



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager

DATE: September 28, 2022

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING: 1) THE FINAL AD VALOREM MILLAGE OF 5.8155 MILLS FOR FISCAL YEAR 2023 FOR GENERAL OPERATING PURPOSES, WHICH IS THIRTEEN AND TWO TENTHS PERCENT (13.2%) MORE THAN THE "ROLLED-BACK" RATE OF 5.1376 MILLS; AND 2) THE DEBT SERVICE MILLAGE RATE OF 0.2360 MILLS**

STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Mayor and City Commission adopt the attached Resolution, which authorizes the City Manager to transmit the following information to the Miami-Dade County Property Appraiser:

1) Final Millage Rates for Fiscal Year (FY) 2023:

General Millage	5.6636 mills
Capital Renewal & Replacement Millage	0.0499 mills
Pay-As-You-Go (PayGo) Millage	<u>0.1020 mills</u>
Total General Operating Millage	5.8155 mills
Voted Debt Service Millage	<u>0.2360 mills</u>
Total Combined Millage	6.0515 mills (same as last year)

2) The final total combined millage rate of 6.0515 mills for FY 2023 reflects no change compared to the total combined millage rate of 6.0515 adopted for FY 2022.

The first public hearing on the tentative millage rates for FY 2023 was held on September 14, 2022. The millage rates herein are those which were tentatively adopted at the first public hearing on that day.

PROCEDURE

Florida Statutes, Section 200.065, requires that at the conclusion of the first public hearing on the proposed tax rate and budget, the City Commission proceed in the following specific manner:

1. Adopt a final ad valorem millage rate for FY 2023 general operating purposes. This is accomplished by adopting a Resolution which includes the percentage increase or decrease over the "rolled-back" rate; and the required debt service millage rate.

State statute requires that only the title be read aloud.

2. Adopt a final general operating budget for FY 2023, which also includes the budgets for Enterprise, Internal Services, Special Revenue, and G.O. Bond Debt Service Funds, as well as the City's Tax Increment Financing (TIF) portion of the City Center RDA and North Beach CRA. This is accomplished by adopting a companion Resolution (see accompanying City Budget Agenda Item).

ANALYSIS OF PROPERTY VALUES IN MIAMI BEACH

On July 1, 2022, the City received the 2022 Certification of Taxable Value from the Miami-Dade County Property Appraiser. Overall, as summarized below, the City's property values increased approximately \$4.6 billion, or 11.2%, from the 2021 Certified Taxable Values of \$41.9 billion to the 2022 Certified Taxable Values of \$46.5 billion, which include a \$3.9 billion, or 9.5%, increase in existing property values and a \$716.4 million increase in new construction values.

	July 2021 Certified	July 2022 Certified	\$ Change
Property Assessment			
Existing Values	41,866,674,794	45,828,304,965	3,961,630,171
New Construction	0	716,389,105	716,389,105
Total Citywide	41,866,674,794	46,544,694,070	4,678,019,276
City Center RDA	5,977,864,104	6,023,225,280	45,361,176
North Beach CRA	0	1,585,511,443	1,585,511,443
Citywide Total - Net of RDA and CRA	35,888,810,690	38,935,957,347	3,047,146,657

DETERMINING THE VOTED DEBT SERVICE MILLAGE LEVY

For FY 2023, the total required debt service payment is approximately \$10.4 million, which is comprised of remaining debt service on the City's outstanding 2011 G.O. Bonds of \$2.3 million plus \$8.1 million attributed to the first tranche of the G.O. Bonds approved by the voters on November 6, 2018, requires the levy of a Voted Debt Service millage rate of 0.2360 mills. The FY 2023 Voted Debt Service millage rate is 0.0529 mills less than the Voted Debt Service millage rate adopted in FY 2022 of 0.2889 mills, which is proposed to be applied to the Capital Renewal & Replacement and Pay-As-You-Go component of the General Operating millage rate as recommended by the Administration and approved by the Finance and Economic Resiliency Committee (FERC) at its July 15, 2022 Budget Briefing and subsequently adopted by the City Commission on July 20, 2022 through Resolution No 2022-32252.

	FY 2022 Adopted	FY 2023 Proposed	Increase/ (Decrease)
General	5.6636	5.6636	0.0000
Capital Renewal & Replacement	0.0235	0.0499	0.0264
Pay-As-You-Go (PayGo)	0.0755	0.1020	0.0265
Total General Operating Millage	5.7626	5.8155	0.0529
Debt Service	0.2889	0.2360	(0.0529)
Total Combined Millage	6.0515	6.0515	0.0000

IMPACT OF MILLAGE LEVY IMPACT ON PROPERTY OWNERS

Homesteaded Properties

In 1992, voters approved an amendment to the Florida Constitution known as Amendment 10, also known as Save Our Homes (SOH). SOH is an assessment limitation, or “cap,” on increases in the assessed value of a homestead residence. Those increases are limited to 3.0% or the percent change in the CPI (Consumer Price Index), whichever is less. The “cap” goes into effect beginning the year after a homestead exemption is granted.

Based on property values as of July 1, 2022, the median value of homesteaded property in Miami Beach is \$240,385 while the average is \$664,556. The impact of the City’s proposed FY 2023 Total Combined millage rate of 6.0515 mills on the median homesteaded property within the City of Miami Beach would be an increase of \$119 while the impact to the average value homesteaded property within the City of Miami Beach would be an increase of \$578 as summarized in the table below.

Homesteaded Properties				
	FY 2022		FY 2023	
	Median**	Average**	Median**	Average**
Preliminary Taxable Value**	\$ 220,738	\$ 569,192	\$ 240,385	\$ 664,556
City of Miami Beach				
Operating	\$ 1,272	\$ 3,280	\$ 1,398	\$ 3,865
Voted Debt	64	164	57	157
Total Miami Beach	\$ 1,336	\$ 3,444	\$ 1,455	\$ 4,022
\$ Change in Taxes				
Operating			\$ 126	\$ 585
Voted Debt			(7)	(7)
Total Miami Beach			\$ 119	\$ 578
<i>**Source: Miami-Dade County Property Appraiser's – 2021 and 2022-average-median-homestead-residential-values files</i>				

Impact on Non-Homesteaded Properties

The annual increase in market value of a non-homesteaded property is capped at 10.0% (does not apply to school millage rates). While the citywide average increase in property values is 11.2%, the property value of individual properties may increase up to, but not more than 10.0% (excluding the school millage portion of the property tax bill). However, an individual property owner may see a higher than 10.0% increase if there is a change in ownership of a capped

property resulting in a reset of the cap. Another potential factor, if applicable, would be the value of new construction which can contribute to a property value increase of higher than 10.0%.

OVERLAPPING JURISDICTIONAL OPERATING AND DEBT SERVICE MILLAGE RATES

City of Miami Beach property owners must also pay property taxes to Miami-Dade County, the Miami-Dade County School Board, the Children's Trust, the South Florida Water Management District, Okeechobee Basin, Everglades Project, and the Florida Inland Navigational District. For FY 2023, these taxing authorities represent 67.8% of a Miami Beach property owner's tax bill.

The proposed FY 2023 countywide tax rate for Miami-Dade County decreased by 0.0467 mills from 4.6669 to 4.6202 mills; the library tax rate decreased by 0.0028 mills from 0.2840 to 0.2812 mills; and the debt service millage decreased by 0.0222 mills from 0.5075 to 0.4853 mills. The tax rate for the Miami-Dade School District decreased by 0.4200 mills from 7.0090 to 6.5890 mills. The Children's Trust tax rate remained flat at 0.5000 mills. Combined, the millage rates for the South Florida Water Management District, Okeechobee Basin, Everglades Project, and Florida Inland Navigational District decreased by 0.0271 mills from 0.2892 to 0.2621 mills.

With the proposed rates for FY 2023, the Miami Beach portion of the tax bill is approximately 32.2% of the total tax bill. *It is important to note that Miami-Dade County's total FY 2023 millage rate of 5.3867 mills is 0.9993 mills, or 15.6%, less than Miami-Dade County's total FY 2007 millage rate of 6.3860 mills, as compared to the City's total FY 2023 millage rate of 6.0515 mills that is 1.6215 mills, or 21.1%, less than the City's total FY 2007 millage rate of 7.6730 mills.* Further, the FY 2023 School Board millage of 6.5890 mills is 1.5160 mills less than the FY 2007 School Board millage of 8.1050 mills. The significant difference in the total overlapping millage rate is a direct result of the City's continuing effort to keep millage rates as low as possible. A summary of the rate changes is provided in the following table.

OVERLAPPING TAX MILLAGE	FY 2007	% of FY 2007 Total	FY 2022	FY 2023	Variance from FY 2007	Variance from FY 2022	% of FY 2023 Total
City of Miami Beach							
General Operating	7.1920	30.8%	5.6636	5.6636	(1.5284)	0.0000	30.1%
Renewal & Replacement	0.1820	0.8%	0.0235	0.0499	(0.1321)	0.0264	0.3%
Pay-As-You-Go Capital	0.0000	0.0%	0.0755	0.1020	0.1020	0.0265	0.5%
Operating Millage	7.3740	31.6%	5.7626	5.8155	(1.5585)	0.0529	31.0%
Voted Debt Service	0.2990	1.3%	0.2889	0.2360	(0.0630)	(0.0529)	1.3%
Subtotal	7.6730	32.9%	6.0515	6.0515	(1.6215)	0.0000	32.2%
Miami Dade County							
Countywide	5.6150	24.1%	4.6669	4.6202	(0.9948)	(0.0467)	24.6%
Library	0.4860	2.1%	0.2840	0.2812	(0.2048)	(0.0028)	1.5%
Debt Service	0.2850	1.2%	0.5075	0.4853	0.2003	(0.0222)	2.6%
Subtotal	6.3860	27.4%	5.4584	5.3867	(0.9993)	(0.0717)	28.7%
School Board	8.1050	34.8%	7.0090	6.5890	(1.5160)	(0.4200)	35.1%
Children's Trust	0.4223	1.8%	0.5000	0.5000	0.0777	0.0000	2.7%
Other	0.7355	3.2%	0.2892	0.2621	(0.4734)	(0.0271)	1.4%
Total	23.3218	100.0%	19.3081	18.7893	(4.5325)	(0.5188)	100.0%

IMPACT OF COMBINED TAX RATES OF OVERLAPPING JURISDICTIONS ON HOMESTEADED PROPERTIES

The City of Miami Beach's preliminary 2022 median and average homesteaded residential taxable values are \$240,385 and \$664,556, respectively. Applying the total combined millage rates proposed for FY 2023 to the median and average taxable values results in a property tax increase of approximately \$255 for the median and \$1,492 for the average homesteaded residential tax bill in the City of Miami Beach.

Median properties would pay approximately \$4,517 per homesteaded property for all taxing jurisdictions combined, while the property taxes for average homesteaded residential properties would be approximately \$12,487 per homesteaded property. Of the taxing jurisdictions, the highest component is the Miami-Dade School Board at \$1,584 for a median valued homesteaded property and \$4,379 for an average valued homesteaded property in the City of Miami Beach.

The following table provides a summary of changes in the property taxes levied for homesteaded properties using the tax rates proposed for FY 2023 by jurisdiction.

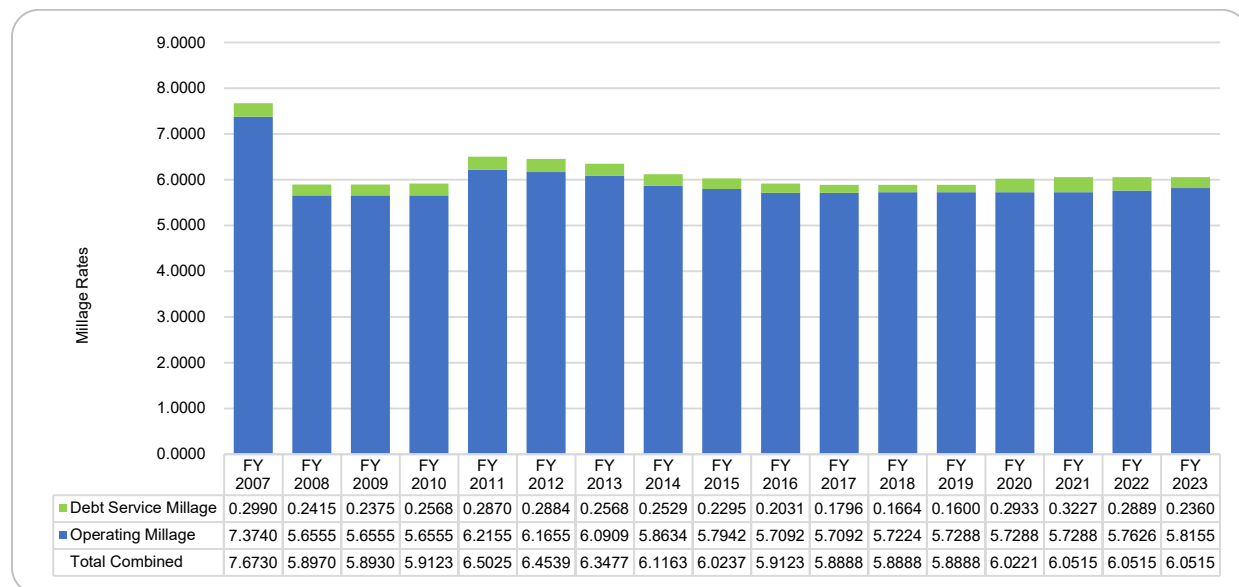
Impact on Homesteaded Properties				
	FY 2022		FY 2023	
	Median**	Average**	Median**	Average**
Preliminary Taxable Value**	\$220,738	\$569,192	\$240,385	\$664,556
City of Miami Beach				
Operating	\$1,272	\$3,280	\$1,398	\$3,865
Voted Debt	64	164	57	157
Total Miami Beach	\$1,336	\$3,444	\$1,455	\$4,022
Miami Dade County	1,205	3,107	1,295	3,580
Schools	1,547	3,989	1,584	4,379
Other	174	455	183	506
Total Combined	\$4,262	\$10,995	\$4,517	\$12,487
<u>Change in Taxes</u>				
City of Miami Beach				
Operating			\$126	\$585
Voted Debt			(7)	(7)
Total Miami Beach			\$119	\$578
Miami Dade County			90	473
Schools			37	390
Other			9	51
Total Combined			\$255	\$1,492
**Source: Miami-Dade County Property Appraiser's – 2021 and 2022 - Preliminary Average-Median-Homestead-Residential-Values files				

As with the City of Miami Beach millage rates, impacts of the combined jurisdictional millage rates for non-homesteaded properties are based on individual property values.

Historical Perspective

The table below outlines the City's millage rate trend. For FY 2023, the City's Total Combined millage rate is proposed to remain flat at 6.0515 mills from the Total Combined millage rate adopted for FY 2022.

Millage Rate History



STATUTORY REQUIREMENTS

Florida Statute 200.065, entitled "Method of Fixing Millage," establishes specific guidelines that must be used by all local government entities in setting millage (property tax) rates. Under the Florida Statute, the City is required, within 35 days of receipt of the "Certification of Taxable Value" (received July 1, 2022), to advise the Miami-Dade County Property Appraiser of the proposed Total General Operating millage rate, the calculated "rolled-back" rate and the date, time, and place of the first public hearing to consider the proposed millage rates and budgets for FY 2023. The required Voted Debt Service millage rate must also be set at the same time as the Total General Operating millage rate.

After setting the proposed FY 2023 millage rates, the Mayor and City Commission may, at any time prior to final adoption, lower the proposed millage rates. However, increasing the proposed millage rate may only be accomplished by completing an expensive mailing and advertising process to every property owner in the City of Miami Beach. The City's proposed millage rates, as well as those of other taxing authorities, will be included in the Truth-in-Millage (TRIM) statement sent to each property owner in the City of Miami Beach by the Miami Dade County Property Appraiser.

MAXIMUM MILLAGE DETERMINATION

For FY 2023, the Total General Operating millage rate is proposed at 5.8155 mills, which reflects an adjustment of 0.0529 mills based on the realignment of the FY 2023 Voted Debt Service

millage rate reduction of 0.0529 mills, as approved by the FERC on July 15, 2022 and subsequently by the City Commission on July 20, 2022 through Resolution No. 2022-32252. Based on the July 1, 2022 Certification of Taxable Value received from the Miami-Dade County Property Appraiser, the levy of 5.8155 mills would generate approximately \$226.5 million in General Fund property tax revenues, which is an increase of approximately \$26.9 million over the budgeted FY 2022 General Fund property tax revenues of \$199.6 million (net of the City Center RDA and newly created North Beach CRA).

Adoption of the Total General Operating millage rate of 5.8155 mills for FY 2023 requires a majority approval (4 of 7 votes) by the Mayor and City Commission per the State of Florida's Truth-in-Millage (TRIM) requirements.

CONCLUSION

The Administration recommends adoption of the attached Resolution, which sets both the final total general operating and voted debt service millage rates at 5.8155 mills and 0.2360 mills, respectively, for FY 2023.

ATH/JW/TOS