City of Ormond Beach

BUDGET WORKSHOP JUNE 2026

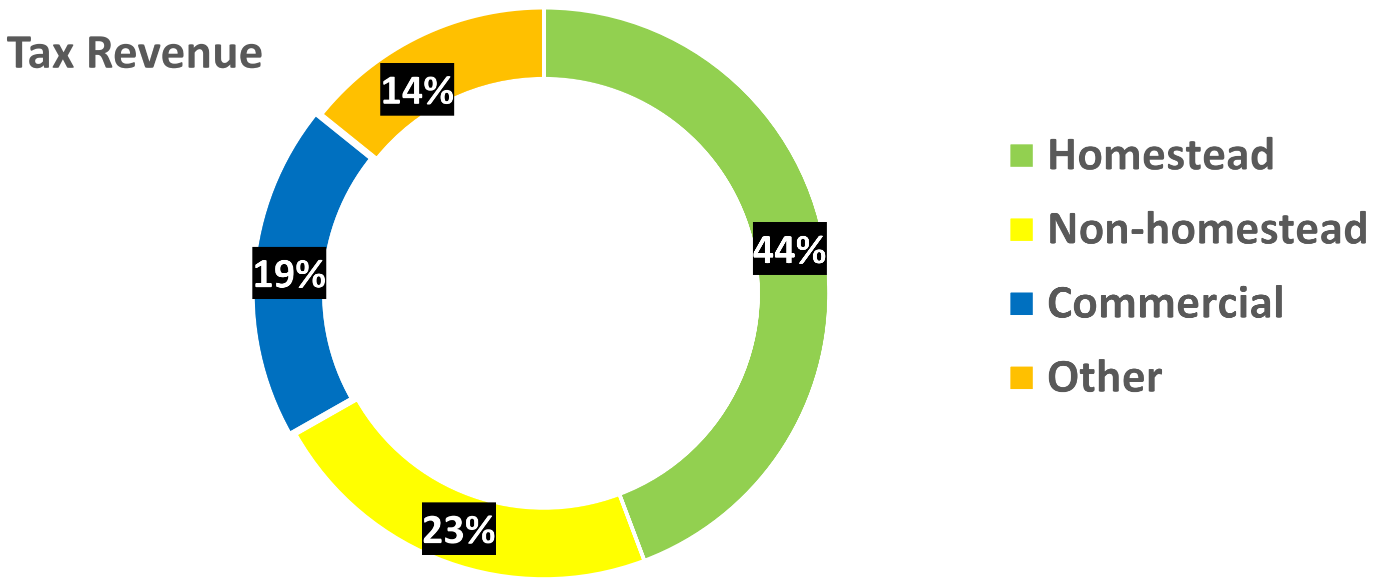
Property Tax Reform
Constitutional Amendment Highlights

- Increase the homestead exemption by $100,000 (from $50,000 to $150,000) in **FY 27-28**
- Increase the homestead exemption by $100,000 (from $150,000 to $250,000) in **FY 28-29**
- Legislature to establish a schedule for the **full elimination** of homestead property taxes
- Non-homestead property assessment increases limited to 5% (current limit is 10%)

Property Taxes

A Key Ingredient in Funding Local Government

Classification	# of Parcels	Taxable Value	Tax Revenue
Homestead	12,561	$2,601,219,346	$11,237,788
Non-Homestead	4,645	1,327,254,728	5,734,006
Commercial	1,069	1,106,796,172	4,781,581
Other	3,217	824,127,325	3,560,394
TOTAL	**21,492**	**$5,859,397,571**	**$25,313,769**



Property Tax Reform Impact

Value Loss			
Fund	**FY 27-28**	**FY 28-29**	**Two Year Total**
Homestead Add'l Exemptions	$1,103,835,879	$691,865,271	$1,795,701,150
Non-Homestead Cap	48,116,676	49,560,176	97,676,852
TOTAL VALUE LOSS	**$1,151,952,555**	**$741,425,447**	**$1,893,378,002**

Property Tax Reform Impact

Revenue Loss			
Fund	**FY 27-28**	**FY 28-29**	**Two Year Total**
Homestead Add'l Exemptions	$4,768,792	$2,988,996	$7,757,788
Non-Homestead Cap	207,874	214,110	421,984
TOTAL REVENUE LOSS	**$4,976,665**	**$3,203,106**	**$8,179,772**
Fully Exempt Properties	**3,003**	**4,409**	**7,412**
59% of Homestead Properties will be exempt by FY 28-29 ***32.2% Property Tax Revenue Decline***			

Budget Reduction Approaches

Recommended	
Step 1	**Identify Current Services, Cost & Funding**
Purpose **Provide safety & quality of life services** • Police • Fire • Streets Maintenance • Parks, Recreation,& Community Events • Planning • Administrative Support	***FY 25-26*** ***Personnel, Operating & Capital Costs*** **$51,998,503** ***Funding*** **Property Taxes $25,313,769 (49%)** **Other General Revenues $26,687,734 (51%%)**

Step 2	**Priorities Services & Eliminate or Modify Discretionary**
• Mandated vs. Essential vs. Discretionary	

Step 3	**Adequately Fund Remaining Services**
• Specific service(s) are eliminated • Allows for remaining, more critical services to be properly funded • Does not dilute existing service levels	

Budget Reduction Approaches

Not Recommended

Across the Board % Cuts=Across the Board declines in service levels

- Salary/Benefits are 70% of budget (Public Safety 38% of budget)
  - Eliminating position or reducing salaries is inconsistent with City Commission goals
- Certain line items cannot be reduced
  - Fuel, Electricity, Water/WW
  - Contractual services
  - Required Insurance: General Liability & Workers Compensation

STRATEGIC PLAN 2025

Provide efficient, effective staffing to ensure a high level of services and response times for Public Safety services.

- Evaluate compensation, benefits, and training programs that enhance recruitment, retention and succession planning in a competitive market.

Attract, develop, and support the best talent for Ormond Beach to be recognized as an Employer of Choice.

Confirm Direction for FY 2026-27

<u>Current Tax Rate 4.3202 mills</u>

- Provide funding for maintaining current services
  - Collective bargaining agreements (4-5% increase)
  - Operating expenses (2-3% increase)

- Mitigate additional service reduction
  - Property tax revenue will be lost by taxable value loss from constitutional amendment
  - If the tax rate is also reduced, additional property taxes will be lost

Loss of Property Tax Revenue = Reduction in Services OR New/Increase in Other Fees

Impact of Directive for FY 2026-27

Revenue Loss		
Year	**Current Millage 4.3202**	**Rollback Millage 3.8202**
FY 2026-27	$0	$3,000,000
FY 2027-28	4,976,665	4,367,922
FY 2028-29	3,203,106	2,832,394
3 Year Total	$8,179,771	$10,200,316

An add'l $2 million of revenue loss @ rollback rate
Revenue loss=Service reductions/New or increase in other fees