



City of Gainesville Agenda Item Report

File Number: 2025-689

Agenda Date: September 10, 2025

Department: Office of Management & Budget

Title: 2025-689 Establishing a Tentative Millage Rate for Fiscal Year 2026 (B)

Department: Office of Management & Budget

Description: Per Florida Statutes Section 200.065, the City Commission is required to establish a Tentative Millage Rate for Fiscal Year 2026. The proposed Tentative Millage Rate for Fiscal Year 2026 is 6.7297 mills, 0.3000 mills or 4.7% higher than the FY 2025 Millage Rate of 6.4297 mills. The proposed Tentative Millage Rate is 0.7353 mills or 12.27% more than the “rolled-back” rate of 5.9944.

Fiscal Note: Based on the July 1, 2025 Certified Tax Valuation of \$11,992,161,336, the proposed Tentative Millage Rate is estimated to generate \$77.5 million in property tax revenue based on a 96% collection rate for the General Fund; \$9.4 million or 13.8% higher than the Fiscal Year 2025 budgeted property tax revenue of \$68.1 million.

Explanation:
Procedure

Florida Statutes, Section 200.065, requires that at the conclusion of the first public hearing on the proposed tax rate and budget, the City Commission proceed in the following specific manner:

1. Adopt a tentative ad valorem millage rate for Fiscal Year 2026 general operating purposes. This is accomplished by adopting a Resolution, which includes the percentage increase or decrease over the "rolled-back" rate and, the date, time, and place of the second public hearing.
2. Adopt a tentative general operating budget for Fiscal Year 2026, which also includes budgets for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Proprietary Funds, and Fiduciary Funds. This is accomplished by adopting a companion Resolution (see accompanying tentative Financial and Operating Plan Agenda Item #2025-691).

Both the millage and budget Resolutions must be adopted again after a second and final public hearing.

Analysis of Property Values and Property Tax Revenue in Gainesville

On June 1, 2025, the City received the 2025 Estimated Taxable Values from the Alachua County Property Appraiser indicating that the overall taxable value for the City of Gainesville was approximately \$11,715,000,000. Staff initially projected a 6.0% increase over prior year and this estimate came in higher at 6.3% over prior fiscal year's July 1st valuation of \$11,025,576,892.

On July 1, 2025, the City received the Certification of Taxable Value from the Alachua County Property Appraiser indicating that the overall taxable value for the City of Gainesville is \$11,992,161,336 for Tax Year 2025, including \$197,146,694 of new construction. Overall, this represents a \$995.6 million, or 9.1% increase in taxable values compared to the final Tax Year 2024 Taxable Value of \$10,996,518,624.

The following table summarizes this information:

	Estimated Taxable Values - June 1	Certified Taxable Values - July 1	Estimated vs. Certified Taxable Value
Taxable Valuation	\$ 11,715,000,000	\$ 11,992,161,336	\$ 277,161,336
Millage Rate	6.4297	6.4297	
Estimated Property Tax Revenue	\$ 72,310,978	\$ 74,021,760	\$ 1,710,782

It is also important to note the adjustment in taxable values for Tax Year 2024 that occurred after the FY 2025 Budget was adopted. On July 1, 2024, the City received a Certification of Taxable Value of \$11,025,576,892. On October 1, 2024, the final Taxable Value was set at \$10,996,518,624, a reduction of \$29,058,268 or 0.3%. This new value sets the base for Tax Year 2025 growth and drives the "Rolled-Back" rate calculation and millage thresholds for the upcoming fiscal year.

On July 17, 2025, the City Commission adopted the Proposed (Maximum/Not-To-Exceed) Millage rate for Fiscal Year 2026 ([Agenda #2025-569](#)). The City Commission set the Proposed (Maximum/Not-To-Exceed) Millage Rate for Fiscal Year 2026 at 6.8912 mills, 0.4615 mills or 7.2% higher than the FY 2025 Millage Rate of 6.4297 mills. This Proposed (Maximum/Not-To-Exceed) Millage rate was projected to generate \$79.3 million in property tax revenue in Fiscal Year 2026.

On August 14, 2025, the City Commission provided staff direction to set the FY 2026 Tentative Millage Rate for Fiscal Year 2026 at 6.7297 mills ([Agenda #2025-371](#)). This Millage rate is 0.3000 mills or 4.7% higher than the FY 2025 Millage Rate of 6.4297 mills. This proposed Tentative Millage rate is projected to generate \$77.5 million in property tax revenue, assuming a 96% collection rate, in Fiscal Year 2026.

Impact of Proposed Tentative Millage Rate Levy on Homesteaded Property Owners

In 1992, voters approved an amendment to the Florida Constitution known as Amendment 10, also known as Save Our Homes (SOH). SOH is an assessment limitation, or "cap," on increases in the assessed value of a homestead residence. Those increases are limited to 3.0% or the percent change in the CPI (Consumer Price

Index), whichever is less. The “cap” goes into effect beginning the year after a homestead exemption is granted.

Based on property values as of July 1, 2025, for a single-family home in Gainesville, the median taxable property value is \$136,798 and the average taxable property value is \$154,084.

The following table provides an analysis of the proposed Tentative Millage Rate impact on homestead properties at varying property value levels.

Homesteaded Property						
Property Value	\$ 150,000	\$ 200,000	\$ 250,000	\$ 300,000	\$ 350,000	\$ 400,000
Adjusted Property Value with	\$ 100,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 300,000	\$ 350,000
Estimated Annual Property Tax Bill	\$ 672.97	\$ 1,009.46	\$ 1,345.94	\$ 1,682.43	\$ 2,018.91	\$ 2,355.40

Impact of Proposed Tentative Millage Rate Levy on Non-Homesteaded Property Owners

The Non-Homestead assessment limitation limits the increase of a real property assessment at 10% each year for non-school board assessed values. The Non-Homestead assessment limitation is available to real property not receiving a homestead exemption or classification. It does not apply to tangible personal property. Increases in real property assessed value are limited to no more than 10%, as compared to the previous year, regardless of the market value increase. However, the assessed value may increase up to 10% per year, even if the market value remains the same (commonly referred to as “recapture”); unlike Homesteaded property, which can only go up by 3% or the CPI, whichever is lower.

The following table provides an analysis of the proposed Tentative Millage Rate impact on non-homestead properties at varying property value levels.

Non-Homesteaded Property						
Property Value	\$ 150,000	\$ 200,000	\$ 250,000	\$ 300,000	\$ 350,000	\$ 400,000
Estimated Annual Property Tax Bill	\$ 1,009.46	\$ 1,345.94	\$ 1,682.43	\$ 2,018.91	\$ 2,355.40	\$ 2,691.88

Overlapping Jurisdictional Millage Rates

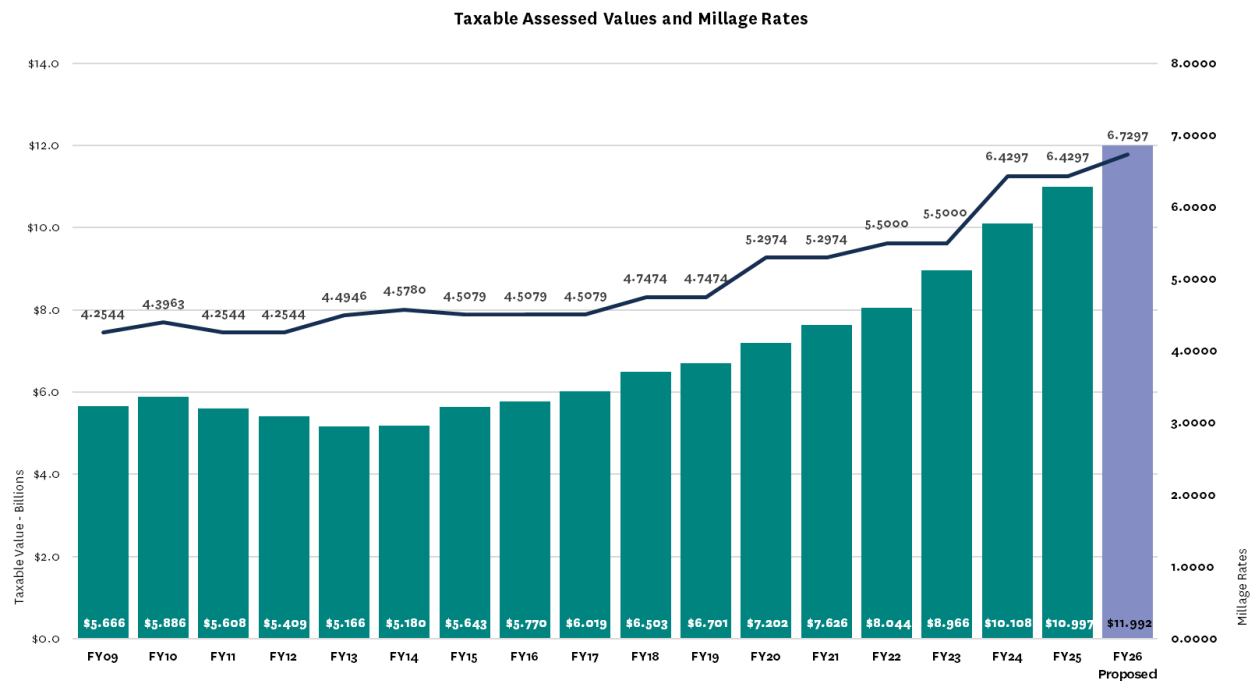
City of Gainesville property owners must also pay property taxes to Alachua County, the School District (State Law and Required Local Board), St. John’s River Water Management District, the Library and Children’s Trust. For Fiscal Year 2026, these taxing authorities represent 69.7% of a City of Gainesville property owner’s tax bill.

Based on the proposed rates for FY 2026, the City of Gainesville portion of the total tax bill is approximately 30.3%. The overall property tax bill in FY 2026 is proposed to increase by 0.5%. The following table provides an overview of the millage rates for the aforementioned authorities for Fiscal Year 2025 and proposed for Fiscal Year 2026.

Taxing Jurisdiction	FY25 Adopted Millage Rate	% of Total Tax Bill	FY26 Proposed Millage Rate	% of Total Tax Bill	% Change vs. FY25
Alachua County	7.6180	34.5%	7.6000	34.2%	(0.2%)
Gainesville	6.4297	29.1%	6.7297	30.3%	4.7%
School District - State Law	3.2480	14.7%	3.2480	14.6%	0.0%
School District - Required Local Board	3.1840	14.4%	3.0030	13.5%	(5.7%)
St. John's River Water Management District	0.1793	0.8%	0.1793	0.8%	0.0%
Library	1.0000	4.5%	1.0000	4.5%	0.0%
Children's Trust	0.4500	2.0%	0.4500	2.0%	0.0%
Total	22.1090		22.2100		0.5%

Historical Perspective

The following table provides a historical overview of property tax valuations and corresponding millage rates for the City.



Statutory Requirements

Florida Statute 200.065, entitled "Method of Fixing Millage," establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the Statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2025), to advise the Alachua County Property Appraiser of the proposed General Operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and budgets for FY 2026.

After setting the FY 2026 Proposed Millage Rate, the Mayor and City Commission may, at any time prior to final adoption, lower the proposed millage rate. However, increasing the proposed Tentative Millage Rate above the Proposed (Maximum/Not-To-Exceed) Millage Rate of 6.8912 mills, which was set on July 17, 2025 by the City Commission, may only be accomplished by completing an expensive mailing and advertising process to every property owner in the City of Gainesville. The City's proposed millage rates, as

well as those of other taxing authorities, is included in the Truth-in-Millage (TRIM) statements sent to each property owner in the City of Gainesville by the Alachua County Property Appraiser on August 21, 2025.

Proposed Tentative Millage Rate for Fiscal Year 2026

The Proposed Tentative Millage Rate for Fiscal Year 2026 is 6.7297 mills, 0.3000 mills or 4.7% higher than the FY 2025 Millage Rate of 6.4297 mills.

“Rolled-Back” Rate

As defined in Section 200.065, Florida Statutes, the "rolled-back rate" is that certain millage rate which, exclusive of: new construction, additions to structures, deletions, increases in the value of improvements that have undergone a substantial rehabilitation that increased the assessed value of the improvements by at least 100 percent, property added due to geographic boundary changes, total taxable value of tangible personal property within the jurisdiction in excess of 115 percent of the previous year's total taxable value, and any dedicated increment value, will provide the same ad valorem tax revenue as was levied during the prior year less the amount, if any, paid or applied as a consequence of an obligation measured by the dedicated increment value.

The rolled-back rate for Fiscal Year 2026 is 5.9944 mills. The proposed Tentative Millage Rate of 6.7297 mills is 12.27% higher than the rolled-back rate. This millage rate would generate an estimated \$69.0 million in property tax revenue, \$8.5 million less than the estimated property tax revenue generated by the 6.7297 proposed Tentative Millage Rate. As a result, the City is required to publish a Notice of Proposed Tax Increase in accordance with the State of Florida's Truth in Millage (TRIM) requirements.

Second Public Hearing

The second public hearing to consider the Final Millage Rate for Fiscal Year 2026 shall be held on Wednesday, September 24, 2025 at 5:30 P.M. at 200 East University Avenue, Gainesville, Florida 32601 in the City Hall Chambers.

Strategic Connection:

- Goal 1: Equitable Community
- Goal 2: More Sustainable Community
- Goal 3: A Great Place to Live and Experience
- Goal 4: Resilient Local Economy
- Goal 5: “Best in Class” Neighbor Services

Recommendation: The City Commission 1) set the Tentative Millage Rate for Fiscal Year 2026 at 6.7297 mills, 2) adopt the proposed Resolution, and 3) set the date, time, and place of the second public hearing to be held on Wednesday, September 24, 2025 at 5:30 P.M.