

# Florida Property Tax Legislation – Financial Impact Analysis



- Review of potential property tax legislation and its financial impact on the City of Winter Park.



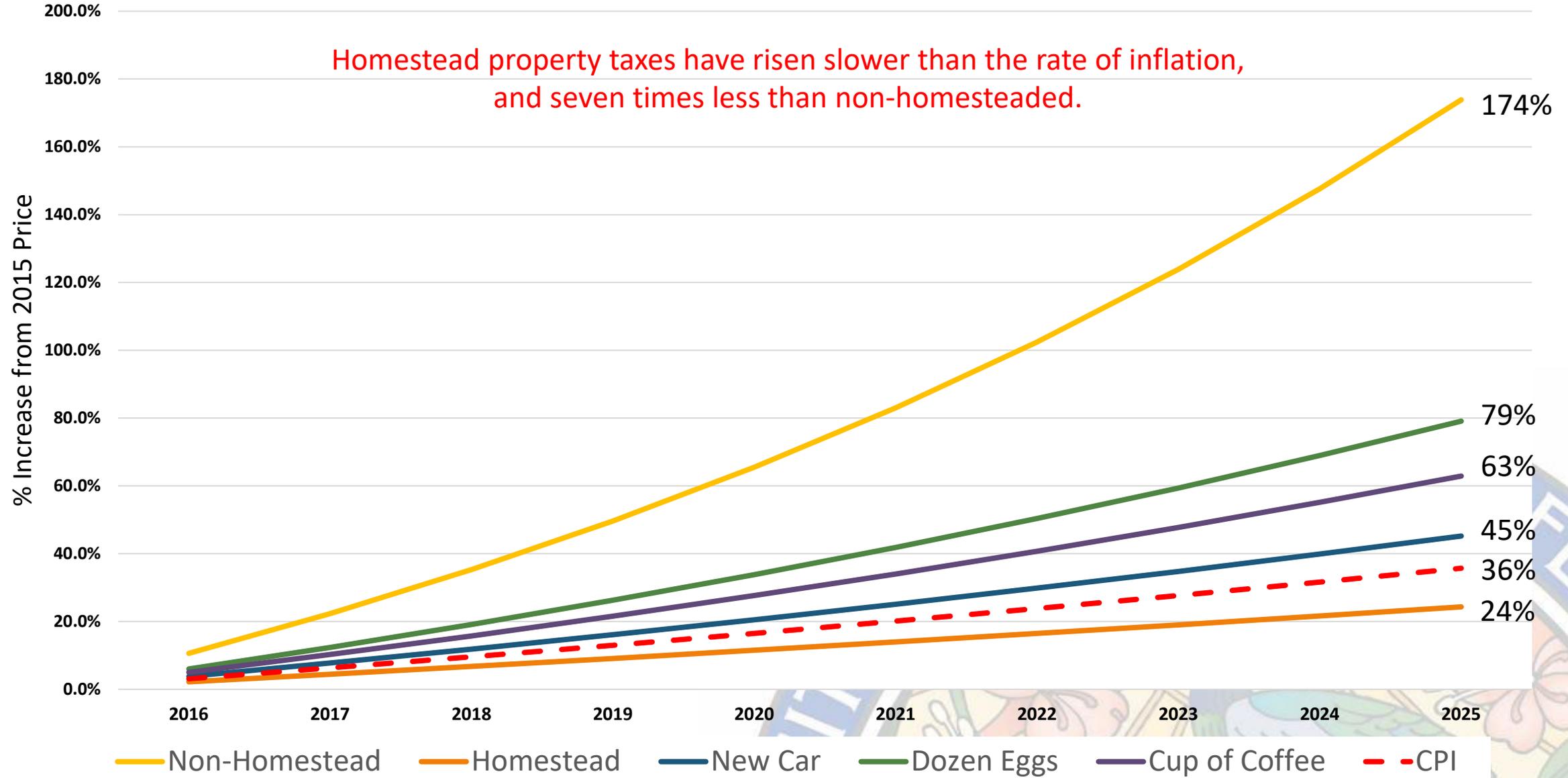
# Inflation Trivia!

Over the last Ten Years, what has had the highest and what has had the lowest rate of inflation?

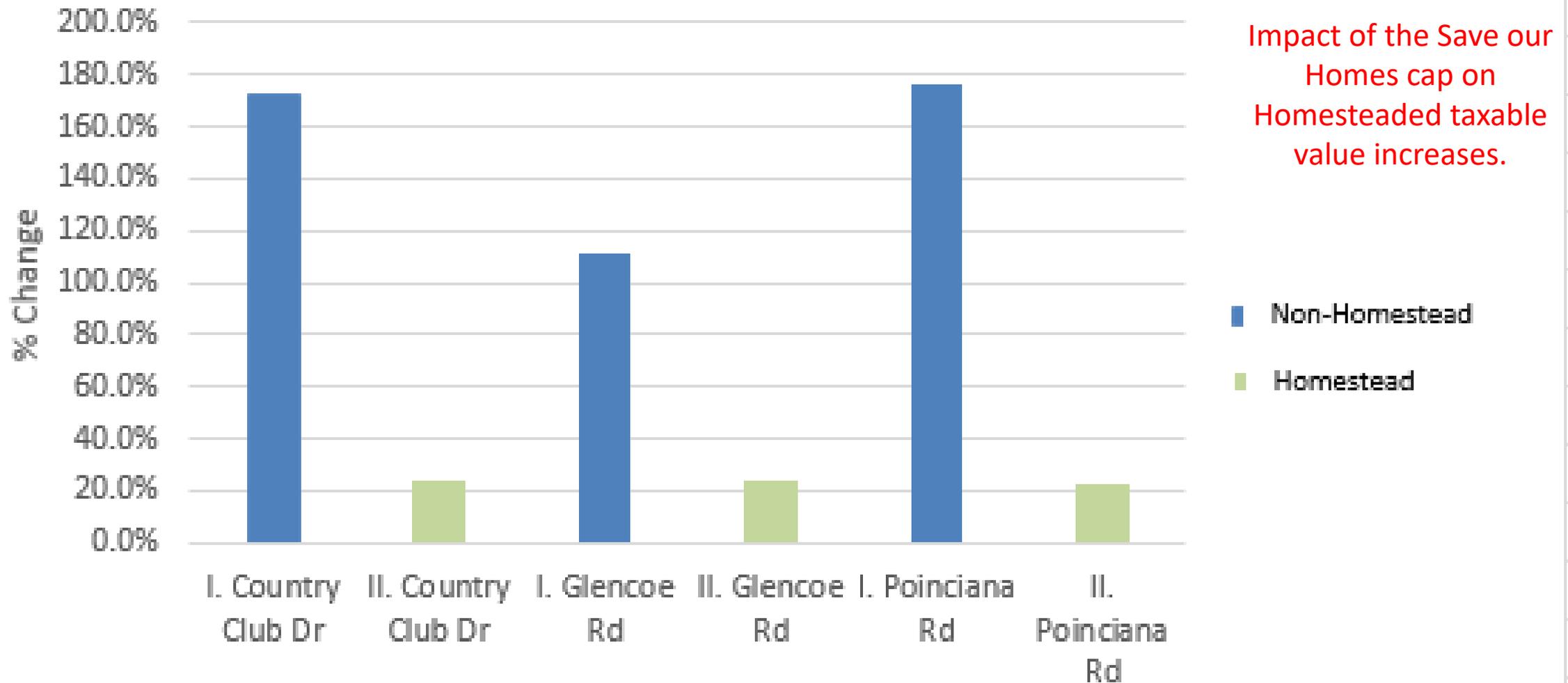
- a) Dozen Eggs
- b) New Car
- c) Cup of Coffee
- d) Homesteaded Property Taxes
- e) Non-Homesteaded Property Taxes

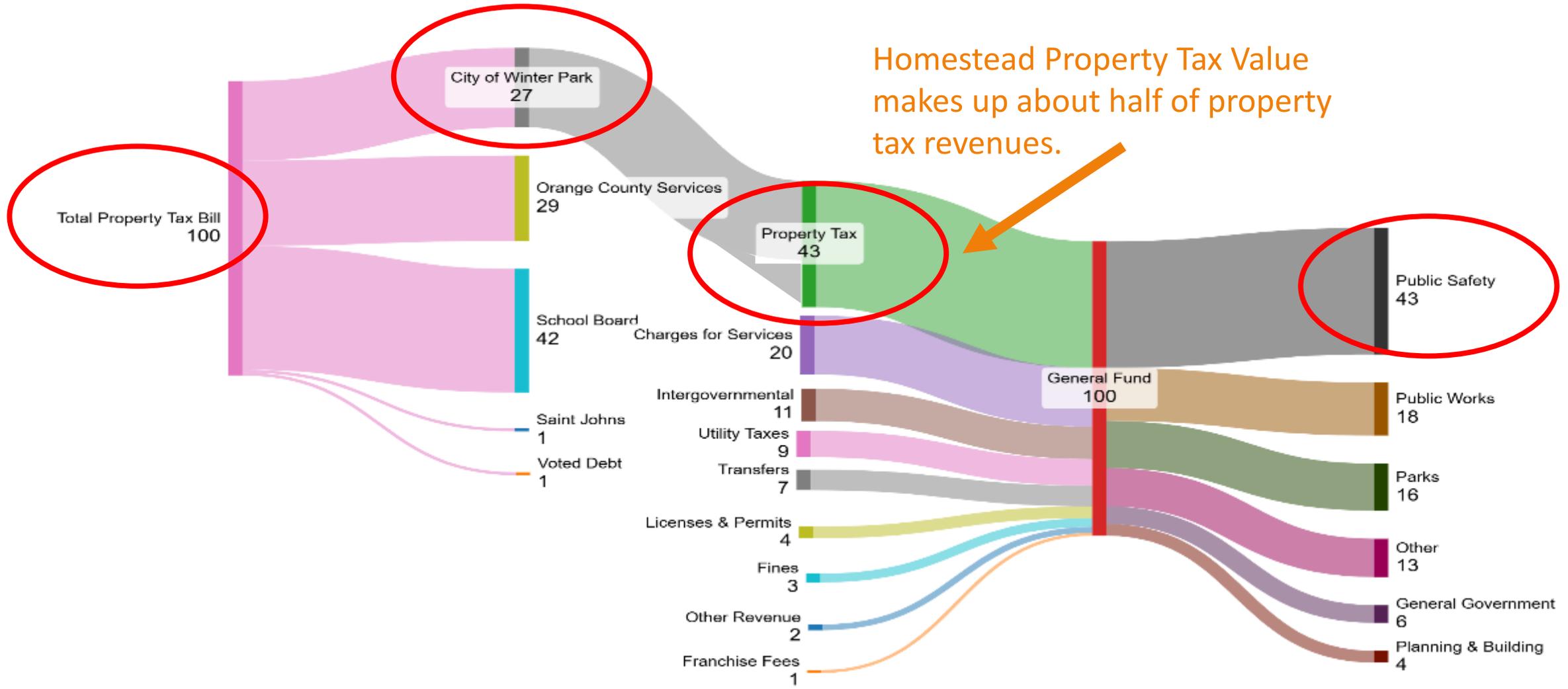


# 10 Year Comparative Rate of Inflation



# 10yr Change Homestead vs. Non-Homestead





Homestead Property Tax Value makes up about half of property tax revenues.



# History of General Fund Revenues, Growth Rates, and Relative Weights

<b>General Fund:</b>	<b>FY 2006 Actual</b>	<b>FY2026 Budget</b>	<b>Annualized Rate of Growth '06 - '26</b>	<b>Relative Weight '06</b>	<b>Relative Weight '26</b>
Property Tax	14,626,118	39,016,142	4.6%	34.4%	43.5%
Utility Taxes	6,270,492	8,206,005	0.9%	14.7%	9.1%
Franchise Fees	928,709	704,960	-1.4%	2.2%	0.8%
Licenses and Permits	3,144,780	3,831,950	0.1%	7.4%	4.3%
Half-Cent Sales Tax	3,867,511	5,695,525	1.8%	9.1%	6.3%
Local Option Gas Tax	1,025,448	934,865	-0.4%	2.4%	1.0%
Other Intergovernmental	2,035,854	2,820,667	1.8%	4.8%	3.1%
Charges for Services	3,820,138	18,346,403	7.7%	9.0%	20.4%
Fines and Forfeitures	555,278	2,339,711	6.3%	1.3%	2.6%
Other Revenue	1,560,373	1,434,008	-1.3%	3.7%	1.6%
Transfers from Other Funds	4,709,701	6,405,881	1.1%	11.1%	7.1%
<b>Total</b>	<b>\$ 42,544,402</b>	<b>\$ 89,736,117</b>	<b>3.4%</b>	<b>100.0%</b>	<b>100.0%</b>

- Property tax revenue as a percentage of total revenue have increased in importance.
- Over the last 18 years, the city has not increased its millage rate.
- On average, in the last six years, the city has added \$1.26 million back to reserves annually. Total reserves are est. at over \$23 million or about 27% of annual operating.

Taxable Value Composition of Winter Park Parcels**			
FY25	Value	Percent Share	Rate of Growth '00 - Present
Residential	7,517,851,612	75.8%	7.2%
Commerical	2,088,263,571	21.0%	6.8%
Other	318,064,294	3.2%	5.7%
Total	9,924,179,477	100.0%	7.0%

Winter Park is primarily a residential tax base city, making it more susceptible to homestead exemptions.

About \$19 million in property tax revenue is tied to Homesteaded parcels, or about 21% of total annual revenue.

Taxable Value of Homesteaded vs Non-Homesteaded Parcels**				
Type	Value	Share of Taxable Value	Est. Gross Tax Revenue	Parcel Count
Homesteaded	4,630,389,803	46.7%	18,948,944	7,322
Non-Homesteaded	5,293,789,674	53.3%	21,663,775	5,855
Totals	9,924,179,477	100.0%	40,612,719	13,177

\*\*Source: City of Winter Park Analysis based on Orange County Parcel Data

# Property Tax Legislation Proposals

- Driven by concerns over affordability
- Nationwide sentiment that inflation and cost increases are hurting average Americans
- Allegations that local governments are wasting money and overspending
  - Florida DOGE report



# Annex Maitland!



**Rate of Revenue and Expenditure Growth, State of Florida & Winter Park\***

		FY15	FY24	Growth Rates FY15 - FY24 Annualized
Jurisdiction	Category	General Fund	General Fund	Rate of Growth GF
State of Florida (in 1,000s)	Revenues	33,317,827	59,810,603	6.72%
	Expenditures	30,388,938	50,141,014	5.72%
City of Winter Park	Revenues	41,749,116	75,100,167	6.74%
	Expenditures	42,697,789	70,032,351	5.65%

\*Source ACFR for State of Florida and City of Winter Park, Statement of Revenues, Expenditures, and changes in Fund Balance for Governmental Funds

# Property Tax Legislation Proposals – What is and isn't being discussed

## **What IS Discussed:**

- All proposals address property tax relief to homestead (owner owned residential homes) properties.
- The School portion of property taxes (42%) is exempt in every proposal. Therefore, everyone in FL will still pay property taxes, albeit a reduced level.
- In all cases, law enforcement funding cannot be cut by local gov'ts trying to absorb this reduction, and in some cases it also includes fire and other first responders as exempt.
- Proposals range in impact from a complete removal of homesteaded property taxes to varying degrees of reduction by increasing the exempted amount for valuation purposes.



# Property Tax Legislation Proposals – What is and isn't being discussed

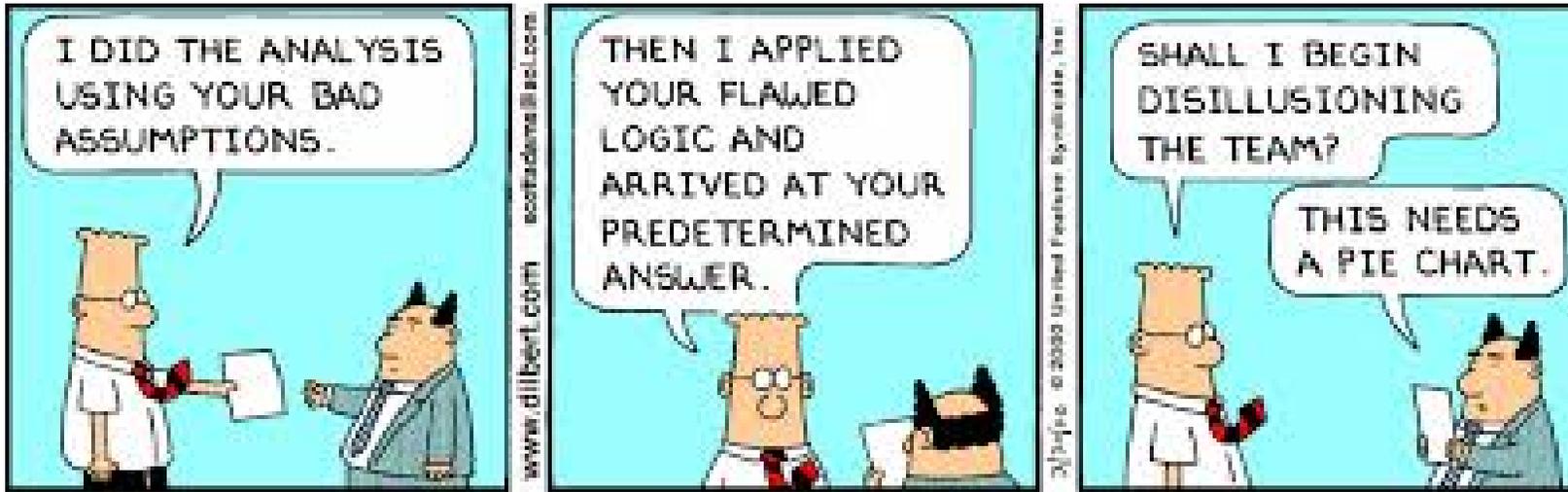
## **What ISN'T Discussed:**

- Property taxes for non-homestead (Renters, businesses) will not receive any benefit from any proposal being discussed.
- How will these various legislative proposals be implemented? (EG what does exempting law enforcement mean? What happens to millages for fire service? How will the library systems across the state manage the reduction?)
- There is no suggestion of an alternative revenue source to displace these revenue reductions. (-21% or \$19 million annually in WP) What will support roads, parks, expansion of public safety, code enforcement, etc?



Number	Chamber	Est. Cost Yearly	Summary	Details
HJR 201	House	\$18.3B	Exempts all properties people claim as their primary residence from taxes except from those taxes paid to the local school board.	Property tax structure for people's secondary homes remains the same. Prevents local governments from reducing law enforcement funding to help make up lost property tax revenues.
HJR 203	House	\$14.7B	Phases out taxes Floridians must pay on properties they claim as their primary residence over 10 years, except for those owed to the local school board.	Prohibits local governments from reducing funding to law enforcement, firefighters, and other first responders.
HJR 209	House	\$8.6B	Increases the tax exemption on primary, insured residences by \$200,000, with a carveout for taxes paid to local school districts.	Prohibits funding reductions for law enforcement, firefighters and other first responders.
HJR 205	House	\$6.7B	Eliminates all property taxes for seniors' homesteaded properties except those paid to local school districts.	Prohibits governments from reducing funding for law enforcement.
HJR 213	House	\$5.2B	Lowers the increase in a person's homesteaded property taxes by assessing it every three years instead of annually, prevents large spikes to tax bills for properties without homestead exemptions.	Prohibits local governments from reducing total funding for services provided by law enforcement, firefighters, & other first responders, & provide an effective date.
HJR 207	House	\$4.6B	Further reduces the taxable value of a homesteaded property by 25% of assessed value, with a carveout for taxes paid to local school districts.	Prohibits reducing total funding for law enforcement.
HJR 211	House	\$336.8M	Increases the amount a person may deduct from their property taxes on their new homestead by transferring more of their accrued Save-Our-Homes benefit from their previous homestead, except for taxes owed to the local school board.	Prohibits reducing total funding for law enforcement.

# Property Tax Legislation Proposals – Potential Impact on City Revenues

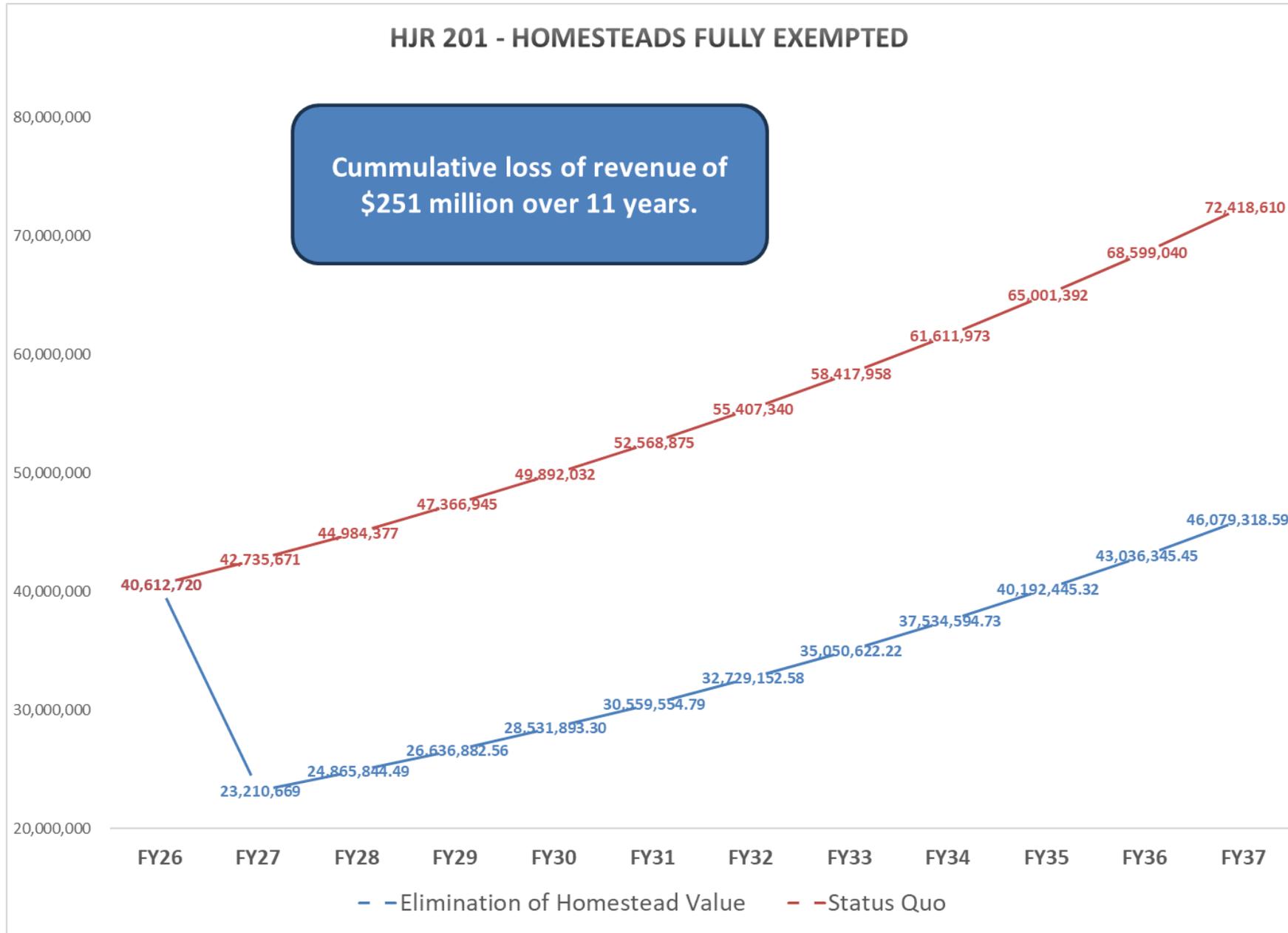


## **Assumptions:**

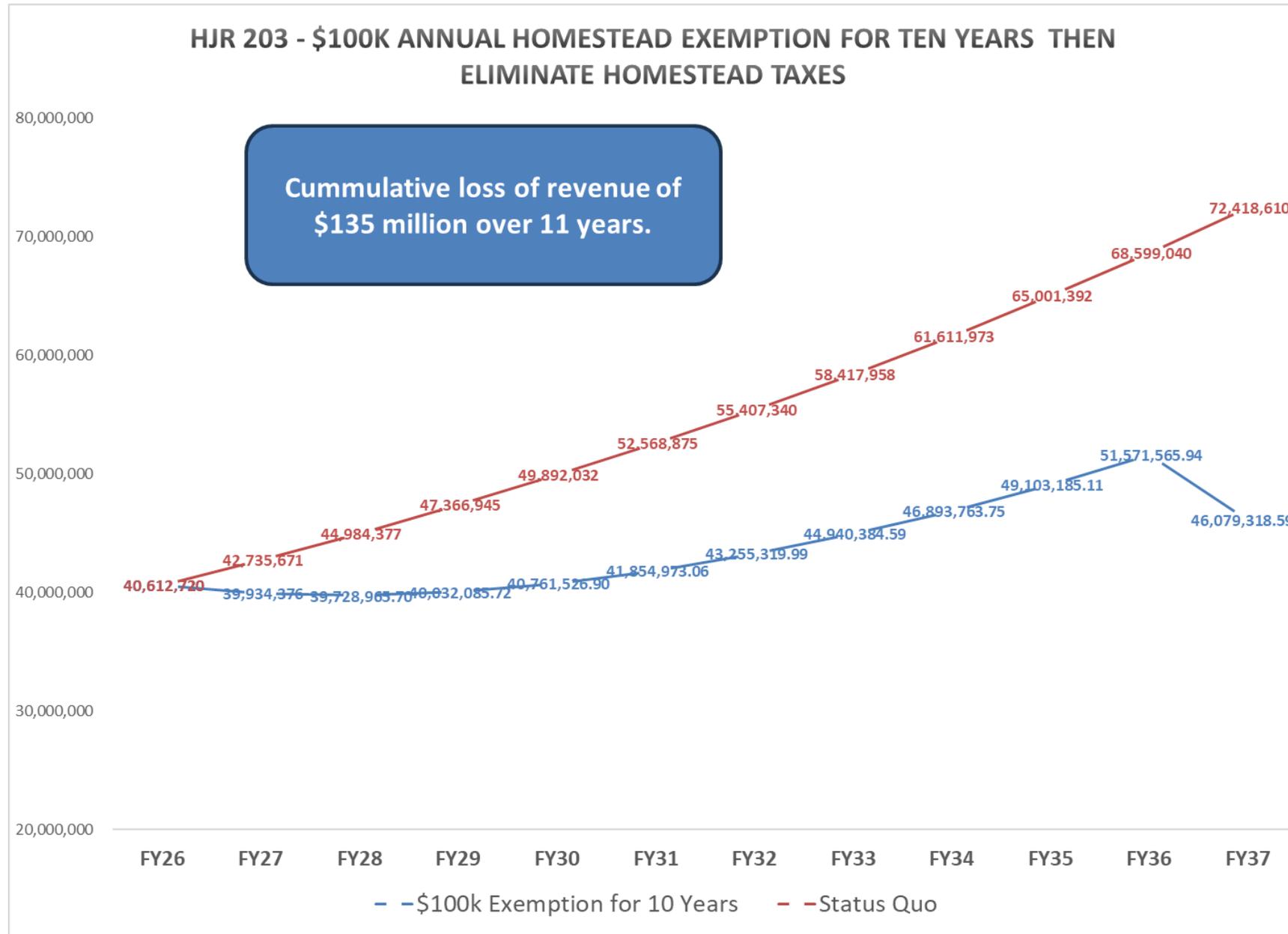
- Uses existing 14,000 parcels and assumes static composition
- Homesteaded assessed value will grow at 3%
- Non-Homesteaded assessed value will grow at 7%
- Inflation on exemptions will grow at 2.5%
- No change in millage rate
- No assumption regarding future redevelopment
- Staff interpreted legislation



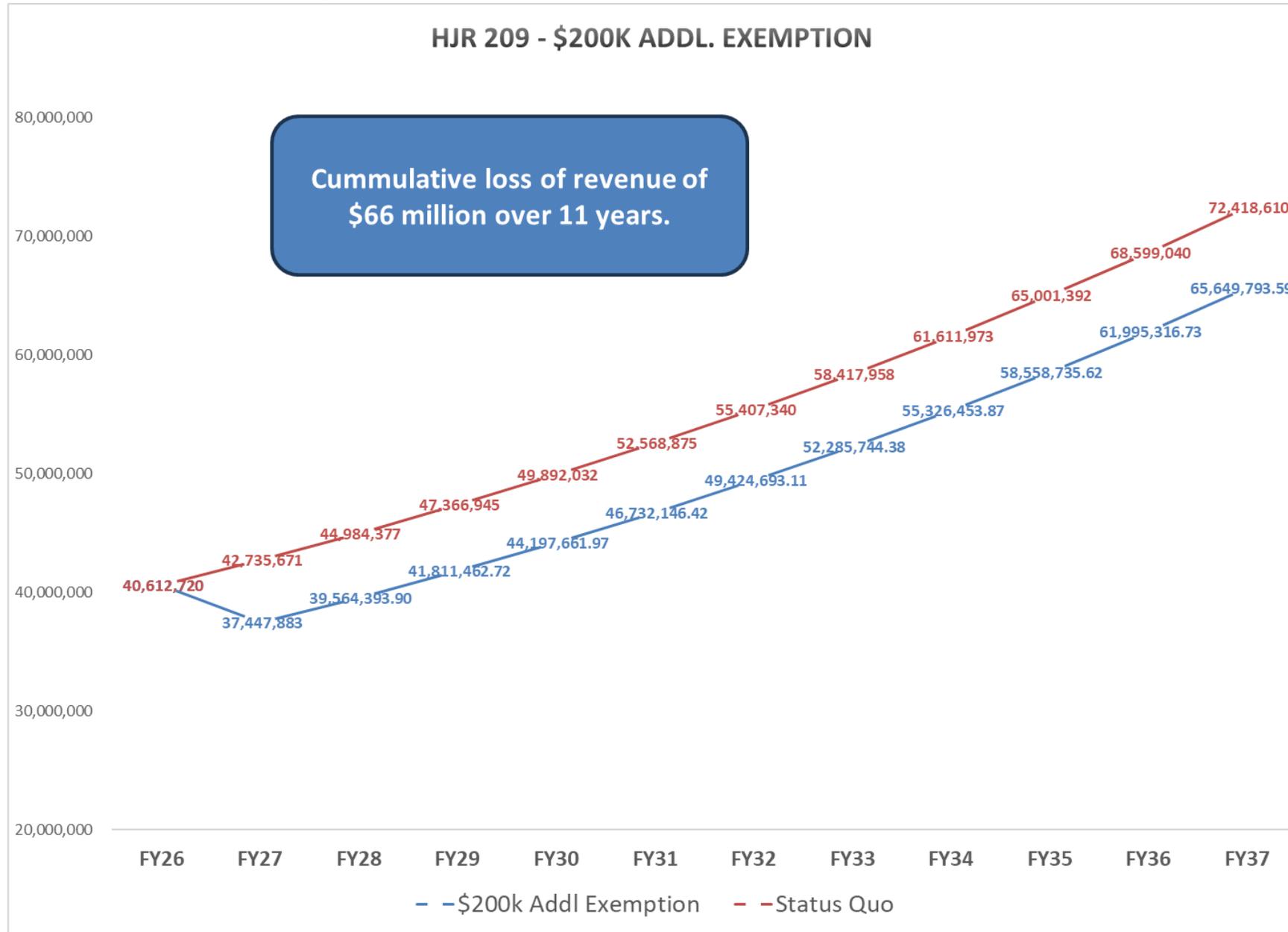
# Property Tax Legislation Proposals – Homesteads Fully Exempt



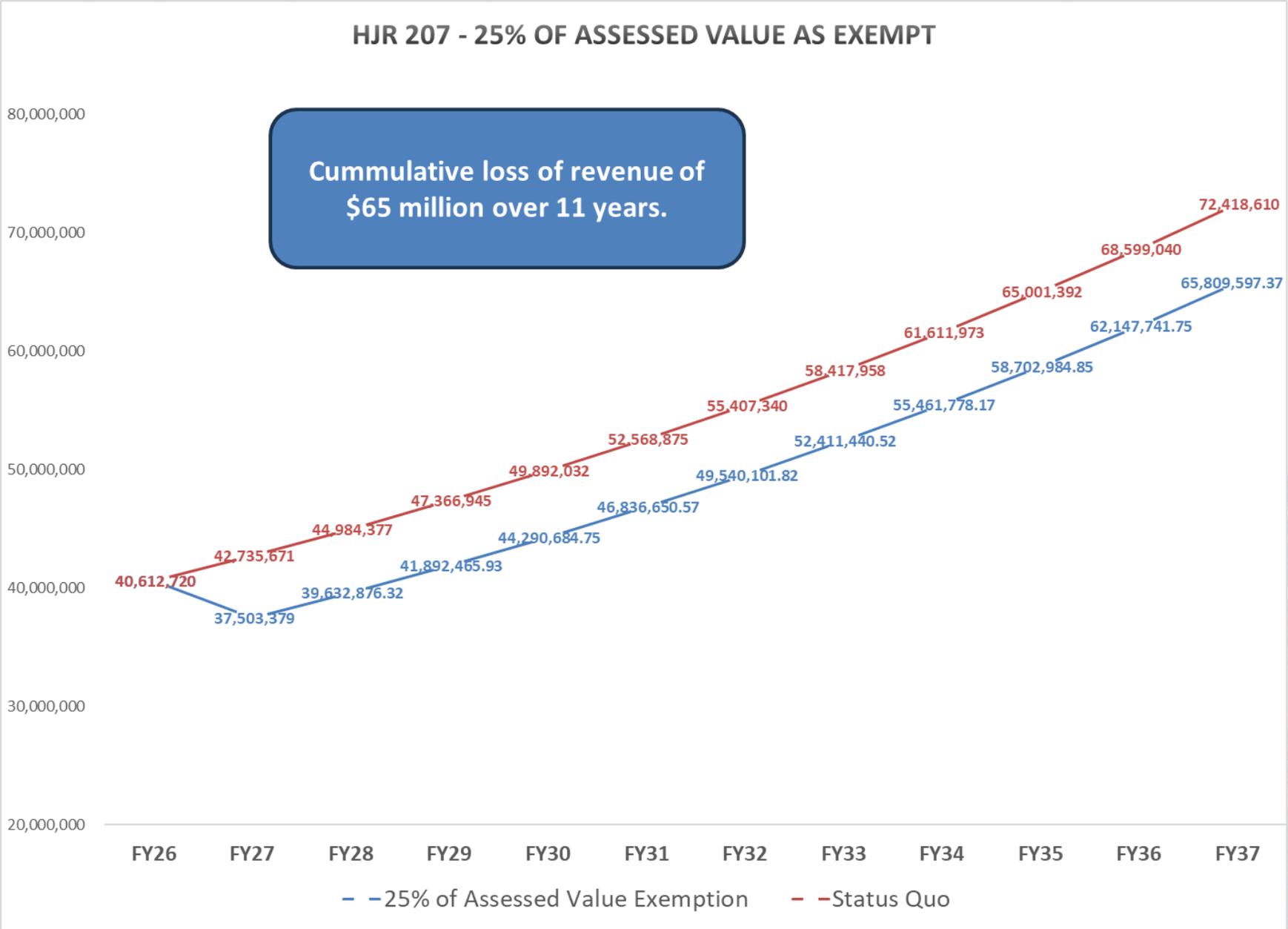
# Property Tax Legislation Proposals – \$100k Extra Exemption Each Year



# Property Tax Legislation Proposals – \$200k Addl Exemption



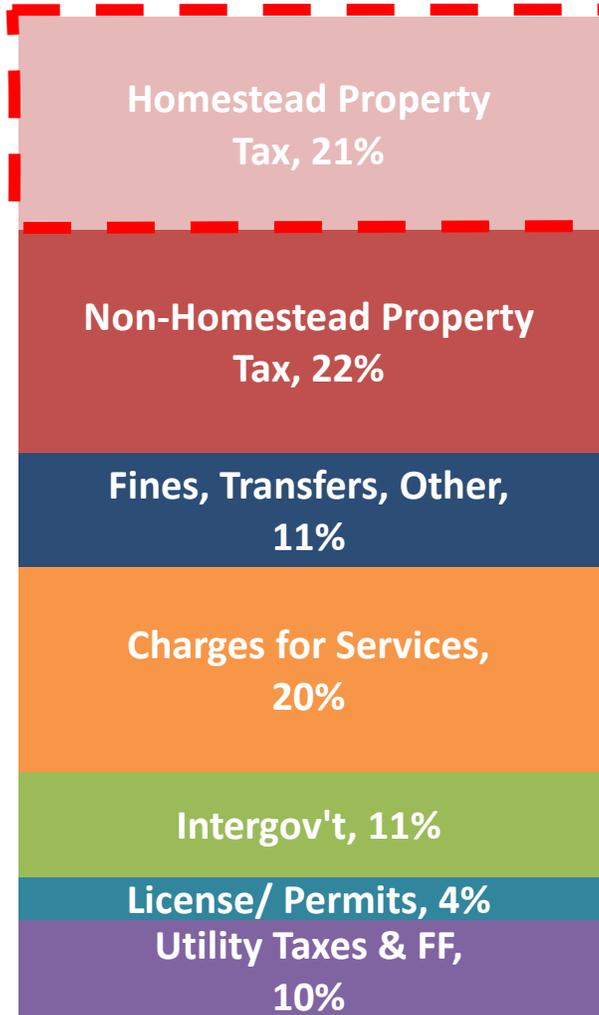
# Property Tax Legislation Proposals – 25% Assessed Value Exemption



# Property Tax Legislation Proposals – Detrimental Impact

## GENERAL FUND REVENUES FY26

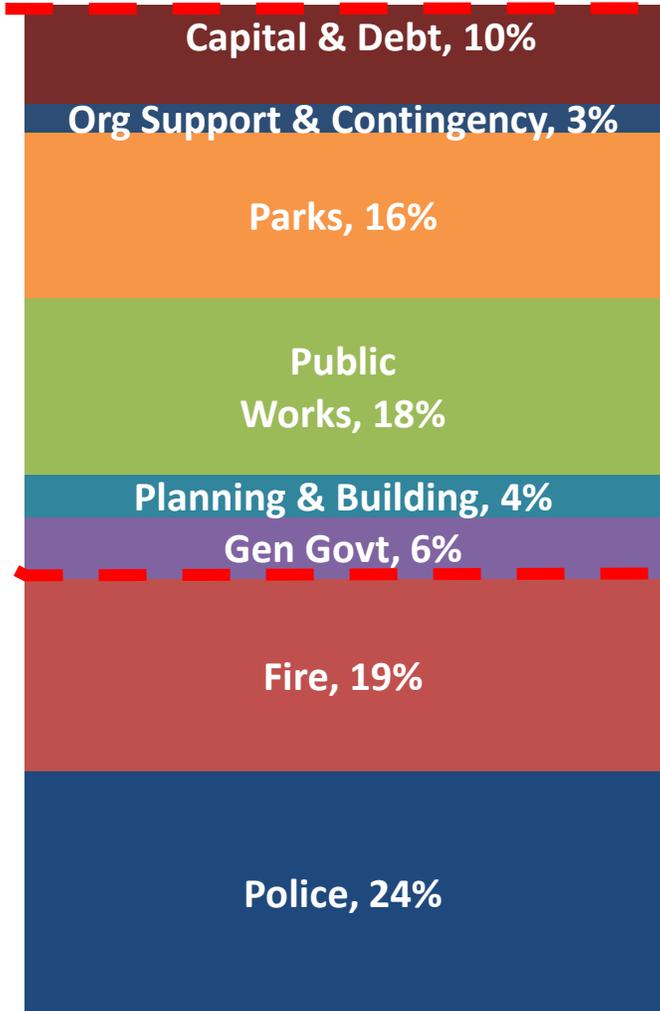
## GENERAL FUND EXPENDITURES FY26



PERCENT

Which City Services would need to go?

A 21% reduction of revenues would require an average of a 37% reduction to all non-public safety services.



PERCENT

# Property Tax Legislation Proposals – Potential Unintended Consequences

*State deserves credit for addressing affordability. It's increasingly the number one national issue. However, there may be unintended consequences of their actions.*

1. Absorbing a reduction of 21% of the most stable revenue source local gov'ts have, will be difficult to do through "eliminating waste."
2. It's unlikely that Public Safety will be saved or supported through this legislation. If anything it puts future raises, hires, and safety in jeopardy as local gov'ts will be unable to support increases to public safety funding.
3. It implies that any local gov't service that isn't public safety, isn't important. Nobody likes deteriorating roads, and having green space keeps the Park, in Winter Park.
4. Bond markets could have an adverse reaction to the ability of local gov't to service debt obligations.
5. The lowest income individuals, typically those that rent, will be most hurt by the shifting burden of taxation.
6. Presumably, higher tax burden on businesses will hurt jobs and competitiveness in the state.
7. Those that deserve the greatest voice in their local government will no longer be financially contributing to it.

# Property Tax Legislation Proposals – Next Steps

## *Right now we wait*

- Legislative Session ends in March
- Items on Ballot in November
- Budget Uncertainty – Ready to have important conversations about the priorities of government spending and the stewardship of taxpayer dollars over the course of this budget season.
- Multiple Plans – Likely that any passage of impact to homesteads will impact levels of service in the city. May prepare multiple versions of the budget.
- March State of Budget Worksession - All things should be on the table for discussion, and staff is ready to bring any and all options forward for consideration.
- April Strategic Planning and Citizen Survey Results



# Thank You and Questions

Maitland this way...



Prepared by (The Almost Always  
Serious) Office of Management &  
Budget

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