



# City of Gainesville Agenda Item Report

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**File Number: 2024-550**

**Agenda Date:** July 18, 2024

**Department:** Office of Management & Budget

**Title: 2024-550 Setting the Proposed Maximum/Not-to-Exceed Millage Rate for Fiscal Year 2025, the “Rolled-Back” Rate, and the Date, Time, and Place of the First Public Hearing to Consider the Millage Rates and Budget for Fiscal Year 2025 (B)**

**Department:** Office of Management and Budget

**Description:** A Resolution of the City Commission of the City of Gainesville, Florida; relating to the levy of general municipal purpose Ad Valorem taxes for the fiscal year beginning October 1, 2024 and ending September 30, 2025 (Fiscal Year 2025); establishing a proposed Millage Rate; computing the rolled back rate; setting a public hearing; providing for notice to the Alachua County Property Appraiser; and providing an immediate effective date.

**Fiscal Note:** The Fiscal Year 2025 estimated property tax revenue, based on the Proposed Millage Rate of 6.4297 and a 96% collection rate, is \$68,055,505.

**Explanation:**

Analysis of Property Values and Property Tax Revenue in Gainesville

On June 1, 2024, the City received the 2024 Estimated Taxable Values from the Alachua County Property Appraiser indicating that the overall taxable value for the City of Gainesville was approximately \$10,940,000,000. This estimate came in lower than budgeted growth assumption of 8% over prior fiscal year.

On July 1, 2024, 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 \$11,025,576,892 for Tax Year 2024, including \$272,957,098 of new construction. Overall, this represents a \$917.3 million, or 9.1% increase in taxable values compared to the final Tax Year 2023 Taxable Value of \$10,108,303,089.

The following table summarizes this information:

	Estimated Taxable Values - June 1	Certified Taxable Values - July 1	Estimated vs. Certified Taxable Value	Maximum/Not-To- Exceed Millage Rate - July 18
Taxable Valuation	\$ 10,940,000,000	\$ 11,025,576,892	\$ 85,576,892	\$ 11,025,576,892
Recommended Millage Rate	6.4297	6.4297		6.4297
Estimated Property Tax Revenue	\$ 67,527,281	\$ 68,055,506	\$ 528,224	\$ 68,055,506

It is also important to note the adjustment in taxable values for Tax Year 2023 that occurred after the FY 2024 Budget was adopted. On July 1, 2023, the City received a Certification of Taxable Value of \$10,186,842,781. On October 1, 2023, the final Taxable Value was set at \$10,108,303,089, a reduction of \$78,539,692 or 0.8%. This new value sets the base for Tax Year 2024 growth and drives the “Rolled-Back” rate calculation and millage thresholds for the upcoming fiscal year.

### Impact of Proposed Millage 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, 2024, for a single-family home in Gainesville, the median taxable property value is \$125,590 and the average taxable property value is \$140,979.

The following table provides an analysis of the proposed millage rate 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 Homestead	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Estimated Annual Property Tax Bill	\$ 642.97	\$ 964.46	\$ 1,285.94	\$ 1,607.43	\$ 1,928.91	\$ 2,250.40

### Impact of Proposed Millage 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 millage rate on 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	\$ 964.46	\$ 1,285.94	\$ 1,607.43	\$ 1,928.91	\$ 2,250.40	\$ 2,571.88

## 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 2025, these taxing authorities represent 71% of a City of Gainesville property owner's tax bill.

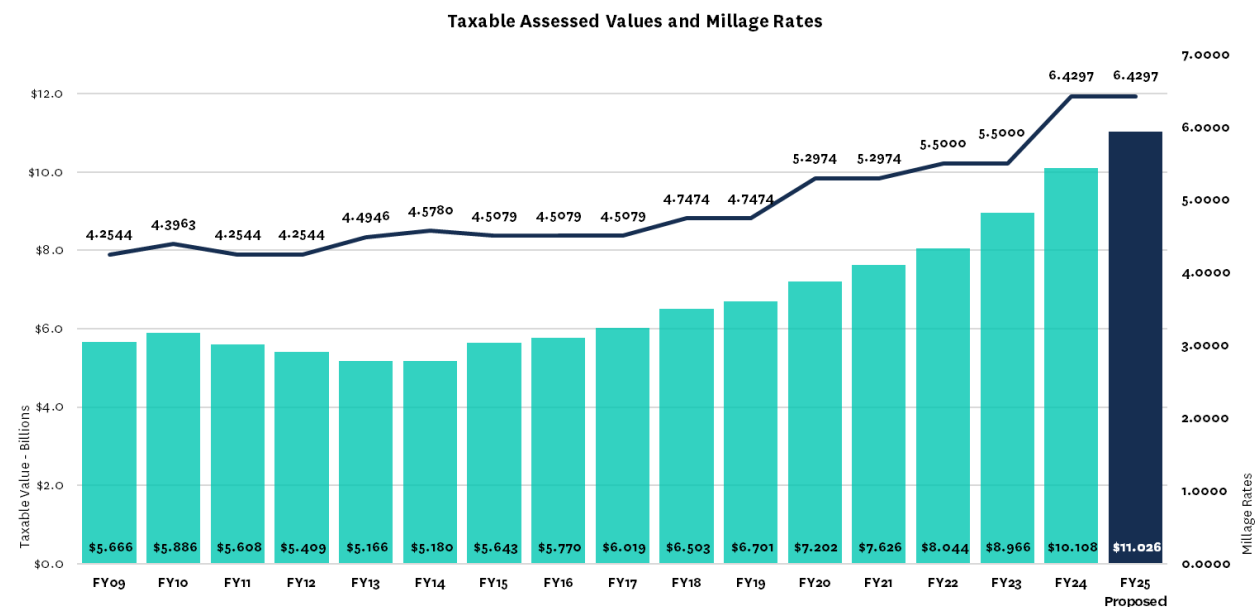
With the proposed rates for FY 2025, the City of Gainesville portion of the total tax bill is approximately 29.1% and is the same millage rate as last fiscal year. The overall property tax bill in FY 2025 is proposed to decrease by 0.3%. The following table provides an overview of the millage rates for the aforementioned authorities for Fiscal Year 2024 and proposed for Fiscal Year 2025.

Taxing Jurisdiction	FY24 Adopted Millage Rate	% of Total Tax Bill	FY25 Proposed Millage Rate	% of Total Tax Bill	% Change vs. FY24
Alachua County	7.6414	34.5%	7.6180	34.5%	(0.3%)
Gainesville	6.4297	29.0%	6.4297	29.1%	0.0%
School District - State Law*	3.2480	14.6%	3.2480	14.7%	0.0%
School District - Required Local Board*	3.1840	14.4%	3.1840	14.4%	0.0%
St. John's River Water Management District	0.1793	0.8%	0.1722	0.8%	(4.0%)
Library	1.0339	4.7%	1.0000	4.5%	(3.3%)
Children's Trust	0.4612	2.1%	0.4500	2.0%	(2.4%)
<b>Total</b>	<b>22.1775</b>		<b>22.1019</b>		<b>(0.3%)</b>

\* The School Board has not yet presented proposed millage rates for FY 2025; FY 2024 rates used as a placeholder.

## Historical Perspective

The following table provides a historical overview of property tax valuations and corresponding millage rates for the City. In Fiscal Year 2014 and Fiscal Year 2015, the City adopted the rolled-back rate and in Fiscal Year 2019, the City adopted a millage rate below the rolled-back rate. The proposed Maximum/Not-To-Exceed Millage Rate for Fiscal Year 2025 is 6.4297 mills.



## 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, 2024), 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 2025.

After setting the proposed FY 2025 millage rate, the Mayor and City Commission may, at any time prior to final adoption, lower the proposed millage rates. However, increasing the proposed millage rate 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, will be included in the Truth-in-Millage (TRIM) statements sent to each property owner in the City of Gainesville by the Alachua County Property Appraiser by August 24, 2024.

#### Proposed Maximum/Not-To-Exceed Millage Rate for Fiscal Year 2025

The proposed Maximum/Not-To-Exceed Millage Rate for Fiscal Year 2025 is 6.4297 mills, the same millage as FY 2024.

Adoption of the proposed Maximum/Not-To-Exceed Millage Rate 6.4297 mills for FY 2025 requires a two-thirds approval (5 of 7 votes) by the Mayor and City Commission per the State of Florida's Truth-in-Millage (TRIM) requirements.

#### "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 2025 is 6.0444 mills. The proposed Maximum/Not-To-Exceed Millage Rate 6.4297 mills is 6.37% higher than the rolled-back 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.

#### First Public Hearing for the FY 2025 Millage Rate and Budgets

The first public hearing on the proposed operating millage rate and budget for FY 2025 must be held no later than 80 days, or earlier than 65 days, from the start of the TRIM calendar (July 1st). Other guidelines are: 1) The public hearing cannot be scheduled on a Sunday or on those days utilized by Alachua County or the School Board of Alachua County School Board for their public hearings; 2) If on a day other than Saturday, it must be held after 5:00 P.M.; and, 3) The principal taxing authority (City of Gainesville) must adopt its millage rate prior to adopting its annual budget.

Based on these guidelines, the first public hearing must be held between September 3, 2024 and September 18, 2024.

It is recommended that the first public hearing be held on Thursday, September 12, 2024 at 5:30 PM in the City Hall Commission Auditorium at 200 E University Avenue, Gainesville, FL 32601. This date does not conflict with the Alachua County or the Alachua County School Board public hearings.

**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 Maximum/Not-to-Exceed Millage Rate at 6.4297 mills for Fiscal Year 2025, 2) adopt the proposed resolution, and 3) set the first public hearing to consider the proposed millage rates and budgets for FY 2025 for Thursday, September 12, 2024 at 5:30 PM in the City Hall Commission Auditorium at 200 E University Avenue, Gainesville, FL 32601.