



City of Boca Raton

Impact Analysis of State Property Tax Reform (HJR 1-F & SB 4-F)



Property Tax Environment (2026 Estimates)

Property Type	Market Value	Assessed Value	Total Exemptions	Taxable Value	Tax Value / Market Value
Homestead	29,415,998,360	18,130,279,739	1,352,069,215	16,778,210,524	57.04%
Non-Homestead	30,171,208,881	28,501,453,472	1,669,755,409	24,870,516,168	82.43%
Grand Total	\$59,587,197,241	\$46,631,733,211	\$3,021,824,624	\$41,648,726,692	69.20%
% Homestead	49.37%	38.88%	44.74%	40.29%	

Current Homestead Exemptions:

\$25,000 exemption from all taxing authorities.

\$25,000 additional exemption from non-school taxing authorities, on values between \$50,000 and \$75,000, (grows by CPI annually).

Current Assessed Value Limitations: Annual cap on assessed value growth of 3% for homestead properties and 10% for non-homestead properties

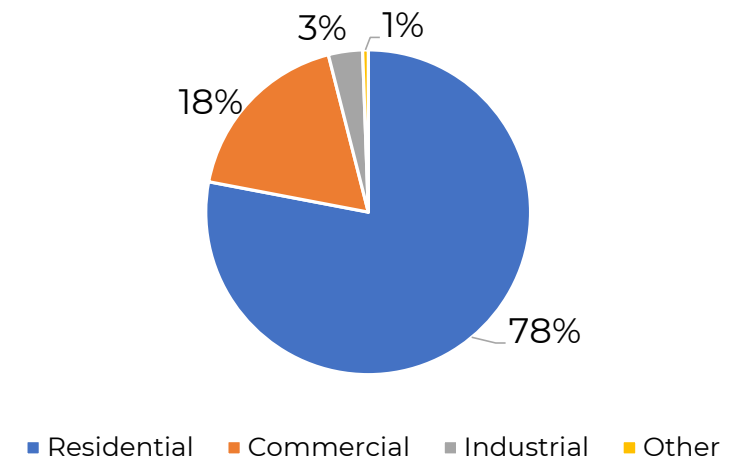


Current Property Tax Environment (Cont.)

Category	Taxable Value (\$)
Residential	32,486,539,723
Commercial	7,517,178,776
Industrial	1,418,619,900
Other	226,388,293
Total	\$41,648,726,692

Property Type	Taxable Value (\$)	Taxable Value (%)
Homestead	16,778,210,524	40.29%
Non-Homestead	24,870,516,168	59.71%
Grand Total	\$41,648,726,692	100.00%

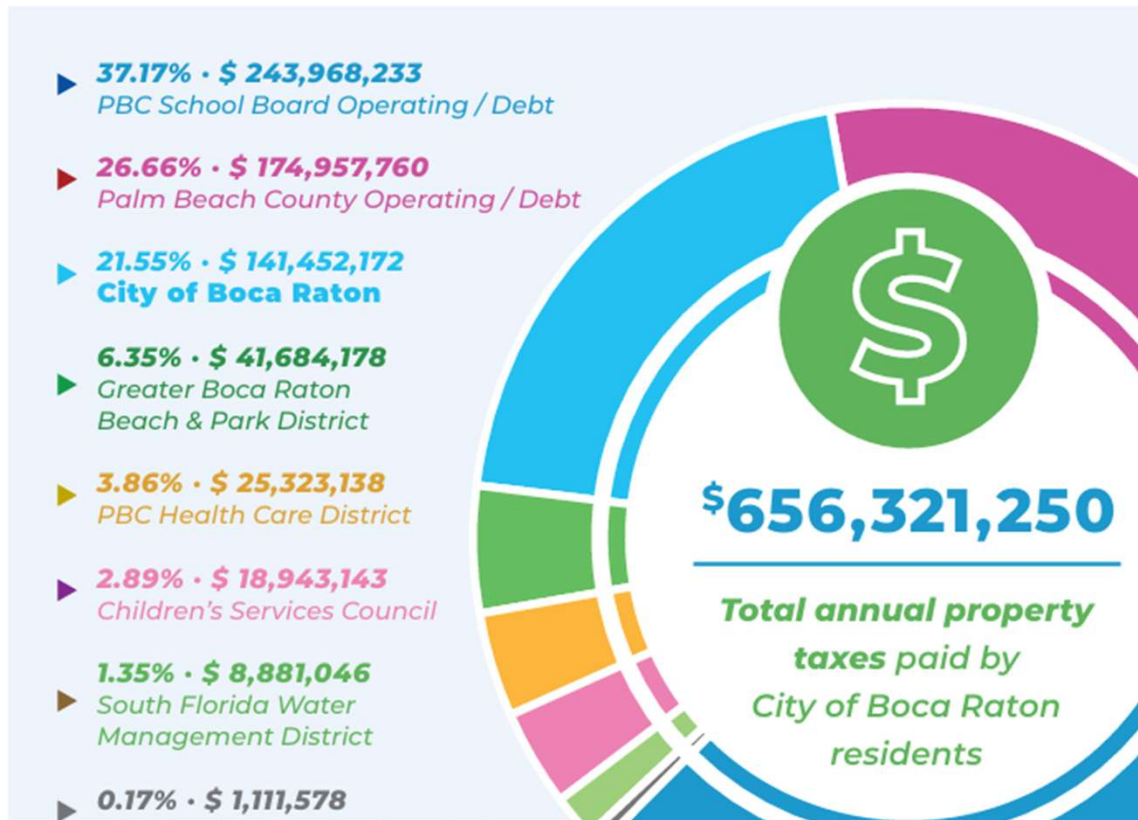
Taxable Value by Category



Property Type	Avg. Market Value (\$)	Avg. Taxable Value (\$)	Tax / Market Value %
SFR – Homestead	1,401,857	773,637	55.19%
SFR -Non-Homestead	1,290,670	1,182,889	91.65%



Where Does your Property Tax Go?



Only 21.55% of your taxes goes to the City of Boca Raton.

78.45% of your tax dollars goes to other taxing agencies in Palm Beach County.

The largest share of property tax funding goes to schools, which are exempted from this property tax reform proposal.



General Fund FY27 Draft Budget Revenues

Category	FY26-27 Draft Budget (\$)	FY26-27 Draft Budget (%)
Ad Valorem Taxes	144,676,200	52.77%
Interest Earnings	4,738,000	1.73%
Franchise Fees	17,124,900	6.25%
Licenses, Permits & Other Taxes	30,539,700	11.14%
Intergovernmental Revenue	21,171,200	7.72%
Charges for Services	48,172,200	17.57%
Fines, Misc. & Transfers	7,735,100	2.82%
Grand Total	\$274,157,300	100.00%



House Joint Resolution 1-F: Save Our Homes from Excessive Property Taxes.

- **History & Status:**
 - Originated as a priority of Governor DeSantis.
 - Passed by the legislature on June 2, 2026.
 - Will be a constitutional amendment on the November 2026 ballot; approval requires a 60%+ vote.
 - If approved by voters, would be effective January 1, 2027.



House Joint Resolution 1-F: Save Our Homes from Excessive Property Taxes.

- **Changes to Homestead Exemptions:**
 - Replaces the existing \$50,000 homestead exemption structure with:
 - A \$150,000 homestead exemption effective January 1, 2027.
 - Increasing to \$250,000 effective January 1, 2028.
 - An unspecified requirement for, “though general law” a full elimination.
 - Imposes a 5-year waiting period for new residents to get the full benefit, until then they get \$50,000 adjusted for CIP.



House Joint Resolution 1-F: Save Our Homes from Excessive Property Taxes.

- **Changes to Homestead Exemptions :**
 - Exemption applies to all non-school taxing ad-valorem taxes (Cities, Counties, Special Districts, etc.)
 - Does not impact non-ad-valorem assessments (fire rescue, stormwater, solid waste, street lighting, other parcel based assessments, etc.)
- **Changes to Non-Homesteaded Taxes:**
 - Reduces the cap on the increase in taxable values for non-homesteaded properties from 10% to 5% per year.



House Joint Resolution 1-F: Save Our Homes from Excessive Property Taxes.

- **Limits what remaining property taxes can be used for to:**
 - Public Safety, including law enforcement, fire services, and emergency medical services;
 - Provide funding for education and public schools;
 - Finance or refinance infrastructure, including expenditures on road and bridge construction and maintenance and stormwater control;
 - Finance or refinance natural resources projects, including flood control measures;



House Joint Resolution 1-F: Save Our Homes from Excessive Property Taxes.

- **Limits what remaining property taxes can be used for to:**
 - Issue local bonds for uses consistent with this paragraph and to make debt service payments for existing obligations;
 - Meet obligations for retirement benefits of local government employees; or
 - Fund the operations of and administration of county officers and commissioners established under Article VIII and municipalities, and the expenditures approved by such county officers or county or municipal governing bodies, except those expenditures prohibited by general law.



Senate Bill 4-F: (the HJR 1-F Companion Bill)

- **What is it?**
 - Primarily administrative.
 - Contingent on approval of the constitutional amendment.
 - Operative Change: Modifies the maximum millage rate calculation to remove the per capita personal income growth factor, further limiting future millage rate growth.



City's Estimated Taxable Valuations Post HJR 1-F

Property Type	Taxable Value (\$)	Taxable Value (%)	Post HJR 1F Taxable Value (\$)	Post HJR 1F Taxable Values (%)
Homestead	16,778,210,524	40.29%	\$12,191,836,973	32.90%
Non-Homestead	24,870,516,168	59.71%	\$24,870,516,168	67.10%
Grand Total	\$41,648,726,692	100.00%	\$37,062,353,141	100.00%

- ✓ City's total taxbase is reduced by 11.01%
- ✓ Taxbase sifts +7.39% to non-homesteaded properties.
(commercial, Industrial, snowbirds, rentals, etc.)

Property Type	Avg. Market Value (\$)	Avg. Taxable Value (\$)	Tax / Market Value %
Post HJR 1F SFR – Homestead	1,401,857	573,637	40.92%
SFR – Homestead	1,401,857	773,637	55.19%
SFR -Non-Homestead	1,290,670	1,182,889	91.65%

- ✓ On average an additional 14.27% of home value will not be taxed (by non-schools).



Residential Property Tax Example Based on 2025 Tax Data

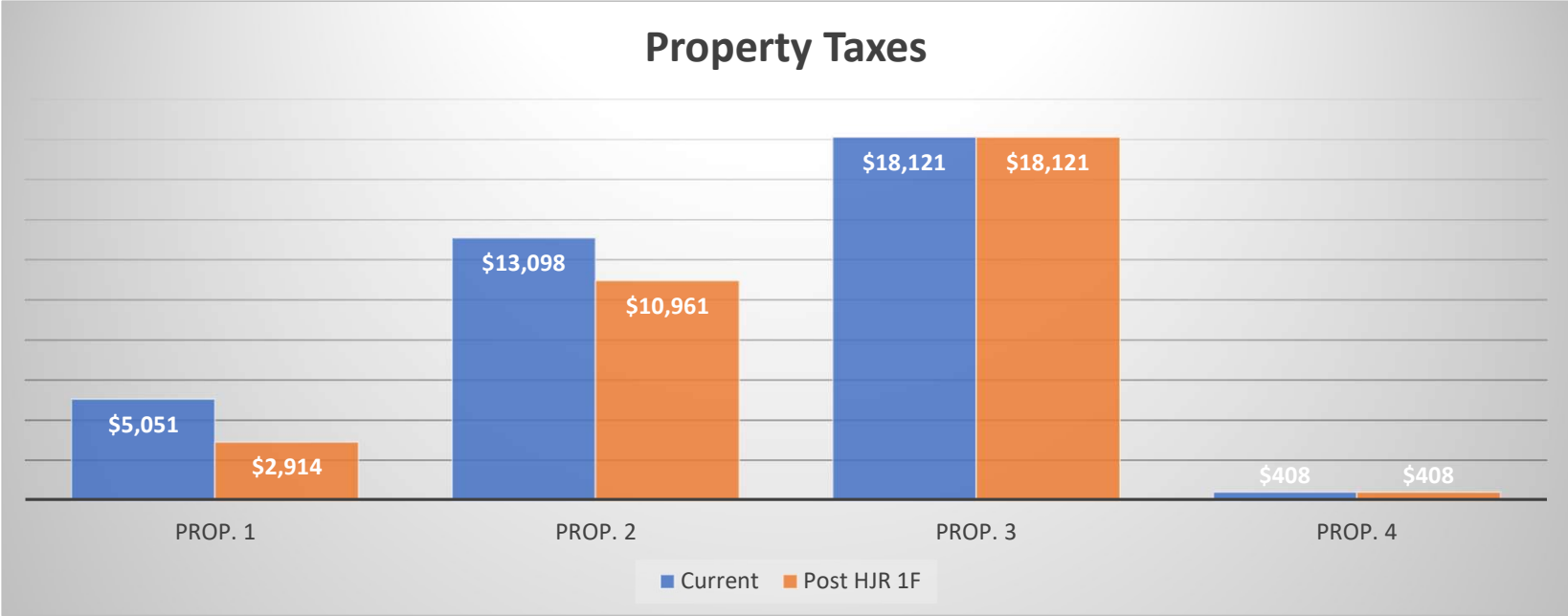
	Property 1 (1992 Homesteaded)				Property 2 (2023 Homesteaded)			
	Current		Post HJR 1F		Current		Post HJR 1F	
Market Value	\$ 1,110,472	\$ 1,110,472			\$ 1,167,939	\$ 1,167,939		
Assessed Value	314,185	314,185			787,475	787,475		
Exemptions	(50,722)	(250,722)			(50,722)	(250,722)		
Taxable Value	\$ 263,463	\$ 63,463			\$ 736,753	\$ 536,753		
Ad Valorem Tax: Schools	\$ 1,828	\$ 1,828	-	0.0%	\$ 4,820	\$ 4,820	-	0.0%
Ad Valorem Tax: City	966	232	(734)	-76.0%	2,700	1,967	(733)	-27.1%
Ad Valorem Tax: Other	1,849	446	(1,403)	-75.9%	5,170	3,766	(1,404)	-27.2%
NAV Assessments	408	408	-	0.0%	408	408	-	0.0%
Total Tax Bill	\$ 5,051	\$ 2,914	\$ (2,137)	-42.3%	\$ 13,098	\$ 10,961	\$ (2,137)	-16.3%

- ✓ Homesteaded properties with the same taxing agencies benefit by the same dollar amount (\$2,137).
- ✓ Longer-term Homesteaded properties benefit by a larger percentage (-42.3% vs -16.3%).



Residential Property Tax Example Based on 2025 Tax Data

	Property 1	Property 2	Property 3	Property 4
	Homesteaded	Homesteaded	Non-Homesteaded	Homesteaded & Qualified Exemption
Year Purchased	1992	2023	2022	2024
Market Value	\$ 1,110,472	\$ 1,167,939	\$ 1,041,741	\$ 1,083,817





Fiscal Impact on the City of Boca Raton

Increase in Homestead Exemption:

\$150,000 exemption = \$8.14M annual revenue reduction

\$250,000 exemption = \$16.73M annual revenue reduction

Reduction of Non-Homestead Cap from 10% to 5% = TBD

\$16.73M is 11.56% of total property tax revenues and
6.10% of total general fund revenues.

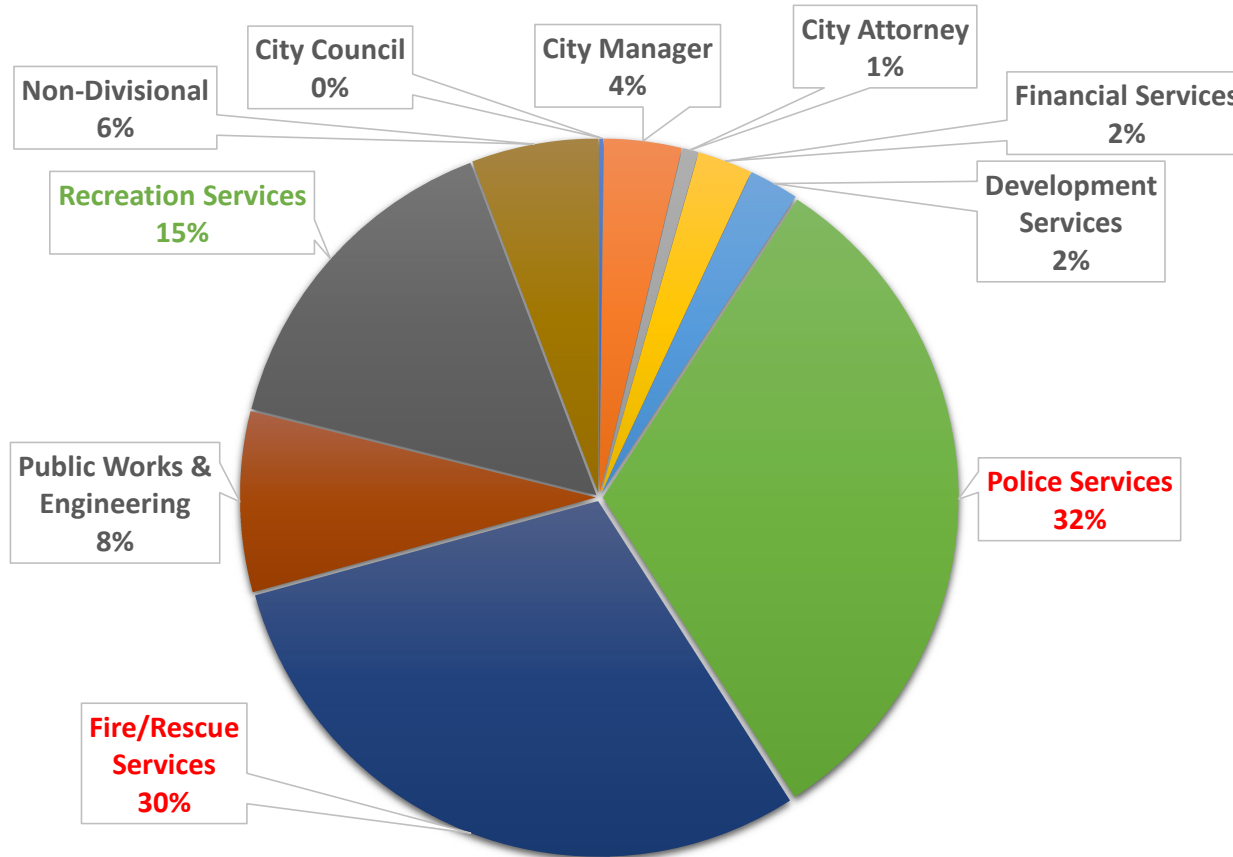


Policy Decisions Will Be Needed





General Fund Budget FY 2025-26.



- 62% of the General Fund Budget is Public Safety.
- The Public Safety budget is \$157.7M, or 109% of the \$144.7M property tax revenue.



Potential Budget Impacts

Department	FY25-26 Approved Budget (\$)	Proportional Share of Budget Cuts	Amount of Budget Cuts (\$)
City Council	498,100	0.19%	(\$32,503)
City Manager	9,033,800	3.52%	(\$589,485)
City Attorney	1,882,500	0.73%	(\$122,839)
Financial Services	6,425,100	2.51%	(\$419,259)
Development Services	5,749,400	2.24%	(\$375,167)
Police Services	81,339,800	31.73%	(\$5,307,688)
Fire/Rescue Services	76,396,800	29.80%	(\$4,985,141)
Public Works & Engineering	20,973,500	8.18%	(\$1,368,590)
Recreation Services	39,272,300	15.32%	(\$2,562,646)
Non-Divisional	14,814,300	5.78%	(\$966,682)
Grand Total	\$256,385,600	100.00%	(\$16,730,000)

Across the board budget reductions of 6.53%



Potential Budget Impacts

Department	FY25-26 Approved Budget (\$)	Proportional Share of Budget Cuts	Amount of Budget Cuts (\$)
City Council	498,100	0.50%	(\$84,473.37)
City Manager	9,033,800	9.16%	(\$1,532,052.77)
City Attorney	1,882,500	1.91%	(\$319,255.39)
Financial Services	6,425,100	6.51%	(\$1,089,640.27)
Development Services	5,749,400	5.83%	(\$975,047.51)
Police Services	81,339,800		
Fire/Rescue Services	76,396,800		
Public Works & Engineering	20,973,500	21.26%	(\$3,556,920.55)
Recreation Services	39,272,300	39.81%	(\$6,660,235.57)
Non-Divisional	14,814,300	15.02%	(\$2,512,374.57)
Grand Total	\$256,385,600	100.00%	(\$84,473.37)

Excluding Public Safety: **Across the board budget reductions of 16.96%**



Potential Budget Impacts

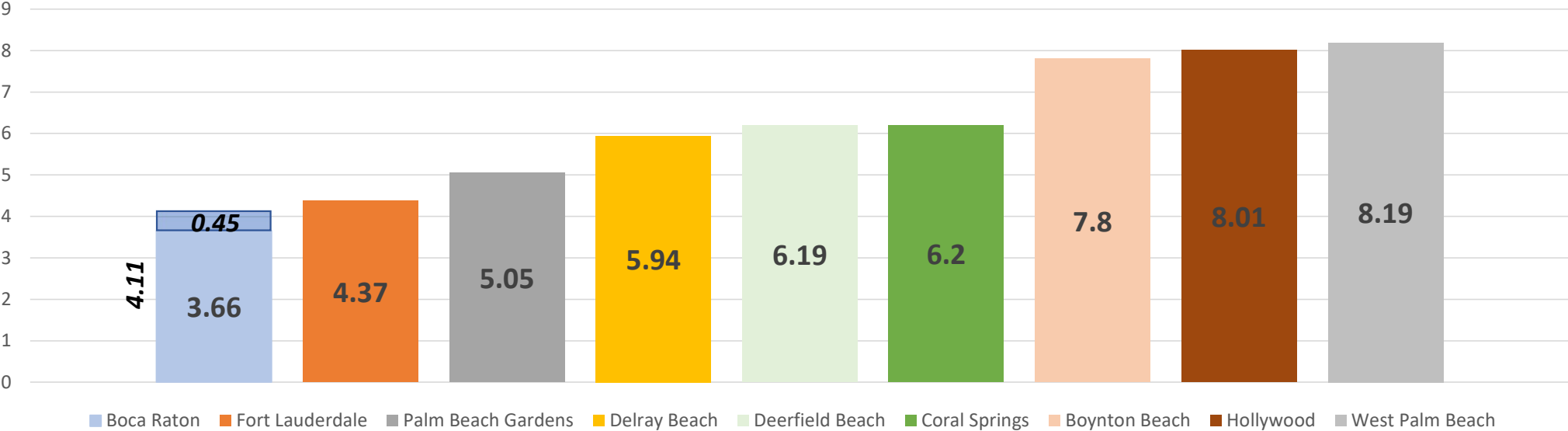
- **Time to plan** – no impact next year, phased in over the following two fiscal years.
- **Preliminary analysis** shows significant service level impacts with budget reductions over 5%.
- **Priority Based Budgeting** will be needed to evaluate which services hold priority, confirm acceptable services levels, to fit within reduced budget. Examples:
 - Public safety response times & staffing levels.
 - Library hours of operation & services.
 - Number of parks needed & maintenance standards
 - Public landscaping maintenance, street sweeping, & community appearance standards.
 - Homelessness response & prevention efforts.
 - Recreational programing prioritization.
 - Street & infrastructure standards & maintenance.
 - Mobility: public transit service levels, bike path investments, etc.
 - Park ranger coverage levels.
 - Supporting local nonprofits & affordable housing.



Potential Millage Rate Impacts

- **Increase the millage rate to 4.1078 millage rate would fully replace lost revenues (12.08% increase from 3.6649). Still significantly under the 10-mill legal maximum.**

2026 Comparative Millage Rates





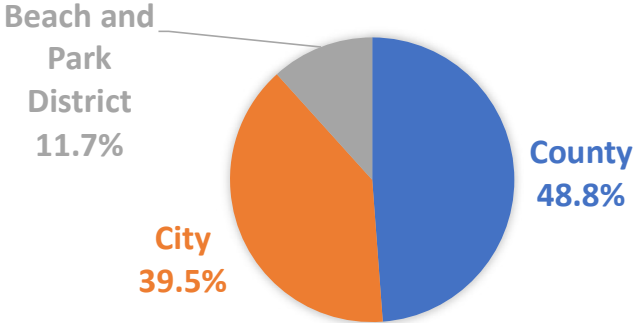
Potential Fee Impacts

- **Increase the Non-Ad Valorem Fire Fee.**
 - Could legally increase by up to \$21.15M (149.29% increase) to recover Fire Rescue costs from all benefiting properties. This could supplant Fire Rescue budget reductions.
- **Increase all City fees for service and user fees to full cost recovery.**
 - Recreation fees, library cards & services, Gumbo Limbo,
 - Development permitting, reviews and inspections,
 - Engineering reviews and inspections,
 - Franchise fees,
 - Parking fees,
 - Business licenses,
- **Evaluate new fees or assessments for service allowable under the law.**
 - Neighborhood streetlights, landscaping, and maintenance.
 - Benefiting property based assessments for infrastructure projects. (paving, stormwater, sidewalks, etc.)



Other Options to Mitigate The Impacts

- **Rebate of CRA Tax Increment.**
 - For each \$1 of Tax Increment refunded would be allocated as follows but would reduce available revenues in the CRA.



- **Evaluate opportunities for outsourcing City services to private operators.**
- **Evaluate opportunities to monetize City assets.**
 - Naming rights,
 - Billboards,
 - Cell towers,
 - Advertising,
 - Sale or leasing of property,
 - etc.
- **Other Ideas???**



Anticipated 3rd Party lawsuit challenging the Ballot Language

New Development..... a potential legal challenge by *Save Our Voters From Misleading Ballot Language, Inc.*

Five aspects of potential challenge of the ballot title and summary.

1. The title “Save Our Homes from **Excessive** Property Taxes,” is not a description of operative legal effect.
2. The phrase “**Exempting** homestead properties from taxation” is likely to be challenged as overbroad or imprecise.



Anticipated 3rd Party lawsuit challenging the Ballot Language

3. The phrase “**Ensuring funding** for core services” may be challenged because restricting the use of remaining property-tax revenues to listed purposes is not the same as guaranteeing that sufficient funding will exist to fund those services. In fact, the amendment would reduce funding.
4. The phrase “Protecting **small businesses**” may also be challenged because the operative ballot language does not create a legal protection specifically for “small businesses.”
5. The phrase “Ensuring **fairness** for Florida residents” is potentially vulnerable because “fairness” is a political characterization, not a legal effect. For example, some voters may consider the 5-year residency requirement fair; others may consider it unfair to newer residents.



Next Steps

- ✓ **Adopt the FY2026-27 Budget by 9/30/26, keeping in mind the potential revenue losses coming in future years.**
- ✓ **Consider policy direction on addressing potential lost revenue.**
- ✓ **Educate the community on the potential local impacts of property tax reform.**
- ✓ **If property tax reform is approved, provide policy direction on addressing lost revenue.**
- ✓ **Preparation of FY2027-28 Budget, and taking other action, to implement City Council direction.**



Questions?