as the assessed value does not exceed the just value, an assessment will rise by 10 percent, regardless of the change in market value. So, if the just value rises by less than 10 percent, or even, decreases, the assessment will increase by 10%. SOH also has the recapture provision, but because the cap is so low (usually less than 3.0 percent) it does not come into play as often.

10 Florida Revenue Estimating Conference, The 2021 Florida Tax Handbook.

live in these jurisdictions are the only ones that can truly assess if the taxes they pay are reasonable for the services they and their neighbors receive. When the TRIM notices arrive later this month, taxpayers can see what their elected officials are planning and they will have the opportunity to voice their opinions.

TABLE 2. COUNTY TAXABLE VALUE—2022 INCREASE IN TAXABLE VALUE AND INCREASE IN PROPERTY TAXES WITH NO REDUCTION IN RATES

		Increase in Taxable Value		Increase in Taxes*			
County	Million \$	Percent	Million \$	County	Million \$	Percent	Million \$
Alachua	\$1,989.20	11.6%	\$28.8	Lee	\$17,360.20	18.1%	\$161.7
Baker	\$144.70	12.9%	\$1.4	Leon	\$1,880.00	9.6%	\$22.6
Bay	\$2,991.60	15.4%	\$19.2	Levy	\$256.70	11.4%	\$2.8
Bradford	\$82.90	7.6%	\$0.9	Liberty	\$17.00	5.4%	\$0.2
Brevard	\$6,995.00	14.9%	\$68.2	Madison	\$100.00	12.5%	\$1.1
Broward	\$25,641.40	11.7%	\$343.1	Manatee	\$7,769.70	17.3%	\$68.9
Calhoun	\$31.90	7.1%	\$0.3	Marion	\$3,723.70	16.9%	\$37.5
Charlotte	\$3,549.70	17.6%	\$35.7	Martin	\$3,011.40	12.0%	\$33.9
Citrus	\$1,010.60	9.0%	\$9.2	Miami-Dade	\$44,443.30	13.3%	\$539.6
Clay	\$1,667.60	12.8%	\$15.1	Monroe	\$5,146.30	16.3%	\$28.5
Collier	\$17,633.80	16.8%	\$108.7	Nassau	\$1,627.10	14.7%	\$17.6
Columbia	\$335.80	10.4%	\$3.2	Okaloosa	\$2,980.80	14.1%	\$20.7
DeSoto	\$178.40	8.8%	\$2.1	Okeechobee	\$224.60	7.7%	\$2.1
Dixie	\$64.40	10.8%	\$0.9	Orange	\$20,891.10	13.0%	\$207.6
Duval	\$10,825.90	13.7%	\$127.0	Osceola	\$5,758.50	16.9%	\$53.8
Escambia	\$3,474.60	16.6%	\$31.2	Palm Beach	\$33,676.90	15.2%	\$398.9
Flagler	\$1,937.50	18.0%	\$23.9	Pasco	\$5,859.70	16.7%	\$60.6
Franklin	\$310.80	13.3%	\$2.2	Pinellas	\$12,900.50	13.2%	\$168.5
Gadsden	\$162.70	10.0%	\$1.7	Polk	\$7,572.80	17.3%	\$78.4
Gilchrist	\$87.40	9.2%	\$1.0	Putnam	\$579.60	11.9%	\$6.7
Glades	\$143.50	18.9%	\$1.9	St. Johns	\$6,169.00	17.8%	\$48.8
Gulf	\$463.20	22.7%	\$3.8	St. Lucie	\$4,557.00	17.8%	\$72.9
Hamilton	\$78.30	7.6%	\$0.9	Santa Rosa	\$1,961.90	16.0%	\$13.5
Hardee	\$199.40	10.9%	\$2.0	Sarasota	\$12,534.30	17.9%	\$84.8
Hendry	\$444.90	16.7%	\$5.7	Seminole	\$5,042.80	12.6%	\$47.2
Hernando	\$1,931.70	17.8%	\$19.2	Sumter	\$2,608.10	17.1%	\$18.6
Highlands	\$688.60	12.1%	\$6.8	Suwannee	\$177.20	8.4%	\$1.9
Hillsborough	\$18,763.60	15.4%	\$239.3	Taylor	\$112.70	6.9%	\$1.1
Holmes	\$46.50	9.5%	\$0.4	Union	\$19.20	6.5%	\$0.2
Indian River	\$2,775.90	13.5%	\$23.0	Volusia	\$6,089.40	14.3%	\$81.7
Jackson	\$164.30	9.3%	\$1.4	Wakulla	\$245.50	16.2%	\$2.0
Jefferson	\$76.30	10.7%	\$0.7	Walton	\$5,826.00	22.9%	\$29.0
Lafayette	\$27.70	9.4%	\$0.3	Washington	\$103.00	10.3%	\$1.0
Lake	\$4,063.50	15.4%	\$38.1	Statewide	\$330,209.30	14.6%	\$3,481.9

County taxable value is smaller than school taxable due to more exemptions that apply.

**TABLE 3. SCHOOL TAXABLE VALUE—2022 INCREASE IN TAXABLE VALUE
AND INCREASE IN PROPERTY TAXES WITH NO REDUCTION IN RATES**

Increase in Taxable Value			Increase in Taxes*
County	Million \$	Percent	Million \$
Alachua	\$3,215.20	16.5%	\$22.00
Baker	\$227.90	18.5%	\$1.32
Bay	\$4,556.00	21.8%	\$26.64
Bradford	\$136.80	11.5%	\$0.81
Brevard	\$10,860.10	21.0%	\$63.53
Broward	\$30,264.50	12.8%	\$195.57
Calhoun	\$40.10	8.1%	\$0.23
Charlotte	\$6,156.90	27.6%	\$42.17
Citrus	\$1,627.90	13.2%	\$9.47
Clay	\$2,161.80	15.0%	\$14.65
Collier	\$32,769.10	30.0%	\$160.21
Columbia	\$442.90	12.6%	\$2.61
DeSoto	\$383.80	17.7%	\$2.22
Dixie	\$101.90	16.2%	\$0.60
Duval	\$14,513.40	17.0%	\$84.29
Escambia	\$4,283.70	18.4%	\$24.23
Flagler	\$3,089.20	25.7%	\$18.12
Franklin	\$622.70	24.7%	\$3.15
Gadsden	\$245.20	13.3%	\$1.44
Gilchrist	\$129.00	12.4%	\$0.75
Glades	\$210.90	25.2%	\$1.24
Gulf	\$873.30	38.0%	\$5.42
Hamilton	\$113.00	10.6%	\$0.68
Hardee	\$248.40	12.5%	\$1.45
Hendry	\$805.60	27.5%	\$4.67
Hernando	\$3,154.30	25.6%	\$21.38
Highlands	\$1,256.00	20.3%	\$7.38
Hillsborough	\$25,711.20	19.4%	\$150.38
Holmes	\$53.10	9.4%	\$0.31
Indian River	\$3,875.80	17.7%	\$24.29
Jackson	\$236.30	12.5%	\$1.27
Jefferson	\$108.20	13.9%	\$0.63
Lafayette	\$34.50	10.8%	\$0.20
Lake	\$5,064.90	17.2%	\$33.39

Increase in Taxable Value			Increase in Taxes*
County	Million \$	Percent	Million \$
Lee	\$29,135.30	27.8%	\$171.64
Leon	\$2,083.60	9.9%	\$12.24
Levy	\$424.70	16.8%	\$2.50
Liberty	\$24.60	7.4%	\$0.14
Madison	\$161.70	18.6%	\$0.94
Manatee	\$12,406.70	26.1%	\$85.31
Marion	\$5,112.80	20.8%	\$27.62
Martin	\$4,318.70	16.2%	\$27.31
Miami-Dade	\$62,722.50	17.1%	\$439.62
Monroe	\$10,365.30	30.3%	\$34.04
Nassau	\$2,258.50	18.8%	\$13.28
Okaloosa	\$4,393.10	19.5%	\$26.11
Okeechobee	\$467.00	13.1%	\$2.73
Orange	\$30,495.20	17.7%	\$205.45
Osceola	\$7,756.40	21.2%	\$45.74
Palm Beach	\$52,391.90	22.3%	\$360.19
Pasco	\$7,429.00	18.9%	\$43.16
Pinellas	\$19,079.20	18.0%	\$120.68
Polk	\$11,091.10	22.8%	\$64.65
Putnam	\$956.50	18.3%	\$5.53
St. Johns	\$8,581.70	23.1%	\$49.88
St. Lucie	\$7,359.30	25.4%	\$50.43
Santa Rosa	\$2,687.70	19.6%	\$15.87
Sarasota	\$20,175.80	27.0%	\$135.36
Seminole	\$6,672.90	15.4%	\$38.87
Sumter	\$3,207.80	19.3%	\$16.51
Suwannee	\$363.20	16.6%	\$2.17
Taylor	\$177.60	10.0%	\$1.08
Union	\$51.70	16.7%	\$0.31
Volusia	\$8,450.80	17.8%	\$49.03
Wakulla	\$339.30	19.7%	\$1.99
Walton	\$11,375.00	42.0%	\$54.42
Washington	\$160.00	14.5%	\$0.90
Statewide	\$490,250.20	20.1%	\$3,032.40

School taxable value is larger than county taxable value due to fewer exemptions that apply.

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