




Office of Policy and Budgetary Affairs

MEMORANDUM

TO: Honorable Chairman Jose “Pepe” Diaz
and Members, Board of County Commissioners

DATE: July 14, 2022

FROM: Jennifer Moon, Chief 
Office of Policy and Budgetary Affairs

SUBJECT: Information Regarding
Proposed Millage Rate

This memorandum has been prepared in response to inquiries received by the Office of Policy and Budgetary Affairs (OPBA) from Chairman Diaz and various members of the Board of County Commissioners regarding the proposed millage rates that will be included in the Mayor’s FY 2022-23 Proposed Budget. The Proposed Budget is expected to be released tomorrow and will recommend a one percent (1%) millage rate reduction across all County taxing jurisdictions (Countywide General Fund, Unincorporated Municipal Service Area (UMSA) General Fund, Fire District and Library District). Increases in the property tax rolls, federal funding for pandemic recovery and optimistic projections for economically driven revenues make it possible for reductions to the millage rates, beyond what is proposed by the Mayor, to be considered. As indicated in our [July 1, 2022 memorandum](#), at the current millage rates, the 2022 Preliminary Tax Roll generates nearly \$191 million more than was anticipated in the adopted Five-Year Forecast which balanced revenues and expenses for FY 2022-23.

Although the proposed reduction in millage rates is presented as a savings to the average property owner, the proposed millage rates will still result in a property tax bill that is higher than what was paid in FY 2021-22. These assumptions also do not reflect the impact to residents of the Waste Collection Service Area who will see a \$25 increase in the annual assessment and any potential adjustments to the Water and Sewer rates which are unknown at this time.

OPBA has prepared information regarding various millage rate adjustments, the millage rate associated with state-defined rollback (no tax revenue increase) and a scenario (no-impact) that results in no tax increase for certain homeowners in the unincorporated area. The no-impact scenario is based on a home with the standard homestead exemption and an assessed value of \$200,000 in 2021. As inflation exceeded the constitutional cap on homesteaded property value growth, most homesteaded properties’ assessed values increased by the maximum allowable amount of 3%. The following table (Table 1) shows the flat, 1% reduction (proposed) and additional scenarios for millage rates.

Table 1: Tax Rate Scenarios

Jurisdiction	Flat Tax Rates	1% reduction	2% reduction	3% reduction	Rollback	No-Impact
CW	4.6669	4.6202	4.5736	4.5269	4.1944	4.4874
Fire	2.4207	2.3965	2.3723	2.3481	2.1699	2.3277
Library	0.2840	0.2812	0.2783	0.2755	0.2549	0.2731
UMSA	1.9283	1.9090	1.8897	1.8705	1.7461	1.8542

The table below (Table 2) shows the reductions in revenue from the flat millage rate for each of the scenarios. By way of example, reducing the current Countywide millage rate (4.6669 mills) by 1% results in a revenue loss of \$16.754 million for the Countywide General Fund. The calculation of the no-impact scenario assumes that the millage rate for each individual jurisdiction is reduced so that the homeowner pays no additional taxes for that specific jurisdiction. As the Fire and Library Districts are much more dependant on property tax revenues than the Countywide and UMSA General Funds are, a decrease of the millage rates to rollback would have an unsustainable impact to those districts.

Table 2: Revenue Reductions from Flat Tax Rates

Jurisdiction	1%	2%	3%	Rollback	No-Impact
CW	\$ (16,754,288.90)	\$ (33,508,577.79)	\$ (50,262,866.69)	\$ (169,628,693.65)	\$ (64,439,573)
Fire	\$ (4,902,079.97)	\$ (9,804,159.94)	\$ (14,706,239.91)	\$ (50,788,683.28)	\$ (18,843,192)
Library	\$ (913,615.96)	\$ (1,827,231.92)	\$ (2,740,847.88)	\$ (9,361,346.64)	\$ (3,509,279)
UMSA	\$ (1,865,294.79)	\$ (3,730,589.57)	\$ (5,595,884.36)	\$ (17,624,680.30)	\$ (7,169,015)
Total	\$ (24,435,279.61)	\$ (48,870,559.23)	\$ (73,305,838.84)	\$ (247,403,403.87)	\$ (93,961,059)

Additionally, the table below (Table 3) reflects the increase or decrease in taxes that will be paid by an UMSA homeowner for County taxing jurisdictions based on each scenario. The increase is based on the 3% increase in assessed value for each homesteaded property owner.

Table 3: Estimated Impact on a Homesteaded Property in UMSA

	2021	2022
Assessed Value	\$ 200,000	\$ 206,000
Taxable Value	\$ 150,000	\$ 156,000
	Total Mills	Tax Increase (Decrease)
Flat Tax Rate	9.2999	\$ 55.79
1% Reduction	9.2069	\$ 41.29
2% Reduction	9.1139	\$ 26.78
3% Reduction	9.0209	\$ 12.29
Rollback	8.3653	\$ (90.00)
No-Impact Millage	8.9423	\$ -

Reducing the millage rates by 1% provides marginal relief (\$14 per year less than if the flat millage rate is approved) to homesteaded property owners. In each of the percentage reduction scenarios, property owners will still pay more than what was paid in FY 2021-22. Going to a millage rate with no increase or

the state-defined rollback rate would actually reduce taxes for property owners but would result in revenue losses of \$94 million or \$247 million, respectively. Millage reductions of this magnitude will likely impact services to County residents. Additionally, these figures do not account for the impacts to any adjustments in municipal rates, the School Board millage rates and other assessments that are included in the property tax bill.

The Board should consider providing themselves with as much flexibility as possible when setting the tentative millage rates on July 19th, as they can always be reduced but cannot practically be increased at the budget hearings in September. Once the Proposed Budget is released, OPBA will begin its thorough review of the entire Proposed Budget documents and develop options for the Board's consideration, limiting the impact to current services and maximizing the existing flexibility due to currently available funding.

Should you have any questions, or require further information, please feel free to contact us.

C: Honorable Daniella Levine Cava, Mayor
 Honorable Pedro J. Garcia, Property Appraiser
 Geri Bonzon-Keenan, County Attorney
 Gerald Sanchez, First Assistant County Attorney
 Jess McCarty, Executive Assistant County Attorney
 Edward Marquez, Chief Financial Officer/Finance Director
 David Clodfelter, Director, Office of Management and Budget
 Yinka Majekodunmi, Commission Auditor
 Basia Pruna, Clerk of the Board
 Office of Policy and Budgetary Affairs