Slide 1 Property Tax and Alachua County Introduction

This presentation provides an educational overview of how property taxes work in Alachua County and why they matter. It demonstrates key factors that influence County revenue and services residents rely on, and it also highlights potential future impacts from pending state legislation.

What we will cover:

- How Alachua County compares to other Florida counties
- How property taxes are calculated (millage rate, assessed and taxable value)
- What property taxes fund in County government
- Long-term pressures such as inflation, mandates, and growing service demands
- State proposals that could reduce local revenue

Since FY18, Alachua County has reduced the General County millage rate by 0.8648 mills (a 10.22% decrease), while the MSTU Law Enforcement millage rate has remained unchanged for the past six years. Over the same period General County property valuation increased 72% while Ad Valorem taxes increased 54%.

The County's budget is supported by a mix of recurring and non-recurring revenues, including one-time or restricted funding sources such as grants, reimbursements, and dedicated allocations that can only be used for specific purposes.

The County received more than $52 million in one-time federal funding through the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF), which helped replace pandemic-related revenue loss and support recovery initiatives. In addition, Alachua County served as the conduit for distributing $46.9 million in CARES Act funding and $8.1 million in Emergency Rental Assistance Program (ERAP) funds, providing direct aid to residents, businesses, and landlords, as well as supporting PPE and other COVID-19 response efforts.

The Alachua County Board of County Commissioners has been committed to providing a living wage. Since FY18, the County's minimum wage has increased from $13.00 to $18.50 in FY26. These efforts support workforce retention and help the County remain competitive in a tighter labor market.

Because major revenue and cost drivers—such as grant cycles, interest earnings, wage and inflation pressures, and rising costs for materials and services—can fluctuate significantly, year-to-year budget comparisons are not always directly comparable even when service levels remain consistent.

Taking together, these trends show why understanding property taxes is essential to understanding how Alachua County sustains core services and plans for the future. Property taxes remain the County's most stable local revenue source, but they are influenced by market conditions, policy decisions, and long-term cost pressures that affect both residents and County operations.

The following presentation walks through how the system works, how Alachua County compares statewide, and what current and proposed changes could mean for the services our community depends on.

Background Notes:

Millage Rate Reductions	
8.4648	FY18
7.6000	FY25
(0.8648)	Change
-10.22%	% Change
	Doge Report Values
7.8935	FY21
7.6180	FY24
(0.2755)	Change
-3.49%	% Change

Interest Rates

FY21: Rates were near 0% because of COVID. Mortgage rates were very low (around 3%). Borrowing was cheap.

FY22: Inflation rose, so the Fed started raising rates. By the end of the year, rates reached about 4.25%–4.50%. Mortgage rates climbed fast.

FY23: Rates peaked at 5.25%–5.50%, the highest in over 20 years. Mortgage rates stayed around 7%.

FY24: The Fed mostly held rates steady, then started cutting late in the year. Rates ended at 4.25%–4.50%. Mortgage rates dipped a little but stayed high (around 6.7%–6.9%).

Slide 2 — 2024 Millage Rate (County comparisons)

How Alachua County compares:

- Alachua County aggregate millage: 9.0768
  (51st out of 67 counties**)**
- Alachua County General Fund millage: 7.6180
  (41st out of 67 counties**)**

Comparison examples:

- Leon County: 9.0644 (50th out of 67)
- Pasco County: 10.0990
- Orange County: 11.7615
- 16 counties have a higher aggregate millage than Alachua
- 9 counties are above 10 mills

Background Notes:

A millage rate is the tax owed per **$1,000** of taxable value.

General Fund millage:

- FY25: **7.6180**
- FY26: **7.6000** (9th year of lowering millage)

MSTU Law Enforcement millage:

- FY25 & FY26: **3.5678** (unchanged for 6 years)

Aggregate millage is calculated by dividing total county taxes levied by the countywide taxable value.

For Alachua County: 9.0768 = 7.6180 (General Fund) + 1.4588 (Non-Countywide millages)

The Florida Department of Revenue and the Alachua County Property Appraiser classify the 1.4588 portion as “Non-Countywide” because it only applies to properties in the unincorporated area (outside city limits).

School millage is calculated using school taxable value.

Most other county millages are calculated using county taxable value.

Slide 3 — Property Taxes Per Capita

County property taxes per person

- This slide compares County government property taxes per resident across Florida.
- Alachua County: $714 per person
- State average: $942 per person

Comparison examples:

- Leon County: $762.07
- Pasco County: $867.95
- 19 counties are above the statewide average

Alachua County remains below the statewide average in County property taxes per resident.

Background Notes:

Percentage change 2010-2020 Census 12.6%

2024 Population 296,313 6.4% change since 2020

2025 Population estimate 298.485 7.2% change since 2020

Slide 4 — Taxable Value vs Assessed Value

Assessed value is not the same as taxable value

- Assessed value = what the Property Appraiser says a property is worth for tax purposes.
- Taxable value = the portion the County is legally allowed to tax.

Alachua County's taxable base is smaller

- In Alachua County, only 67.36% of assessed value is taxable.
- 32.64% is non-taxable; this means we start with a smaller tax base than most counties.

Why it matters
Property tax revenue is based on taxable value, not assessed value.

What creates the gap

- **Save Our Homes cap**
- **Homestead exemptions** (33% of assessed value; 22% of total exemptions)
- **Governmental exemptions** (67% of total exemptions)
- **Institutional exemptions** (8% of total exemptions)
- **Conservation lands & historic property** (0.02% of total exemptions)
- **Other exemptions** (3% of total exemptions)

If Alachua County's taxable percentage matched the statewide average:

- The County would have about $6.2 billion more in taxable value.
- The County could generate the same revenue with a lower millage:
    - 6.1045 mills instead of 7.6000

- Alachua County doesn't bring in less money because homes are worth less. It's because a lot of property value can't be taxed due to exemptions and protections.

Background Notes:

Payment in Lieu of Taxes for Exempt State Property Estimate 2024

	Number of Properties	Total Taxable Values	PILT Amount
State Government	215	$ 1,399,257,138	$ 10,023,192
UF Affiliated	128	$ 1,381,678,536	$ 6,054,596
Total	**343**	**$ 2,780,935,674**	**$ 16,077,788**

A Payment in Lieu of Taxes (PILT or PILOT) is an amount paid to local governments by owners of tax-exempt property—such as federal agencies, non-profits, or universities—to compensate for lost property tax revenue. These payments help fund essential services like police, firefighting, and road maintenance.

- **Assessed value** is what the property appraiser says your home is worth for tax purposes.
- It’s usually based on:
  - what homes are selling for
  - the size and condition of the home
  - improvements like additions or renovations
- **Taxable value** is the amount the government is actually allowed to tax.

Taxable value is usually lower than assessed value because Florida law provides exemptions and caps including the Homestead Exemption and Save Our Homes.

Slide 5 — Taxable Value vs Taxes Assessed (trend)

Taxable value grows, but revenue does not always grow at the same pace

Taxable value can rise quickly, but taxes assessed grow more slowly when:

- millage is reduced, and/or
- exemptions and caps limit taxable growth

For each fiscal year the column shows both the taxable value and new growth

FY20 to FY26

- Taxable value grew from **$21.6B to $35.3B**
  - Average annual growth: **10.5%**
- Total taxes assessed grew from **$149.9M to $227M**
  - Average annual growth: **8.6%**

New taxable value

- Ranged from **$421M to $867M** per year
- FY26 saw a reduction of **$172.5M** compared to FY25

Millage trends

- General Fund millage decreased from:
  - FY20: **8.2729**
  - FY26: **7.6000** (reduced .6729 mills)
- MSTU Law Enforcement millage remained:
  - **3.5678** (unchanged for 6 years)

Even when property values rise, County revenue does not automatically rise at the same rate.

Background Notes:

7-year average for new growth is $676,415,207. It fluctuates from low of $421M in FY21 to $867M in FY25

Slide 6 — County General Government Taxes on a $250,000 home

Example: $250,000 homesteaded home (with Save Our Homes cap)
This slide shows what County taxes would be over time.

FY20 Total County tax: **$2,489.17**

FY26 Total County tax: **$2,875.36**

Trend: Year-over-year increases remain modest (generally **under 1% per year**)

Inflation comparison

If the FY20 tax amount had kept pace with inflation:

- FY26 tax would be: **$3,130.54**
- Actual FY26 is: **$255.18 lower**

Slide 7 — Government Specific Cost Escalation

Other drivers that affect year-to-year budgets

- Minimum wage and labor market pressures (higher wages to recruit/retain staff, compression issues)
- Health insurance and benefit cost increases
- Inflation across operating costs (fuel, utilities, contracted services, materials)
- Supply chain disruptions (availability issues, longer lead times, higher prices)
- Construction and capital project cost escalation (materials + labor, bids coming in higher)
- Vendor pricing and contract renewals (many contracts reset post-COVID at higher rates)

This slide demonstrate the impacts of County government purchases:

- emergency vehicles
- construction
- road materials
- fuel and contracted services

Examples of cost escalation

- Construction: **$421/sq ft (2021) → $680/sq ft (2026)**
- Fire trucks: **$554,776 (2022) → $914,265 (2026)**
- Ambulances: **$227,265 (2021) → $372,462 (2026)**
- Mill & resurfacing: **$239,574/lane mile (2021) → $448,480 (2026)**
- Waste hauling: **$11/ton (2021) → $15.19/ton (2026)**

Even when revenues rise modestly, County service costs often rise much faster than CPI — creating pressure on service levels.

While some purchases can be delayed, public safety vehicles, road resurfacing, and facilities maintenance cannot be postponed indefinitely without service impacts or higher costs later.

Background Notes:

Traditional inflation is what we all experience at the store — higher prices for gas, food, and supplies. Municipal cost inflation is different. A county budget is mostly driven by people and service delivery, so our biggest inflation pressures are wages, health insurance, retirement costs, and construction costs for roads and facilities. Those costs often rise faster than regular inflation, even when the economy-wide inflation rate is lower

The Municipal Cost Index (MCI), formerly featured in American City & County and now hosted on Smart Cities Dive, is a specialized economic indicator tracking inflation's impact on local government expenditures. It measures cost changes for municipal services, including materials, labor, and construction.

Components: The MCI aggregates three primary data points: the Consumer Price Index (CPI), the Producer Price Index (PPI), and the Construction Cost Index (CCI).

The Consumer Price Index (CPI) is a key economic indicator that measures the average change over time in the prices paid by consumers for a representative "basket" of goods and services, including food, housing, transportation, and healthcare. It is the primary gauge of inflation, indicating how purchasing power is changing.

Slide 8 -Budget Context (FY20- Present)

This slide shows the County population increase and General Fund Budget for:

- Fiscal Year 17
- Fiscal Year 20
- Fiscal Year 25

and indicating factors related to increases.

Slide 9 — MSTU Law Enforcement and General Fund Revenue

Where the County’s revenue comes from
Total revenue shown: **$344.4M**

Breakdown

- Property taxes: **63%** ($217.7M)
- All other taxes: **5%** ($16.8M)
- Charges for services: **7%** ($25.8M)
- Other governments: **3%** ($10.7M)
- Interest & miscellaneous: **3%** ($9.7M)
- Prior-year roll-over projects: **18%** ($63.3M)*

*Prior year rollover projects is not flexible “extra money” — it represents funding already committed to projects that carry forward from one year to the next.

Changes to property tax policy directly affect what the County can provide.

Slide 10 — Strategic Funding of Services

What County revenue funds
This slide shows how County funding supports major service areas.

Major service areas

- **Protecting the Community: 56%**
- **Serving the Community: 20%**
- **Improving the Community: 12%**
- **Governance & Facilities Operations: 12%**

What this means
Millage rates are not just numbers — they directly fund:

- public safety
- essential daily services
- infrastructure and quality of life
- the operations needed to keep County government running

- This breakdown shows that the majority of County spending supports direct service delivery, especially protection and community-serving functions.

Background Notes:

Sheriff Breakdown:

Patrol	$ 63,292,327.00
Communication	$ 4,754,938.00
Jail	$ 58,668,124.00
Bailiff	$ 5,378,402.00
Other	$ 2,253,578.00
Total	$134,347,369.00

Protecting The Community	
Sheriff, Jail, 911	$ 134,347,369
Fire, Ambulance, Emergency Management	$ 35,114,697
District 8 Courts & Judicial Services	$ 17,144,768
Serving The Community	
Community Support Services	$ 22,402,307
Environmental, Growth, Parks, Animals	$ 17,793,919
Tax Collector, Elections, Property Appraiser, Clerk	$ 24,241,022
Improving The Community	
Transportation, Internet, Building Infrastructure	$ 32,681,770
Community Redevelopment & Economic Development	$ 6,471,988
Governance	
Government Administration & Fiscal	$ 16,930,040
Facilities & Technology Operations	$ 23,746,548
TOTAL	$ 330,874,428

Millage Correlation

	County	MSTULE	Combined
Protecting The Community	4.9	3.5	
Serving The Community	2.6		
Improving The Community	1.6		
Governance & Facilities Operations	1.6		
Total Mils	10.7	3.5	14.2

Slide 11 — State Services Mandated to County

Counties fund many state-required services

This slide highlights some of the services that counties are required to provide, even when state funding does not fully cover the cost.

Counties are also subject to Federal and State regulations which include environmental protection, land development, building codes and public safety.

These costs are not optional — they must be funded locally.

State mandates create cost pressure and reduce the County's flexibility in budgeting.

Background Notes:

8th Judicial Circuit		**$ 6,298,549**
Alachua County Court Administrations	$ 1,223,546	
States Attorney	$ 406,788	
Public Defender	$ 299,759	
Guardian Ad Litem	$ 220,464	
Court Facilities	$ 4,147,992	
State Required Services		**$12,153,521**
Juvenile Detention	$ 3,405,233	
Medicaid	$ 4,700,000	
Medical Examiner	$ 2,438,413	
Health Dept	$ 1,609,875	
Total Judicial & State Required		**$18,452,070**
Payment in Lieu of Tax Potential		**$16,077,788**
State Government	$10,023,192	
UF Affiliated	$ 6,054,596	
Total if Adding Payment in Lieu of		**$34,529,858**

Slide 12 — House Joint Resolution (HJR) Analysis

Several proposals are currently being considered at the state level that could reduce or eliminate property taxes, including expanded exemptions. These decisions have not been finalized, but if approved, they could significantly reduce local County revenue. The County does not control these proposals.

FY26 baseline

- General Fund + MSTU Law Enforcement ad valorem revenue:
  - **$227,029,025**

Example: HJR 201

- Would eliminate county property taxes on homesteaded properties
- Estimated annual revenue reduction:
  - **-$85,063,148**
- Remaining ad valorem revenue would drop to:
  - **$141,965,877**

State-level changes could significantly reduce the County’s ability to fund services.

Slide 13 — Financial Impact of HJR 201 & Mandated Costs

If revenue drops while mandates and costs continue to rise, the County will face unavoidable service impacts.

Estimated impact

- If HJR 201 passes:
  - County ad valorem revenue drops to **$141,965,877**
- After accounting for:
  - state mandates, and
  - "hold harmless" requirements for certain public safety functions
- The County begins with an estimated deficit of:
  - **–$24,002,769**

We begin with a $24 million deficit in the funding core county services. These services include essential constitutional offices such as the Supervisor of Elections, Clerk of Court, Property Appraiser, and Tax Collector, as well as other critical county operations.

It's also important to note that while the county receives revenue from other sources, many of those funds are legally dedicated or restricted and cannot be used to support these general services.

Slide 14 Closing

As we move forward, County staff will continue monitoring state legislation and other factors that could affect local revenues, and the services residents rely on. Because legally required costs must be funded first, any reduction in property tax revenue can directly impact the County’s ability to maintain current service levels. We will continue to share updates as proposals develop and provide additional information as it becomes available.

Links to supporting documents and additional resources will be provided for reference.