



# Property Taxes and Education Funding

Senate Committee on Education Pre-K – 12 Appropriations  
January 25, 2007

Presented By  
Office of Economic and Demographic Research

# Florida Education Finance Program

- The Florida Education Finance Program (FEFP) was established in 1973 to equalize funding across the school districts.
- In this regard the FEFP funding program recognizes:
  - **(1) varying local property tax bases;**
  - (2) varying education program costs;
  - (3) varying costs of living; and
  - (4) varying costs for equivalent educational programs due to sparsity and dispersion of student population.

# Ad Valorem Estimating Conference

- Primary Product
  - Forecasts of school taxable value and county level of assessments; estimates are used in the FEFP model
- Principals
  - Governor's Office, House & Senate Staff, EDR  
(Department of Revenue participates)
- Meetings
  - Last: November 2006
  - Next: March 1, 2007

# Basic Property Tax Structure

NOTE: The mechanics of implementation vary.

**Just Value of the Property**  
(Fair Market Value)



**Differentials**  
(Value in Use for  
agricultural properties &  
Save Our Homes)



**Assessed Value**

**Assessed Value**



**Exemptions**  
(\$25,000 Homestead  
Exemption; property used  
exclusively for charitable  
purposes, etc.)



**Taxable Value**

**Taxable Value**



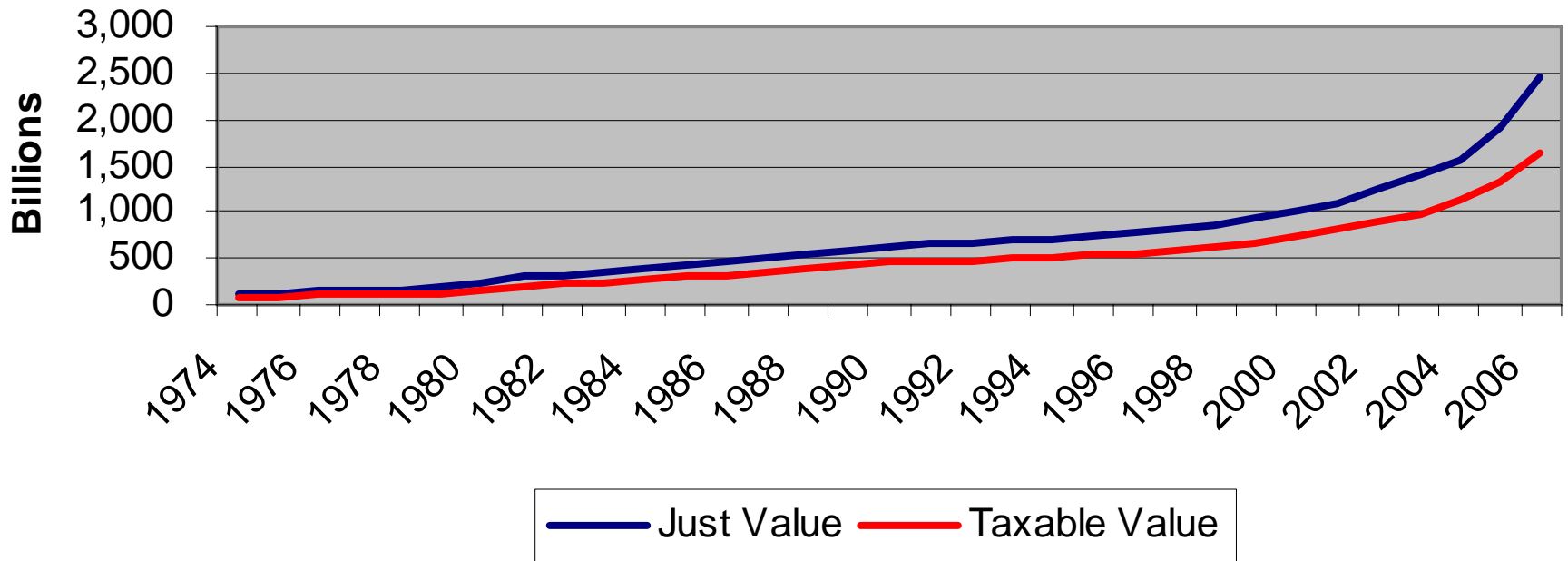
**Millage Rate**  
(Property Tax Rate)



**Property Taxes**

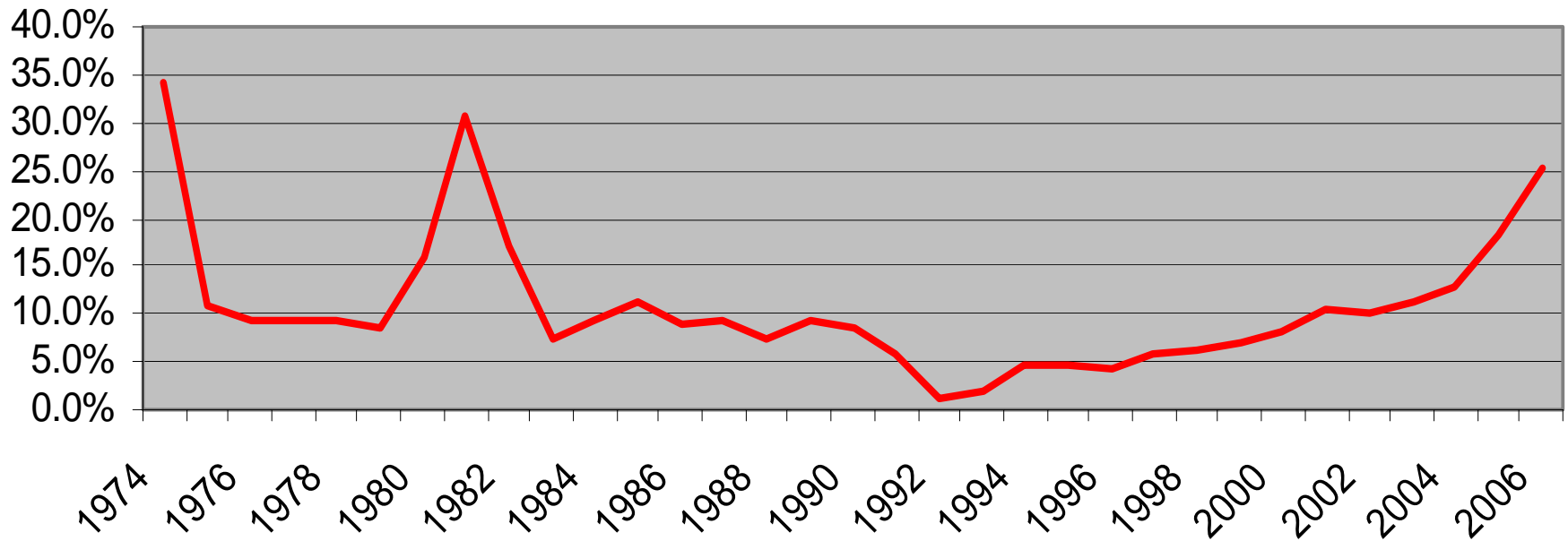
# History of Just and Taxable Value

## Growth in Just and Taxable Values 1974 through 2006



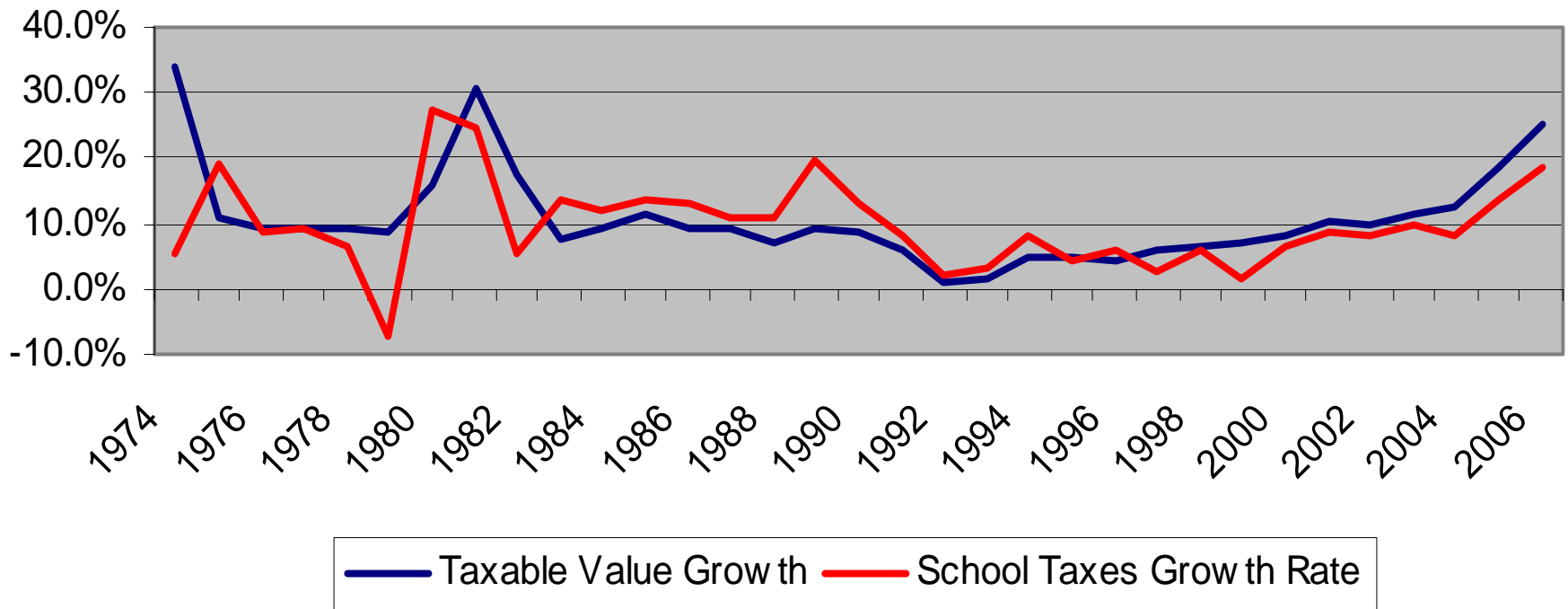
# Increasing Roll Masks Uneven Growth

**Taxable Value Growth Rates  
1974 through 2006**



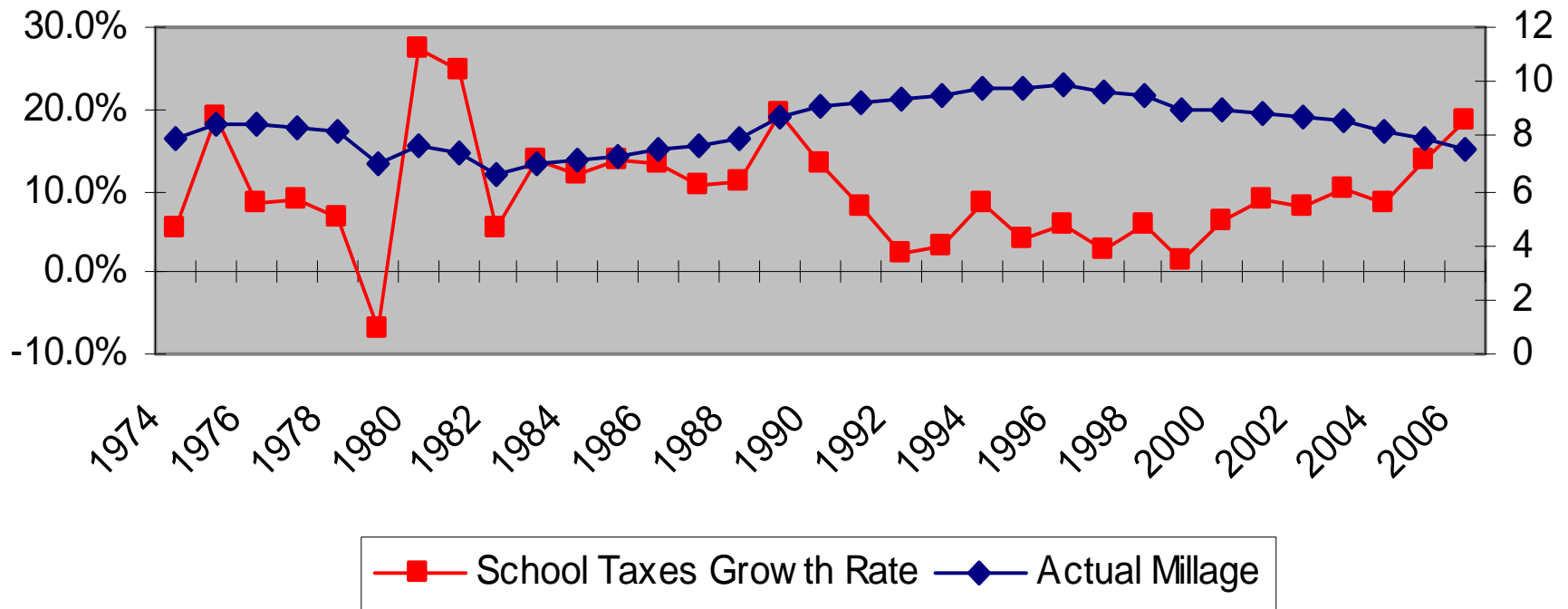
# Relationship Between Growth Rates

## Taxable Value Growth Versus the Growth of School Taxes Levied



# The Linkage

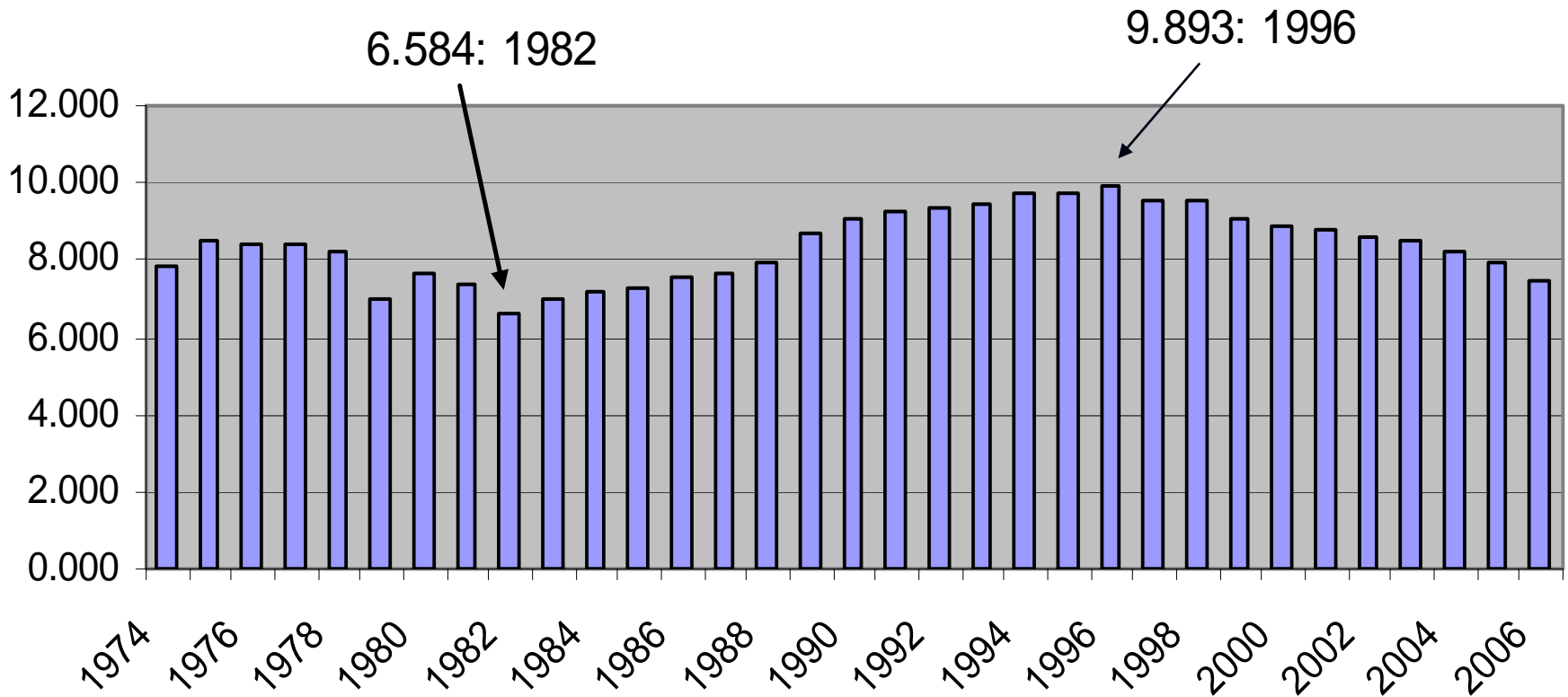
## Growth of School Taxes Levied Versus Actual Millage Rate





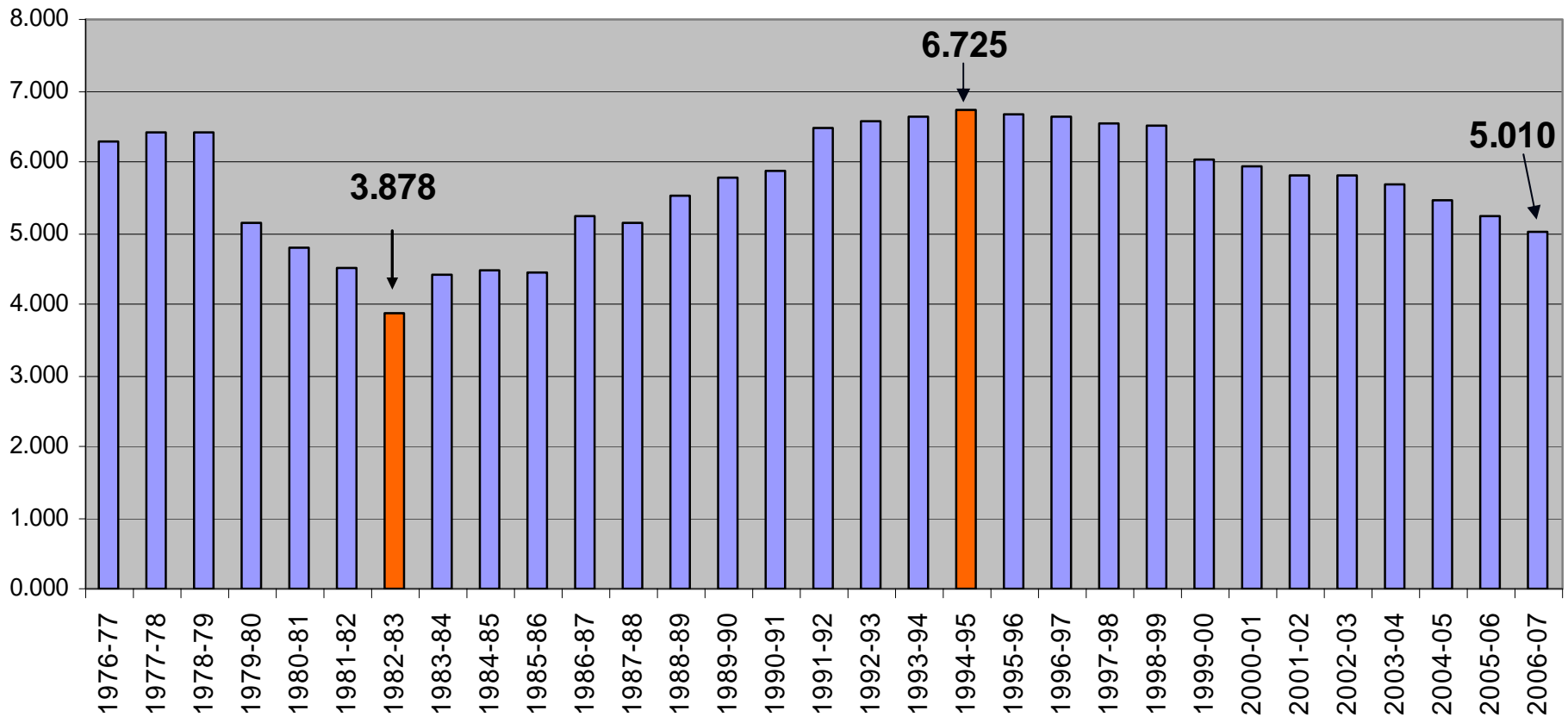
# Combined Millage Rate

## Actual Millage Rates ~ Required, Discretionary & Capital Improvements



# State Rate for FEFP

## Millage Rate for Required Local Effort



# Translation to FEFP

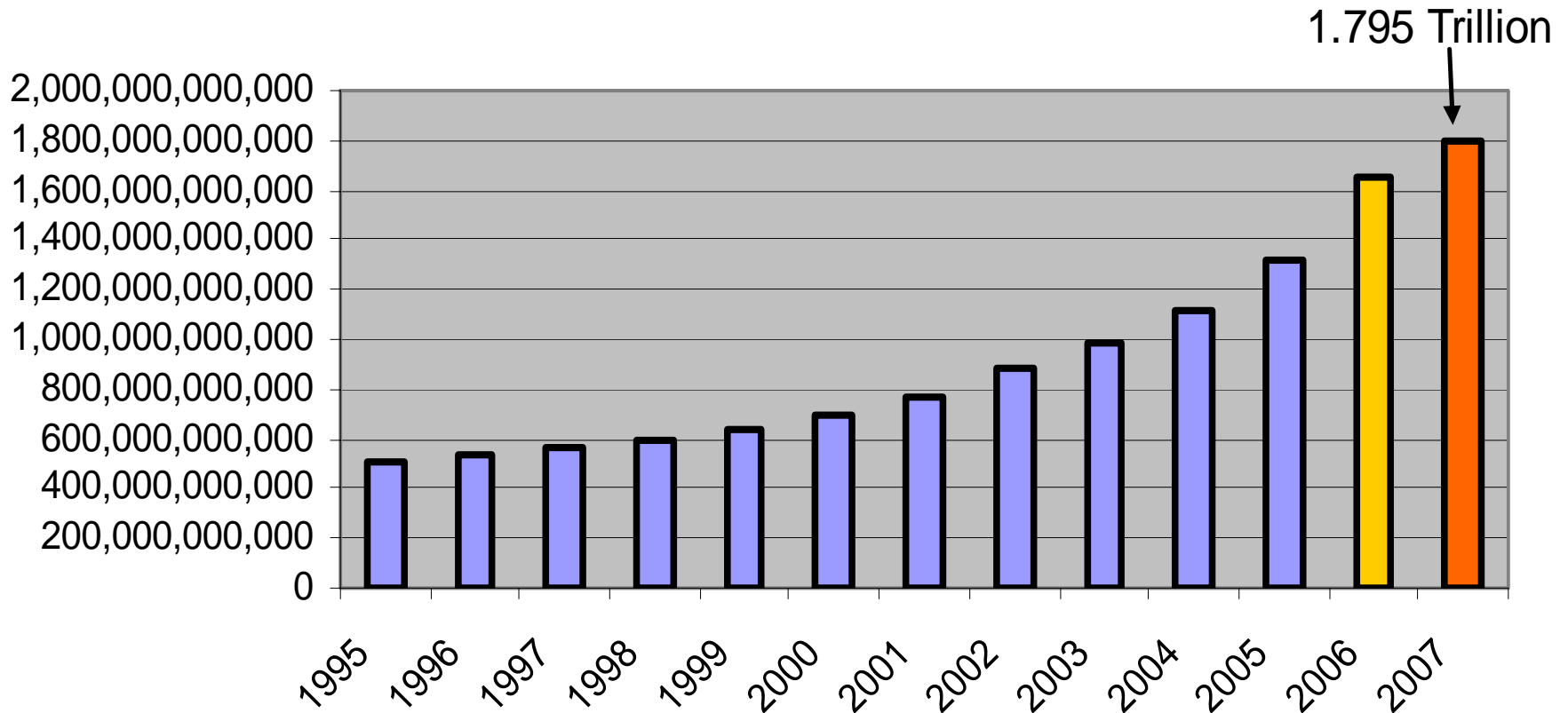
- The Revenue Estimating Conference meets to adopt the **Ad Valorem forecast**.
- The estimate is in the form of **school taxable value** by county.
- A **discount rate of 95%** is used on the tax roll, and then the **value of one mill** is determined.
- Using the projected **required local effort millage rate** and the total amount to be raised statewide, the estimated required local effort is computed (value of one mill x the millage rate).
- Adjustments are made for **levels of assessment** and the **90% cap** on locally generated revenue.

# Recent History

- Value of One Mill
  - 2005 Value ~ \$1,251,850,660
  - 2006 Value ~ \$1,566,019,610
  - 2007 Value ~ \$1,705,676,540
- Required Local Effort Millage Rate
  - 2005 Rate ~ 5.239
  - 2006 Rate ~ 5.010
  - 2007 Rate ~ 5.010 Assumed by REC for Illustration

# The Current Forecast

## School Taxable Value Forecast



# Growth Rates

## Taxable Value Growth: Historic and Forecast

