



“TRIM” AND PROPERTY TAXES: A PRIMER

TRIM Pinpoints Responsibility for Taxation

Advertisement of Tax Increases Required

The Truth in Millage Act (TRIM) sets forth the legal requirements all local governments must follow in setting tax rates and adopting budgets. While each county and city uses a slightly different process and timetable, all must follow the basic rules and schedules set forth in TRIM. The timetable, hearing requirements and advertising specifications must be adhered to precisely. Any local government found in violation faces the loss of state funds.

Much of the TRIM process involves complex calculations to come up with tax increase percentages to be advertised to the public. The sample tax notice at the end of this document highlights the basic information you need to understand exactly what your local officials are doing with your property taxes.

The TRIM process is designed for you to easily understand what portion of your taxes derive from an increased assessment of your property, and what portion derives from budget decisions by your local elected officials.

As a taxpayer, you receive an initial notice from the County Property Appraiser during the month of August detailing your assessment and taxes for both the current and previous years, as well as any proposed tax increase. This is followed by an initial public hearing in early to

mid-September at which a tentative budget is adopted.

A newspaper ad publicizes the second public hearing, which is held in mid to late September. The ad includes a summary of the proposed budget plus the tax rate and percentage increase over the current year, if applicable.

At this final hearing, the tentative budget is reviewed and adopted in final form. The property tax rate can be lowered - but not raised - at this time.

The Nuts and Bolts of Property Taxes

Definitions

PROPERTY TAX - An ad valorem (according to value) tax paid on the fair market value of real property (land and buildings) and personal property (business equipment). Fair market or “just” value is determined by the county Property Appraiser as of January 1 of each year under the guidelines of Chapter 193, Florida Statutes.

TAX ROLL - The master list of the assessed value of all taxable property within your government’s jurisdiction. The list is certified to all local taxing authorities by July 1 of each year.

TAX BASE - The total taxable value of property within your local government.

TAXABLE VALUE - The assessed value of property, less exemptions. Assessed value is determined by your Property Appraiser after

weighing factors such as cash value, use, location, condition and replacement cost.

MILLAGE RATE - The rate in mills (1 mill = one dollar per thousand or 0.1%) at which your property is taxed. For example, if the value of your property is \$100,000 after adjusting for homestead and other exemptions, and the millage rate is 5 mills, your tax is calculated as follows:

$$\$100,000 \times .005 = \$500 \text{ in tax}$$

The millage rate is set by your local government as required under Florida law. Cities and counties may levy no more than 10 mills. These limits can be exceeded only by voter referendum.

ROLLED-BACK MILLAGE RATE - The “no-new taxes millage rate.” This rate will bring in the same amount of taxes as levied in the prior year when applied to the current year’s tax base. Any newly constructed property or other property added to or deleted from the base is excluded.

For example:

$$\begin{aligned} \text{Current year tax base} &= \$500,000,000 \\ \text{Prior year tax revenue} &= \$1,000,000 \\ \text{Rolled-back rate} &= 1,000,000 / 500,000,000 = \\ &= .002 \text{ or } 2 \text{ mills} \end{aligned}$$

PROPERTY TAX LEVY (TOTAL) - The total amount of taxes authorized by your local government. Base X millage rate = total tax levy. Your local government cannot budget spending less than 95% of the proposed levy.

Dear Fellow Taxpayer,

Florida’s Truth in Millage (TRIM) law recognizes that property values are a powerful revenue-producing tool for local governments and that rapidly escalating values result in rapidly escalating tax burdens if the tax rate is not reduced. TRIM requires that taxing authorities calculate a “rolled back millage rate”, which is the millage rate that, when applied to the current year’s assessed value, would raise the same amount of revenue as last year.

According to TRIM, any millage rate in excess of the rolled-back rate is considered to be a tax increase and is to be advertised as such by local governments.

The following primer is a resource to enhance your understanding of TRIM and property taxes.

Respectfully,

Michael A. Jennings *Dominic M. Calabro*

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Chairman President & CEO
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Calendar

The following is a TRIM calendar of required actions and maximum deadlines. It assumes that the process begins with the certified tax roll as of July 1st.

Days Required Action

- 1 Property Appraiser certifies to each municipality the taxable value within the boundaries of the municipality.

Budget workshops are being conducted during this period.
- 35 Officials advise Property Appraiser of proposed millage, rolled-back rate and date, time and place of the Tentative Budget Hearing. (Note: If the local government fails to provide the required information in a timely fashion, it shall be prohibited from levying a millage rate greater than the rolled-back rate for the upcoming year.)
- 55 Property Appraiser mails the Notice of Proposed Property Taxes (commonly referred to as the TRIM notice). This also serves as notice of the tentative budget and millage hearing.
- 80 Tentative budget and millage hearing. The tentative budget and millage are adopted at this hearing (usually in early/mid-September).
- 95 Advertisement of final budget and millage hearing.
- 100 Final budget and millage hearing and adoption (usually in mid/late-September).

HOW TO READ YOUR TRIM NOTICE

**DO NOT PAY
THIS IS NOT A BILL**

NOTICE OF PROPOSED PROPERTY TAXES

EXAMPLE: Your taxes are proposed to rise \$100 over last year. Why?

TAXING AUTHORITY	YOUR PROPERTY TAXES LAST YEAR	YOUR TAXES THIS YEAR IF PROPOSED BUDGET CHANGE IS MADE	YOUR TAXES THIS YEAR IF NO BUDGET CHANGE IS MADE
County	\$400	\$500	\$450
City	\$250	\$350	\$315
School District	\$330	\$425	\$385
Water Mgmt. District	\$ 40	\$ 50	\$ 50
	COLUMN 1 SEE REVERSE SIDE FOR EXPLANATION	COLUMN 2 ASSESSED VALUE	COLUMN 3 SEE REVERSE SIDE FOR EXPLANATION
*YOUR PROPERTY VALUE AS OF JANUARY 1		\$75,000	
*LAST YEAR'S ASSESSED VALUE: \$65,000			
A PUBLIC HEARING ON THE PROPOSED TAXES AND BUDGET WILL BE HELD:		YOUR TAXABLE VALUE	
<p>Your county has proposed to up its tax rate by 1 mill to fund a budget increase. This is responsible for \$50 of the tax hike -- the difference between columns 2 and 3.</p>		\$25,000	\$50,000
<p>The remaining \$50 of the tax hike is because of the assessment increase on your property from \$65,000 to \$75,000. See below.</p>		EXEMPTIONS	
*FOR DETAILS ON INDEPENDENT SPECIAL DISTRICTS AND VOTER APPROVED DEBT, CONTACT YOUR TAX COLLECTOR AT:			



Mission

To provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida Government.

Values

- Integrity
- Productivity
- Accountability
- Independence
- Quality Research

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