

## PROPERTY TAXES

Property Taxes (also called Ad Valorem Taxes) represent Palm Beach County's largest single revenue source. State laws carefully dictate regulations on how counties and other taxing entities must proceed in levying property taxes. Following are highlights relating to Palm Beach County's property taxes:

### **Basis**

County property taxes are based on two types of property:

1. Real Estate - land and improvements thereon.
2. Tangible Personal Property - business fixtures, equipment and machinery, household goods, personal effects, etc. (household goods and personal effects of Florida legal residents are exempt.) (Note: "Intangible Personal Property" is a State tax paid directly to the State Department of Revenue.)

The value of property for tax purposes is established according to law and professional appraisal practice by the County Property Appraiser, an elected, constitutionally established officer.

**Exemptions:** The major exemptions from property tax are:

<b>Homestead</b>	- \$25,000 for all permanent residents of Florida.
<b>Widows</b>	- \$500 for widows who are permanent residents of Florida.
<b>Disability</b>	- \$500 for permanent residents of Florida who are totally and permanently disabled.
<b>Quadriplegic</b>	- Total exemptions for any real estate owned and used as a homestead by a Quadriplegic.
<b>Institutions</b>	- Total exemptions for sections of not-for-profit organizations used for literary, scientific, educational, and charitable purposes.
<b>Government</b>	- Total exemptions for all governmental property.
<b>Senior Citizen</b>	- \$25,000 for senior citizens who have the existing standard homestead exemption, have at least one owner who is 65 or older, and have an annual adjusted gross household income that meets an established eligibility requirement.

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### Rates

Property tax rates are expressed as a "millage rate" which is applied to taxable property values to calculate the property tax to be paid. One "mill" is 1/10th of a penny, or \$1.00 of tax for each \$1,000 of taxable value.

#### Example:

On an "average" taxable value of \$225,000, a millage rate of 4.4775 mills\*, as included in the FY 2007 Adopted Budget, would yield a property tax bill of \$1,007.44, calculated as follows:

Property Value	\$250,000
Less: Homestead Exemption	- 25,000
Taxable Value	\$225,000

$$\frac{\text{Taxable Value}}{1,000} \times \text{Millage Rate} = \text{Tax Bill}$$

$$\frac{\$225,000}{1,000} \times 4.4775 = \$1,007.44$$

\*Total Countywide millage rate of 4.2800 operating plus 0.1975 debt service.

### Maximum Millage Rate

Florida Statutes limit the Countywide millage rate to a maximum of 10 mills, excluding voter-approved debt service millage rates.

### Rolled-Back Rate

A significant concept in Florida statutes relating to property tax levies is the "Rolled-Back Rate". The Rolled-Back Rate is defined as that millage rate which, exclusive of new construction, will provide the same property (ad valorem) tax revenue as was levied during the prior year. The Rolled-Back Rate is calculated as follows:

- (A) Prior year tax proceeds
- (B) Current year adjusted taxable value  
(i.e. excluding new construction)

$$\text{Rolled-Back Rate} = (\text{A}) \text{ divided by } (\text{B})$$

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### Procedure

Florida statutes regulating the establishment of millage rates are complex. The following two requirements are the most significant of the procedure:

**Notification** - Each property owner is notified, prior to public hearings on the County Budget, of proposed property taxes for each parcel of taxable property owned.

**Public Hearings** - Each property owner is also notified of the dates and times of public hearings to finalize the County Budget and millage rates. Each is finalized at the second of two public hearings.

### Collection

Taxes are collected by the County Tax Collector, an elected, constitutionally established officer. Discounts are available for payments made in the following months:

<u>Payment Month</u>	<u>Discount</u>
November	4%
December	3%
January	2%
February	1%

Taxes become delinquent on April 1, and are then subject to fines.

### Taxing Entities

There are a great number of taxing entities within the geographical boundaries of the County of Palm Beach. The property taxes levied by and paid to Palm Beach County and its dependent districts consist of the following for FY 2007:

- Countywide
- Dependent Taxing Districts:
  - Palm Beach County Library
  - Glades Regional Fire MSTU
  - Fire-Rescue MSTU
  - Jupiter Fire-Rescue