

Steps in computing the Compound Annual Growth Rate in Per Capita Taxes levied from 2001 to 2006 as required by HB 1B

1. Obtain appropriate Total Taxes Levied for 2001 and 2006 for the city and county
 - a. Counties are to include all levies, including dependent district levies and Municipal Service Taxing Unit (MSTU) levies unless:
 - i. The levy is a voted levy as defined in Section 200.001, Florida Statutes
 - ii. The levy is of a dependent district or MSTU the predominant function of which is to provide Emergency Medical or Fire Rescue Services
 - b. Cities are to include all levies, including dependent district levies unless:
 - i. The levy is a voted levy as defined in Section 200.001, Florida Statutes
 - ii. The levy is of a dependent district the predominant function of which is to provide Emergency Medical or Fire Rescue Services
2. Obtain the appropriate population figures for 2001 and 2006.
 - a. The legislation establishes the appropriate population figures as the official state population estimates for your city or county not including inmates and patient populations. This information is available online at <http://edr.state.fl.us/>
3. Calculate the per capita taxes levied for 2001 and 2006 using the formulas below. Be sure to include only the applicable taxes levied for your jurisdiction.

$$\frac{\text{Total Taxes Levied 2001}}{\text{Population 2001 excluding inmates and patients}} = \text{2001 Per Capita Total Taxes Levied}$$

$$\frac{\text{Total Taxes Levied 2006}}{\text{Population 2006 excluding inmates and patients}} = \text{2006 Per Capita Total Taxes Levied}$$

4. Calculate the Compound Annual Growth Rate in Per Capita Total Taxes Levied. The general formula to calculate compound annual rates of growth is as follows:

$$\text{Compound Annual Growth Rate} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{1/\text{Number of Years}} - 1$$

Thus, the specific calculation required under HB 1B for each City and County is:

$$\text{Compound Annual Growth Rate} = \left(\frac{\text{2006 Per Capita Total Taxes Levied}}{\text{2001 Per Capita Total Taxes Levied}} \right)^{0.20} - 1$$

The result of this equation will be a percentage which should be rounded to the nearest hundredth of a percent. **Please note that the exponent contains a decimal point. Failure to use the correct exponent will result in an incorrect result.**

Steps in Applying the Compound Annual Growth Rate in Per Capita Taxes Levied in the Determination of Maximum Millage

The compound annual growth rate in per capita taxes levied is used to determine the percentage reduction of the rolled-back rate for the 2007-08 millage and budget adoption process. This reduction will be determined by each local government. The table below outlines percentage reduction to the rolled-back rate specified in House bill 1B to be used in the determination of the maximum millage rate.

Municipalities

| | |
|---|------------------------------------|
| If the city has not levied ad valorem taxes for five years | Maximum millage rates do not apply |
| If the city is a Municipality of Special Financial Concern (regardless of compound annual growth rate in per capita taxes levied) | 100% of rolled-back |
| If the city first levied ad valorem taxes in 2002-03 (regardless of compound annual growth rate in per capita taxes levied) | 100% of rolled-back |
| If the city does not fit any of the above criteria and the compound annual growth in per capita taxes levied is: | |
| not more than 6% | 100% of rolled-back |
| greater than 6% and not more than 7.5% | 97% of rolled-back |
| greater than 7.5% and not more than 10.5% | 95% of rolled-back |
| greater than 10.5% and not more than 12.4% | 93% of rolled-back |
| greater than 12.4% | 91% of rolled-back |

Counties

| | |
|---|---------------------|
| If the county is a County of Special Financial Concern for which the compound annual growth rate is not more than 5% | 100% of rolled-back |
| If the county is a County of Special Financial Concern for which the compound annual growth rate is more than 5% | 97% of rolled-back |
| If the county does not fit any of the above criteria and the compound annual growth in per capita taxes levied is: | |
| not more than 7% | 97% of rolled-back |
| greater than 7% and not more than 9% | 95% of rolled-back |
| greater than 9% and not more than 11% | 93% of rolled-back |
| greater than 11% | 91% of rolled-back |

In order to determine the maximum millage rate, the local government should use the following calculation:

Rolled-Back Rate x Applicable Percentage from the above table

The millage rate computed using the above calculation will be the maximum millage rate that the city or county may levy with a simple majority vote of the governing body. Please note the city or county may adopt higher millage rates by meeting other voting requirements. Please see Section 200.185, Florida Statutes, as created in HB 1B for the appropriate voting requirements.

Finally, a calculator has been developed to assist in the calculations of the compound annual growth rate of per capita levies. Local governments may obtain an estimate of the compound annual growth rate by entering the four required data elements (total taxes levied 2001, total taxes levied 2006, population 2001, population 2006.) A calculator is available online at <http://dor.myflorida.com/dor/property/colinks.html>.

Example of Calculations with a Hypothetical Jurisdiction

City Alpha had total taxes levied of \$63,355,896 and a population of 68,952 in 2001.
City Alpha had total taxes levied of \$93,385,245 and a population of 75,233 in 2006.
City Alpha has a rolled-back rate of 5.6 mills for 2007-08

2001 Per capita total taxes levied = $\$63,355,896 \div 68,952 = \919

2006 Per capita total taxes levied = $\$93,385,245 \div 75,233 = \$1,241$

$((\$1241 \div \$919)^{0.20} - 1) = .062 = 6.2\%$

City Alpha is not a municipality of special financial concern and has been levying ad valorem taxes for the past 20 years. Therefore, City Alpha refers to the chart and notes that the maximum millage rate is 97% of the rolled-back rate.

$5.6 \text{ mills} \times .97 = 5.432 \text{ mills}$. This is the maximum millage rate that City Alpha can levy in 2007-08 by a simple majority vote of the governing body.