

Cities should brace for property tax hikes

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Nearly all South Miami-Dade cities are considering raising their property tax rate for the new budget year that starts Oct. 1.

Blame it on plunging real estate values.

The Preliminary Tax Roll released by the Miami-Dade County Property Appraiser's Office shows a substantial decline -- 13 percent -- in the countywide taxable value of existing properties in Miami-Dade County.

Compared to 2008, taxable value of existing properties declined by \$31.8 billion.

Given these numbers, the property tax rate increases may reach as high as 25 percent in some South Miami-Dade cities.

Cutler Bay, for instance, proposes to raise its millage tax rate cap as much as \$3.031 from the current \$2.447 per \$1,000 of assessed valuation, to help manage a 19.7 percent decline in taxable value.

“The virtual equivalent of six Hurricane Andrews occurring at once,” Steven Alexander, Cutler Bay Town Manager, said when he compared today's near 20 percent plunge to the 2.9 percent drop in Miami-Dade's taxable values in 1993 just after Hurricane Andrew.

Cutler Bay's proposed property tax rate is still one of the county's lowest. To the north, Pinecrest's proposed maximum property tax rate is even lower -- \$2.104, slightly up from the current \$1.98 per \$1,000 of assessed valuation.

However, like Cutler Bay, Pinecrest leaders can vote to lower the rate after the village holds two budget hearings in September.

By comparison, nearby Florida City currently has a property tax rate more than triple Pinecrest's.

It is now \$7.75 per \$1,000 of property valuation and city leaders propose to raise its cap to \$8.67 - - although Mayor Otis Wallace vows not to approve a final rate that high.

Around South Miami-Dade, city leaders are already meeting with residents to explain the possible tax increase.

Cutler Bay Councilwoman Peggy Bell plans to meet with residents at 9 a.m. Sunday in front of the Publix at 20425 Old Cutler Rd. to answer questions about “possible loss of services versus an increase in taxes.”

The town's cap is still less than its roll back rate. ``Rollback" means a property tax rate sets at a level to generate the same government revenue as a year ago but the rate will be reflectively higher because real estate values are lower.

Homestead also is facing a possible substantial hike in its property tax rate.

The city raised its property tax rate cap by 22 percent to \$6.50 from \$5.34 after experiencing a steep property value drop of 24.7 percent.

Palmetto Bay has chosen a different strategy. The village is keeping the same property tax rate -- \$2.447 per \$1,000 of assessed valuation -- as last year while finding ways to cut costs.

Palmetto Bay faces a 9.7 percent reduction -- or \$666,033 -- in property tax revenue if the village keeps the rate.

But it is better able to weather the loss. That's because it has a \$1.7 million cushion.

Voters recently approved the end of Palmetto Bay paying a yearly \$1.7 million mitigation to the county.

That frees up the village to spend the money on providing services -- or saving it.

The fee had been a required annual payment to Miami-Dade County since Palmetto Bay's 2002 incorporation.

But that doesn't mean that Palmetto Bay homeowners will pay the same property taxes as last year.

Many may pay slightly more.

These long-term residents, who bought their homes years ago, usually have a lower assessed value than what the appraiser says their home's market value is now worth.

So they will see a slight increase in their tax bill because their assessments will go up slightly.

State law mandates that assessments set by the property appraiser can only go up 3 percent or the Consumer Price Index, whichever is lower, for homeowners who have a Homestead Exemption.

The same is true for longtime homeowners in other communities.

They may face an ever higher bill because most South Miami-Dade cities are also proposing to raise their property tax rate.

And new homeowners who thought they would get relief from sharply lower property assessments may still end up paying *more* taxes because their communities are considering steep property tax rates.

Lazaro Solis, Deputy Property Appraiser for Miami-Dade County explains that is is the year to watch for the mail and see if your property tax went up -- or down -- and by how much.

On August 24, the Property Appraiser will mail a Notice of Proposed Property Taxes to owners. Solis urges a careful reading. Then, bring out the calculator to see how you will be affected.

“When you hear someone talking about revenues and rollbacks and the whole budget process, you have to put in perspective who's doing the talking and what their perspective is,” Solis said. “You have to look at it case by case.”

The Miami-Dade County Property Appraiser's office plans to post a side-by-side comparison of assessments and tax rates for each municipality by mid-August on its website, www.miamidade.gov/pa.

Note, too, the millage rates set in recent town meetings are just caps and not final. These figures can remain or be lowered after two public budget hearings in September as each city holds two meetings before voting on the tax rate.