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Broward studies property-tax rate hike

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Jun. 5, 2009 (McClatchy-Tribune Regional News delivered by Newstex) -- Broward County commissioners are considering a property tax rate increase that would create a reversal of fortune: Longtime homeowners who benefited for years from low taxes would see an increase, while those who bought in recent boom years would start paying less.

That doesn't mean the tax bill of the newer buyers would fall below those for homes purchased years earlier and protected by Florida's Save Our Homes amendment. But the controversial, huge gap would narrow because of the dramatic decline in property values.

Broward County Assistant Budget Director Marci Gelman on Thursday explained the complex tax bill scenario to commissioners, who must decide whether to raise property taxes for the first time in a decade.

As expected, they took no action during the workshop meeting. They will take their final votes in September -- and their decision will be significant. For every \$1 taxpayers pay, about 25 cents goes to the county to pay for an array of public safety, recreational, social service and environmental programs. The School Board gobbles up the biggest chunk of that dollar -- about 37 cents -- while cities and other jurisdictions get the remainder.

In a report to commissioners, county budget officials said pumping up property taxes to plug most of the projected \$108 million gap in the county's \$3.6 billion budget would likely affect the following two groups of property owners:

The average long-term homesteaded property owner (generally someone who has owned their home for more than four years), with a taxable value of \$110,000, would pay \$608, a 13 percent increase -- or about \$71 more. These are people who bought long before the housing boom and enjoyed lower taxes because of Save our Homes.

The average short-term homestead property owner (generally those who bought in the past four years), with a taxable value of \$155,000, would pay \$857, or a 16 percent drop.

The biggest chunk of properties -- about one-third -- are owned by homesteaded buyers who will see their taxes rise under the higher rate.

"The majority of homes in Broward County fall into the pain section of this as I see it," Commissioner Lois Wexler said.

If commissioners leave the tax rate alone, longtime homeowners with a taxable value of \$110,000 would pay \$538 -- virtually the same as this year.

The others who bought in recent years would still see a big drop in taxes because home values have continued falling since the housing boom. Those with a taxable value of \$155,000 would pay about \$758 a year, according to the county's calculations.

VALUES PLUNGE

The bleak budget picture became clearer last week when the county property appraiser delivered a sobering report noting that revenues from property taxes had nose-dived an average of nearly 11 percent countywide.

As a result, Broward County, along with scores of local municipalities, faces a multimillion-dollar budget shortfall.

That leaves commissioners and other local government officials with politically charged choices to make: raise property taxes, slash government spending or do both.

It's unclear if a majority of the nine-member commission is willing to raise the property tax rate -- a particularly risky move for the four facing reelection next year. At least four commissioners have told The Miami Herald that they would consider at least what they term a roll-up rate -- meaning pushing tax rates high enough to cover most of the budget shortfall.

Under the Save Our Homes amendment, assessed values on homestead properties can increase by a maximum of 3 percent a year regardless of how much market values increase. But it does not prohibit local and county governments from boosting property tax rates, also known as millage rates.

County Administrator Bertha Henry will give commissioners her recommendation at a meeting scheduled for June 16.

Some commissioners said they should not wait for Henry's presentation.

"We have to give the staff some direction," Commissioner John Rodstrom said. "What is our philosophy as a board? What's it going to be? Are you willing to vote for a roll-up or not?"

PAINFUL CHOICES

Alternatives to a tax rate increase are politically tough. Among the possibilities: laying off deputies, slashing parks programs, trimming library hours and scaling back services for the poor.

Commissioners could also dip into reserves or money set aside for construction projects. But that could be risky -- pushing budget woes into next year, when some analysts expect the real estate market to be even weaker.

If the Democratic commissioners vote for a tax rate increase, expect them to blame it on Republican Sheriff Al Lamberti, who has refused to cut as much as the county wants him to.

If the tax rate stays the same, commissioners want Lamberti to cut about \$55 million from his budget. A tax rate increase would reduce that amount to about \$11.5 million.

LAYOFFS, PROGRAM CUT

Lamberti's proposed \$722 million budget is actually a 1 percent increase, but it would reduce growth by laying off 177 workers and eliminating drug treatment programs at the Broward County Jail. He has said he can't make further cuts, but he will hear in July whether he will get enough federal grants to potentially reverse more than half of the proposed layoffs.

Commissioners say they may simply give Lamberti less than he asked for and let him appeal to the Cabinet.

"The last time I was bullied I was in the third grade," Commissioner Joe Eggelletion said. "I ain't going to be bullied."

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