

## Property Taxes Made Simple

To quote Woody Guthrie, “any fool can make something complicated. It takes a genius to make it simple”.

I am not a genius by any stretch of the imagination, but I am still amazed at the confusion for many (including some elected officials) surrounding how we end up with the property tax bill we receive. A big part of the problem is that those that vote for tax increases try to deflect blame onto our property appraiser. Case in point was when we were experiencing the big real estate value increases and Daytona Beach had a 28% increase in property values, former city Commissioner Rick Shiver advocated keeping the same millage rate. This would have been a 28% tax hike. He even had printed brochures that suggested his constituents contact the property appraiser if they wanted to know why their taxes went up. Fortunately from tremendous pressure from the residents our taxes were *only* increased by 14%.

### **BASIC CONCEPT ONE**

Our property appraiser values properties and has never increased taxes.

Property taxes are set by our elected officials. They receive the taxable value from our property appraiser **THEN** they set a millage rate which is used in the equation Taxable Value multiplied by the millage rate yields the property tax revenue that will be received.

### **BASIC CONCEPT TWO**

The state requires the county property appraisers to provide the taxpayers and the elected officials with **THE ROLL-BACK RATE**. This is the millage rate the elected body would adopt in order to receive the same revenue as the prior year plus the elected body receives property taxes from new construction added to the tax roll in the taxable year. By definition a rate higher than roll-back is a tax increase and a rate lower is a tax reduction.

I have heard elected officials telling residents they had to go higher than the Rollback rate because of all the new construction and yet, new construction tax revenue is included in the Roll-Back rate.

### **BASIC CONCEPT THREE**

A Tax increase is a tax increase.

When elected officials tell us the increase in our homeowners property taxes will only increase some small amount, say, \$25.00 this is extremely misleading. Most residents enjoy the tax cap of 3% from the Save Our Homes Regulations. This means when values go up less than 3%, these same residents will still pay a 3% increase. Also, this limit on tax increases for those with homestead are shifted to non-homesteaded property.

### **BASIC CONCEPT FOUR**

Not only do homeowners pay taxes, BUT RENTERS PAY PROPERTY TAXES. As property owners taxes go up, they pass this along to their renters. Yes, I did have a City Commissioner tell me increased property taxes didn't mean much to that zone because most were renters.

This was just a primer for our benefit and perhaps will be helpful to some elected officials. Two meetings are required to pass the millage rate, but the second and final setting of the millage rate is required. We will never have enough money for everything we want, but we should have a budget we give our city staff and instruct them to operate within this budget.