

Financial Services
Richard H. Hinds, Chief Financial Officer

**SUBJECT: ADOPTION OF MILLAGE LEVY RESOLUTION FOR FY
2011-12**

**COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL
RELATIONS**

**LINK TO STRATEGIC
FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

Florida Statutes prescribe that no millage shall be levied until a resolution or ordinance has been approved by the governing body of the taxing authority, which resolution must be approved by said taxing authority according to the following procedures:

- a. Each school district shall advertise its intent to adopt a tentative budget in a newspaper of general circulation within 29 days of certification of value which is July 1. (The advertisement appeared in the **Miami Herald** on July 23.)
- b. Two to five days thereafter, the district shall hold a public hearing on the tentative budget. (The first public hearing was held on July 27, 2011.)
- c. Said hearing shall not be held earlier than 5:00 p.m. if scheduled on a day other than Saturday. No hearing shall be held on Sunday. (The meeting held on July 27, 2011 began at 6:00 p.m.)
- d. Prior to the conclusion of said hearing, the governing body of the taxing authority shall amend the tentative budget as it sees fit, adopt a tentative budget, and adopt a resolution stating the millage rate to be levied. The resolution shall also state the percentage, if any, by which the recomputed millage rate exceeds the rollback rate. The percentage shall be characterized as the percentage increase in property taxes tentatively adopted by the governing body. The Millage Levy Resolution was adopted prior to adoption of the Tentative Budget.
- e. The millage rate adopted at the final budget hearing shall not exceed the millage rate adopted at this tentative budget hearing unless each taxpayer within Miami-Dade County is sent notice by first-class mail of the tax levy to be proposed at the final budget hearing, except under specific conditions prescribed in 200.065(5), Florida Statutes.

f. For FY 2011-12, the maximum **non-voted tax millage as advertised** (exclusive of debt service) that may be levied by the Board, if approved by a vote of a majority of the membership of the Board, is calculated to be 7.765 mills.

The total millage, consisting of both voted and non-voted levies, is 8.005 mills (see page 6). The maximum **non-voted** millage levy, certified by the Commissioner of Education on July 15, 2011, consists of the following: (a) state-required levy of 5.693 mills to participate in the Florida Education Finance Program; (b) a basic discretionary levy of .748 mills for additional operating costs; (c) a discretionary levy of 1.500 mills for capital purposes. Up to .25 mills of the discretionary operating levy may be transferred to discretionary capital outlay. The **voted** millage consists of a debt service levy of .240 mills required to fund the principal and interest payments for the \$980 million of bonds sold as authorized by referendum during March 1988. The debt service millage represents a **decrease of .145 mills from FY 2010-11.**

The **total recommended non-voted millage levy** for FY 2011-12 of 7.765 mills is **.099 mills lower than FY 2010-11**, and represents a **.02% decrease** in the current year total proposed rate as a percent change of the rolled-back rate, calculated pursuant to law. In an effort to eliminate automatic revenue growth due to increasing property values, the Florida Legislature enacted statutes known as Truth-in-Millage (TRIM). TRIM requires a calculation of the change in millage rates from one year to the next called the "Rolled-Back Rate". The "Rolled-Back Rate" is the millage that would be necessary to generate the **same amount of dollars** as the previous fiscal year, excluding new construction. The proposed millage rate is compared to the "Rolled-Back Rate" and translated into a percentage. Percentage increases must be used in published advertisements. **For FY 2011-12 the district is not required to publish a Notice of Tax Increase.**

On July 13, 2011, the Board received Agenda Item E-14, Authorization to Advertise Proposed Tentative Budget and Millage Levies For FY 2011-12. The initial proposed budget reflected a drop of \$43.6 million dollar reduction in local property taxes in the General Fund assuming a shift of .2 mills to Capital Outlay. Two key factors have changed since the budget was developed. In FY 2010-11, the tax roll reflected in the FEFP for the district was \$204.5 billion; however, the final estimated tax roll is only \$195.7 billion. This results in a higher state-imposed Required Local Effort millage rate. Following the 2011 Legislative Session, the tax roll used to calculate the FEFP was \$192.0 billion (MDCPS was 13.64% of the statewide tax roll). The revised tax roll from the Property Appraiser reflects a tax roll of \$199.8 billion.

The revised tax roll for MDCPS increased by \$7.7 billion while the remaining Florida Counties' tax roll decreased by \$29.7 billion from May 8 to July 1. This is a phenomenon that merits examination by the Property Appraiser's Office and statewide legislators as it imposes a financial disadvantage to Miami-Dade County. These two factors created an anomaly which could have resulted in the District having to advertise a tax increase although the homeowner would show a **reduction** in the School Board's millage rate from 8.249 to 8.181 on their property tax bill. **Recognizing local economic conditions and being fully respectful of Miami-Dade County taxpayers,**

we are recommending a budget to you today that further reduces the millage rate from 8.181 to 8.005 therefore providing a tax reduction to the public.

Page 6 reflects the proposed FY 2011-12 millage levy and actual millage levies for the three prior years and the tax effects using the average assessed value from each year. **The proposed total millage levy for FY 2011-12 is .244 mills lower than FY 2010-11.** However, due to decreases in the average assessed value, **annual taxes on the average homestead will decrease \$(50.81); during the three year period beginning FY 2008-09, the average homestead property tax decreased by \$(135.10) per year.**

The tax effect on the **typical homeowner participating in the Save Our Homes program**, however, **will actually be \$16.16 lower than** the prior year if the homeowner resided in the same homestead with no property improvements (i.e. added on to). The decrease for the **typical homeowner** is due to a 1.5% capped increase (CPI level was 1.5%) in assessed value offset by a decrease in the millage levy rate.

In essence, this item reflects a tax reduction both in terms of total expected collected revenues as well as a lower total millage rate compared to last year.

NOTE: This item is one of three items which are part of the 6:00 p.m. public hearing, which should be discussed only at that time and should be approved first.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent to:

1. adopt the millage rates below:
 - a) locally levied Discretionary Operating millage levy of .472 mills and Capital Outlay millage levy of 1.600 mills;
 - b) state established and Required Local Effort millage levy of 5.693 mills; and
 - c) Debt Service levy of .240 mills.
2. adopt the millage resolution for FY 2011-12 for a total of 8.005 mills.

Please return completed form to:
 Florida Department of Education
 Office of Funding and Financial Reporting
 325 W. Gaines St., Room 824
 Tallahassee, FL 32399-0400

FLORIDA DEPARTMENT OF EDUCATION

**RESOLUTION DETERMINING
 REVENUES AND MILLAGES LEVIED**

RESOLUTION OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, DETERMINING THE AMOUNT OF REVENUES TO BE PRODUCED AND THE MILLAGE TO BE LEVIED FOR THE GENERAL FUND, FOR THE DISTRICT LOCAL CAPITAL IMPROVEMENT FUND, AND FOR DISTRICT DEBT SERVICE FUNDS FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, AND ENDING JUNE 30, 2012.

WHEREAS, Section 1011.04, Florida Statutes, requires that upon receipt of the certificate of the property appraiser giving the assessed valuation of the county and of each of the special tax school districts, the school board shall determine, by resolution, the amounts necessary to be raised for current operating purposes and for debt service funds and the millage to be levied for each such fund, including the voted millage; and

WHEREAS, Section 1011.71, Florida Statutes, provides for the amounts necessary to be raised for local capital improvement outlay and the millage to be levied; and

WHEREAS, the certificate of the property appraiser has been received;

THEREFORE, BE IT RESOLVED by the District School Board that the amounts necessary to be raised as shown by the officially adopted budget and the millages necessary to be levied for each school fund of the district for the fiscal year are as follows:

1. DISTRICT SCHOOL TAX (nonvoted levy)

| a) Certified taxable value | b) Description of levy | c) Amount to be raised | d) Millage levy |
|----------------------------|--|-------------------------|--|
| \$ <u>199,754,278,377</u> | Required Local Effort | \$ <u>1,036,868,528</u> | <u>5.4070</u> mills <small>s. 1011.62(4), F.S.</small> |
| | Prior Period Funding Adjustment Millage | \$ <u>54,844,535</u> | <u>0.2860</u> mills <small>s. 1011.62(4)(e), F.S.</small> |
| | Total Required Millage | \$ <u>1,091,713,063</u> | <u>5.6930</u> mills |

2. DISTRICT SCHOOL TAX DISCRETIONARY MILLAGE (nonvoted levy)

| a) Certified taxable value | b) Description of levy | c) Amount to be raised | d) Millage levy |
|----------------------------|-------------------------|------------------------|---|
| \$ <u>199,754,278,377</u> | Discretionary Operating | \$ <u>90,512,659</u> | <u>0.4720</u> mills <small>s. 1011.71(1), F.S.</small> |

3. DISTRICT SCHOOL TAX ADDITIONAL MILLAGE (voted levy)

| a) Certified taxable value | b) Description of levy | c) Amount to be raised | d) Millage levy |
|----------------------------|--------------------------------|------------------------|--|
| \$ _____ | Additional Operating | \$ _____ | _____ mills <small>ss. 1011.73(1) and (2), F.S.</small> |
| | Additional Capital Improvement | \$ _____ | _____ mills <small>s. 1011.73(1), F.S.</small> |

MIAMI-DADE COUNTY PUBLIC SCHOOLS
Millage History and Tax Effect to Homeowners

| | MILLAGE | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| | <u>Actual FY2008-09</u> | <u>Actual FY2009-10</u> | <u>Actual FY2010-11</u> | <u>Proposed FY2011-12</u> |
| <u>STATE ESTABLISHED AND REQUIRED:</u> | | | | |
| Required Local Effort (RLE) | 5.146 | 5.450 | 5.616 | 5.693 |
| <u>LOCALLY LEVIED:</u> | | | | |
| Discretionary Operating | 0.637 | 0.548 | 0.698 | 0.472 |
| Additional Discretionary Operating (.25) | 0.000 | 0.000 | 0.000 | 0.000 |
| Discretionary Capital | 1.750 | 1.700 | 1.550 | 1.600 |
| Sub-Total Locally Levied | 2.387 | 2.248 | 2.248 | 2.072 |
| Sub Total Non Voted-Millage | 7.533 | 7.698 | 7.864 | 7.765 |
| Debt Service (Voted) | 0.264 | 0.297 | 0.385 | 0.240 |
| Total Millage Levy | 7.797 | 7.995 | 8.249 | 8.005 |
| Increase (Decrease) from Prior Year | (0.151) | 0.198 | 0.254 | (0.244) |

| | TAX EFFECT USING AVERAGE ASSESSED VALUE | | | |
|--|--|--------------------|--------------------|--------------------|
| | <u>FY2008-09</u> | <u>FY2009-10</u> | <u>FY2010-11</u> | <u>FY2011-12</u> |
| Assessed Value-Typical Homestead * | \$ 234,053 | \$ 208,137 | \$ 179,626 | \$ 177,992 |
| Less: Homestead Exemption | (25,000) | (25,000) | (25,000) | (25,000) |
| Taxable Value | \$ 209,053 | \$ 183,137 | \$ 154,626 | \$ 152,992 |
| Total Millage Levy | 7.797 | 7.995 | 8.249 | 8.005 |
| Total Taxes | \$ 1,629.99 | \$ 1,464.18 | \$ 1,275.51 | \$ 1,224.70 |
| Increase (Decrease) from Prior Year | \$ 10.50 | \$ (165.81) | \$ (188.67) | \$ (50.81) |
| Average Tax Decrease Since 2008-09 | | | | \$ (135.10) |

| | TAX EFFECT ON TYPICAL HOMEOWNER | |
|------------------------------------|--|-------------------|
| | <u>FY2010-11</u> | <u>FY2011-12</u> |
| Assessed Value-Typical Homestead * | \$ 179,626 | \$ 182,320 |
| Less: Homestead Exemption | (25,000) | (25,000) |
| Taxable Value | \$ 154,626 | \$ 157,320 |
| Total Millage Levy | 8.249 | 8.005 |
| Total Taxes | \$ 1,275.51 | \$ 1,259.35 |
| Decrease from Prior Year | | \$ (16.16) |

* Source: Miami-Dade County Property Appraiser - These two charts contrast the change of ad valorem tax levies which would be determined by using the 'average assessed value' of property to that which would be paid by the typical homeowner participating in the "Save Our Home" program. A typical homeowner is capped at a 1.5% increase in assessed value for FY2011-12, one that resides in the same homestead and has not improved (i.e. 'added onto') their property.